



**REGULAR BOARD MEETING  
HAWAII TOURISM AUTHORITY  
Thursday, March 29, 2018  
Hawai'i Convention Center**

**1801 Kalākaua Avenue, Honolulu, Hawai'i 96815**

**MINUTES OF REGULAR BOARD MEETING**

**MEMBERS PRESENT:**

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

**MEMBERS NOT PRESENT:**

Sean Dee, Donna Domingo, Denise Yamaguchi, Kelly Sanders

**HTA STAFF PRESENT:**

George Szigeti, Marc Togashi, Leslie Dance, Charlene Chan, Kalani Ka'anā'anā, Jennifer Chun, Carole Hagihara, Chika Miyauchi, Iwalani Kaho'ohanohano, Jadie Goo, Laci Goshi, Lauren Fetherston, Minh-Chau Chun, Ronald Rodriguez, Naomi Sjoquist, Adrian Hanner

**GUESTS:**

Rep. Richard Onishi, Teri Orton, Nicole Liew, Lee Conching, Patrick Dugan, Nathan Kam, Pris Texeira, Katie Murar, Chief Jeff Murray, Renee Radabaugh, Mari Tait, Bridget Velasco, Daniel Galanis, Ralph Goto, Darlene Morikawa

**LEGAL COUNSEL:**

Gregg Kinkley

**1. Call to Order and Pule**

Presiding Chair Rick Fried called the meeting to order at 9:30 a.m. Mr. Fried acknowledged Kalani Ka'anā'anā, who offered Pule.

## **2. Approval of Minutes from the October 26, 2017 Board Meeting**

Chair Fried requested a motion to approve the minutes of the Board meeting held on February 22, 2018. Ms. Kumukahi made a motion. Mr. Nakamura seconded the motion, which was unanimously approved by all 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)**

Chair Fried reported that he and Mr. Atkins met with Senate President Ron Kouchi and Representative James Tokioka on March 28, 2018. Chair Fried also reported that he and Mr. Szigeti met with Senators Donna Mercado Kim and Glenn Wakai on March 28, 2018. Chair Fried reported that discussion during both meetings focused on HTA and the proposed Senate bills relating to its funding.

Chair Fried stated that there has been discussion in the Legislature that the HTA's only job is to market Hawai'i. Chair Fried noted that HTA's mission is much broader than just marketing the islands. HTA's mission is also to promote cultural values and preservation of our natural resources and community interests.

Chair Fried then reported he met with Ford Fuchigami from the Governor's office regarding the new appointment of HTA's Chief Operating Officer (COO). Chair Fried stated that HTA is waiting for the Governor to approve the new COO's appointment before issuing a press release.

Chair Fried also reported he met with Pris Texeira regarding medical tourism and a representative from Ascendant regarding the beach volleyball event.

Chair Fried concluded his report by stating that discussions about a UFC event in Hawai'i have not yet fallen through, but UFC's proposed financial request is still not at an acceptable level for HTA. Chair Fried thanked Leslie Dance for her work securing the L.A. Rams exhibition game that will take place in the fall of 2019.

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

Chair Fried acknowledged Mr. Szigeti, who presented the CEO's report. Mr. Szigeti reported that February brought increases in visitor arrivals, visitor spending, and hotel statistics; all counties reported year over year gains for February 2018. Mr. Szigeti also reported that on average across the State, hotel revenue per available room (RevPAR) increased 10.5% to \$252, average daily rate (ADR) was up 8% to \$294, and occupancy increased 1.9%.

Mr. Szigeti then reported that he would be travelling to Hawai'i Island on March 30, 2018 to meet with the Japan wholesalers' regarding their new transportation plan to serve Japanese

visitors arriving to Hawai'i Island.

Mr. Szigeti reported that the LPGA Lotte Championship tournament is scheduled to begin on April 9, 2018 and is a big event for Hawai'i. Mr. Szigeti and Chair Fried will be attending the event and will be speaking on behalf of the HTA at the opening ceremony of the tournament.

Mr. Szigeti concluded his report by stating that he and other members of the HTA have been meeting with various legislators at the Capitol regarding some serious proposed legislation.

Chair Fried thanked Rep. Onishi for attending the Board Meeting, stating that HTA could not be more fortunate to have Rep. Onishi serving as the Chair of House Committee on Tourism. Chair Fried added that Rep. Onishi's knowledge and advice has been quite remarkable in guiding the HTA.

Chair Fried stated that HTA realizes how important marketing is for Hawai'i but noted that, in light of the proposed bill that would drastically cut HTA's funding, the public needs to understand the negative effects these cuts to HTA's funding would have on Hawai'i. Ms. Dance added that it took Colorado five years and two and a half times their original funding amount to get visitors back that were lost as a result of funding cuts. Mr. Szigeti noted that international visitor arrivals are down in the U.S., so the domestic vacation market is even more important now for Hawai'i's economy.

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

Chair Fried acknowledged Jennifer Chun, who presented the February 2018 market insights. Ms. Chun reported that international arrivals to the U.S. are down 3-4% but that Hawai'i has not been hit as hard as other markets in the U.S. Ms. Chun reported that the European market has seen the most decline in arrivals to the U.S. and, as such, the east coast and middle America markets have been hurt the most from the overall decrease.

Ms. Chun then presented the January and February 2018 visitor statistics. Ms. Chun reported that, through December 2017, the State collected \$245.7 million in Transient Accommodations Tax (TAT), a decrease of 1.4% compared to FY 2017 through December 2016. Ms. Chun noted that the adjusted TAT collections shows a 9.6% increase of \$21.5 million in TAT when factoring in the State's tax restructuring payment made in August 2017.

Visitor spending increased to \$1.52 billion through February 2018, a 12.7% increase compared to February 2017. Total arrivals to Hawai'i increased to 778,571, a 10.3% increase compared to February 2017. The average daily census was 153,000 for February 2018, an increase of 8.5% compared to February 2017.

Ms. Chun reported that the hotel statistics increased 10.5% in RevPAR to \$252, with average daily rate (ADR) of \$294, and occupancy rates increased 1.9% to an occupancy rate of 85.6%

statewide.

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

Chair Fried acknowledged Charlene Chan, who reported on HTA's efforts during the current legislative session. Ms. Chan reported that HTA is monitoring HB2010 SD1 very closely. This bill is the most aggressive attempt to take funding away from HTA to date. Ms. Chan reported the bill is scheduled for a hearing on April 3, 2018 at 10:00 a.m. No oral testimony will be permitted at the hearing, but Ms. Chan explained that she will be sending out an email to Board members with information regarding drafting written testimony for the hearing. Ms. Chan reported that HTA is currently tracking approximately 181 bills and has submitted 49 testimonies, four of which were in support of gubernatorial nominations.

Mr. Atkins asked who HTA is asking to submit written testimony for the April 3 hearing on HB2010 SD1. Ms. Chan replied that she will be sending an email to Board members with a short summary of the bill so that Board members can share the information with their networks to request written testimony in support of HTA's budget and mission.

Mr. Atkins then asked what the next step for HTA is regarding HB2010 SD1. Ms. Chan responded that after the Senate Committee on Ways and Means makes its decision, the bill will be heard in the Senate chamber and then transmitted back to the House. If the House rejects or disagrees with the Senate's revisions, it will then be submitted to the Conference Committee, who will try to reconcile the differences.

Mr. Nakamura requested a copy of HTA's testimony in opposition to the proposed legislation. Mr. Nakamura also inquired what details HTA is including in the testimony regarding the new legislation's impacts on HTA if approved. Ms. Chan responded to by reporting that the new legislation would reduce the Tourism Special Fund (TSF) and funding for the Hawai'i Convention Center (HCC). It would also add spending caps to certain areas of HTA's budget. Ms. Chan also reported that money would be shifted from HTA programs to other State departments. Mr. Togashi added that the proposed legislation would reduce all State funding to HCC. In addition, the bill does not explicitly cancel the current HCC bond debt.

Chair Fried noted that the proposed legislation would take Hawai'i back to the pre-HTA tourism management era. Chair Fried stated that HTA has asked the Senate why it wants to make such a change and what they plan for HTA's future, but has received no response to date.

Mr. Szigeti added that the bill takes workforce development and allocates it to the DOE, which is already working with a full plate.

Mr. Atkins stated he asked Senator Wakai how he came up with the \$60.3 million figure for HTA's revised TAT allocation. Senator Wakai responded that this amount is HTA's current marketing budget. Mr. Atkins indicated that Senator Wakai believes that HTA is merely a

marketing committee and asked Ms. Chan to make it clear in her letter that HTA provides many more services to the State than marketing.

Mr. Togashi noted that the bill would not only take the HTA back to pre-HTA tourism management, but would also decrease funding to levels not seen since 2006, when TAT revenues were hundreds of million dollars less than current revenue.

Ms. Kumukahi stated that HTA's programs are not intended to replace other programs, such as the Department of Land and Natural Resources' (DNLN) conservation programs. Ms. Kumukahi added that, while HTA may not physically work to save endangered trees, its programs educate visitors on safe hiking practices so that they do not contribute to the spread of Ohia disease.

Ms. Menor-McNamara asked whether any other industries have testified on this proposed bill. Ms. Chan responded by reporting that most of the testifiers have been State agencies. Ms. Chan stated that she has reached out to all of the agencies to educate them, but has not yet reached out to other industries.

Mr. Atkins asked whether individual Board members can testify on behalf of HTA. Mr. Kinkley explained that any Board member may testify as an individual but not on behalf of HTA.

#### **7. Presentation, Discussion and Action on HTA's Financial Reports for December 2017 and January 2018**

Chair Fried acknowledged Marc Togashi, who began his presentation by stating that he will be asking the Board for its approval of HTA's December 2017 financial statements, but not the January 2018 statements. Mr. Togashi reported that HTA will be posting an update later today to the Board's website on where HTA stands in its budget.

Mr. Togashi requested a motion for the Board to approve HTA's December 2017 financial statements. Chair Fried requested such motion and Mr. Kam so moved. Mr. Nakamura seconded the motion, which was unanimously approved by all the Board members present.

#### **8. Presentation, Discussion and Action of HTA's Action Plan to Address Recommendations from State Audit 18-04**

Chair Fried acknowledged Mr. Szigeti, who began his presentation by thanking Ms. Chan and her team for all of their hard work in preparing HTA's response and action plan to address the State Auditor's recommendations. Mr. Szigeti stated that HTA is committed to using the action plan to improve HTA as a whole. Mr. Szigeti thanked the Board for their continued support and requested that a motion to approve the response and action plan be heard.

Mr. Atkins asked about the status of hiring a quality assurance specialist for HTA, in line with the Auditor's recommendations. Mr. Szigeti responded that HTA has identified a candidate for the position but wants to have HTA's new COO confirmed first.

Mr. Fried requested motion to approve HTA's response letter and action plan. Mr. Kam so moved. Mr. DeMello seconded the motion and expressed his appreciation for the quick turnaround on the response letter and action plan. The motion was unanimously approved by all the Board members present.

## **9. Presentation and Discussion on the 2018 Global Tourism Summit Planning**

Chair Fried acknowledged Ms. Dance, who introduced Renee Radabaugh, President and CEO of Paragon Events, who is assisting in the planning and management of the 2018 Global Tourism Summit. Ms. Dance stated that HTA is way ahead of where they have been for past Summits.

Ms. Radabaugh thanked Ms. Dance and began her presentation, starting with an overview of the timeline for the Summit. The initial email targeting specific companies and releasing the sponsorship prospectus will be sent out in April 2018. Ms. Radabaugh also noted that Paragon has been receiving calls about the Summit already. Keynotes will be announced, tentatively, prior to the registration launch, which will begin on April 23, 2018.

Ms. Radabaugh then provided an overview of registration pricing for the Summit. The early bird rate has remained the same, the regular registration rate has increased by \$30.00, and the registration goal is set at \$330,000.00. Ms. Radabaugh reported that the Summit's sponsorship goal is \$450,000.00, comprising both in-kind and cash sponsorships, but Paragon hopes to raise more cash sponsorships than in-kind.

Next, Ms. Radabaugh presented program updates, highlighting the new innovation days which connect companies and students to foster innovation and entrepreneurial ventures. Ms. Radabaugh then provided a schedule of events for the Summit. On Monday, October 1, Mr. Szigeti will open the Summit with remarks, followed by student debates and a keynote speaker, whose confirmation is pending. The rest of the day will be robust and content focused and there will be a networking lounge for attendees. The network reception at the end of the day will be keynoted by the head of Tourism New Zealand.

Tuesday, October 2, will open with the Japan Summit. Other topics to be covered include cultural tourism, sustainable tourism and global tourism. The keynote speaker for Tuesday is also pending. The second day of the Summit will close with the Aloha Reception. Wednesday, October 3, will commence with the popular Airline Update. The keynote speaker for the third day of the Summit will be Mike Dominguez, Senior Vice President and Chief Sales Officer of MGM Resorts International. This final day will also feature a Safety and Security panel focusing on global-centric security issues. The Tourism Legacy luncheon will feature Kalani Ka'anā'anā, who will honor the Hawaiian language in line with the Governor's proclamation of the year of the Hawaiian.

Ms. Radabaugh reported that a sixty day e-blast schedule to market the summit will begin in early April 2018. Ms. Radabaugh concluded her presentation by noting that a meeting with all



media partners is scheduled for early April 2018 in order to develop an integrated marketing plan for the Summit.

Mr. Szigeti added that the safety and security panel will be very important and thanked Ms. Radabaugh for incorporating it into the Summit program. Mr. Fried echoed Mr. Szigeti's comments.

#### **10. Presentation relating to HTA's Programs that Address Visitor Ocean Safety and Participation with the Department of Health's Drowning and Aquatic Injury Prevention Advisory Committee**

Chair Fried acknowledged Ms. Dance, who introduced Ralph Goto, Chief Jeffrey A. Murray from the Maui County Fire Department, and Bridget Valasco and Dan Galanis from the Department of Health (DOH).

Mr. Galanis presented an overview of data collected by DOH regarding the main causes of death for non-residents in Hawai'i. He explained that ocean drowning is the third-leading cause of visitor fatalities after heart disease and cancer. Mr. Galanis reported that, for visitors 50 years old and younger, ocean drowning is the leading cause of death in Hawai'i. He also noted that for both residents and visitors, ocean drowning is the fourth leading cause of death in the State. Mr. Galanis stated that snorkeling appears to be the most prevalent activity associated with visitor ocean drowning.

Mr. Atkins asked whether a visitor that has a heart attack while snorkeling would be considered a drowning for reporting purposes. Mr. Galanis explained that there are some differences between the ways that the various medical examiners report causes of death. The Honolulu Medical Examiner's office states that drowning trumps a heart attack in that context, but some examiners have noted causes of death the other way.

Mr. DeMello asked whether DOH is monitoring the snorkeling equipment involved in drowning-related fatalities. Mr. Galanis responded that the State is concerned about the new full-face masks being used by residents and visitors but asserted that, epidemiologically, the State is a few years away from being able to say whether the full-face masks are more dangerous than traditional styles of snorkeling equipment. Mr. Galanis noted that there are a lot of design differences between producers of these full-face snorkel masks as well as traditional snorkels.

Mr. Szigeti asked why snorkeling-related deaths are highest in Maui County. Mr. Galanis stated that it is difficult to pinpoint an exact reason, but this trend is likely tied to the heightened accessibility of Maui's snorkeling locations. Mr. Goto added that the State has a lot more research to conduct on this issue as well as that of snorkel mask design.

Ms. Valasco then presented on her work with the Hawai'i Drowning and Aquatic Injury Prevention Advisory Committee. Ms. Valasco, who is the coordinator for the Committee, reported that the Committee focuses on four areas: communication and outreach; evaluation

and research; policy; and child water safety. Ms. Valasco also expressed her thanks to HTA for supporting the Junior Lifeguard program.

Ms. Valasco then presented the results of the Committee's Ocean Safety Survey. A majority of visitors surveyed felt it was important to be on a beach with a lifeguard present. However, 60% of those surveyed said they do not go to beaches with lifeguards because lifeguarded beaches are not convenient to their plans. Ms. Valasco added that visitors reported feeling well-informed and safe in Hawai'i. Survey results show 60% of visitor respondents want more information on rip tides and public rescue tubes. About one third of survey respondents wanted more information about snorkeling safety.

Chair Fried asked whether Ms. Valasco believed that only one third of those surveyed wanted more information about snorkeling because they believe snorkeling is a safe activity. Ms. Valasco agreed with this characterization.

Ms. Valasco concluded her presentation by reporting the results from the Committee's focus group. Ms. Valasco reported that most visitors do not understand the real dangers present in the ocean. For instance, visitors may focus on the threat of sharks rather than currents. Visitors also want more information regarding ocean dangers available at their hotel's concierge desks and through mobile device applications.

Next, Ms. Dance presented HTA's public information campaigns at airports and hotels throughout the State. Ms. Dance explained that the campaigns will first be introduced at the inter-island terminal at the Daniel K. Inouye International Airport. The videos will be translated into five different languages to reach more visitors.

Ms. Dance then thanked Mr. Goto and his team for holding the snorkeling safety workshop on March 28. Mr. Goto added that the State is working to determine the root cause of increased snorkeling-related deaths and make recommendations to prevent future fatalities.

Mr. Atkins asked Mr. Goto whether the State has conducted any research with survivors of snorkeling incidents to help determine the causes of increased fatalities. Mr. Goto thanked Mr. Atkins for his inquiry and stated that the State is currently working on that.

Chair Fried asked whether any research has shown that visitors are ignoring warning signs before entering the ocean. Mr. Goto stated that the signage issue is very important for the State, but explained that research has not been able to quantify the true effectiveness of warning signs. Mr. Goto added that people appear to ignore warning signs frequently but no data is available to support this assertion. Ms. Valasco added that based on feedback from visitors, non-English speaking visitors ignored warning signs because "they're not in my language."

Mr. Szigeti thanked all the guests for their work on these important safety issues. Mr. Szigeti added that it is important for the HTA and the State to convey safety information to visitors and



educate them on the hazards of the ocean. Mr. Szigeti also noted that HTA needs to address bike safety in the State, noting that he witnessed two Japanese visitors riding on Biki bikeshare bikes on the H-1 freeway.

Ms. Dance noted that HTA has several ongoing ocean safety communication channels including safety videos, the Gohawaii app, the “do not promote” list, and airport public safety announcements. Chair Fried asked whether HTA has experienced any resistance from air carriers to playing the safety videos on inbound flights prior to landing. Ms. Dance responded that the airlines other than Hawaiian Airlines want to charge HTA to play safety videos. Delta Airlines and United Airlines have equated these videos to advertising.

Mr. Nakamura expressed his gratitude to HTA and the Board for discussing these important topics. Mr. Nakamura then asked Chief Murray to speak about ocean safety in Maui County. Chief Murray began his presentation by suggesting that HTA market what they are doing to State lawmakers so that all interested parties can understand what HTA is working to accomplish.

Chief Murray reported that many of the drownings on Maui take place on non-lifeguarded beaches. In one recent case, a family ignored the many warning signs informing them to stay away from the shore and the father drowned rescuing his daughter. Chief Murray explained that one of the key factors to reducing ocean drownings, in addition to educating visitors, is the rescue tube program. Chief Murray added that his department asks visitors who have been involved in an ocean related incidents why they risk their lives. Visitors’ responses have included assertions that, because they spent a lot of money to come to Hawai’i, they want to do as much as possible on their itinerary regardless of weather conditions. Chief Murray added that many visitors do not realize that swimming is an aerobic exercise.

Mr. Kam asked whether Chief Murray believed the rescue tubes are effective. Chief Murray responded that the rescue tubes have been very helpful in Kaua’i. Mr. Atkins added that the deployment of additional rescue jet skis have helped with rescue efforts in addition to the deployment of rescue tubers.

Mr. Szigeti indicated the need for legislative measures that would require airlines to play ocean safety messages. Mr. Fried expressed his frustration over the airlines’ decision to treat the ocean safety messages as advertising. Mr. Conching suggested that HTA place ocean safety flyers in rental cars and play safety videos in the waiting areas at rental car companies.

**The meeting was recessed at 11:08 a.m.**

**The meeting was reconvened at 11:24 a.m.**

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

Chair Fried acknowledged Teri Orton from AEG, who began her presentation with the February

2018 HCC financial report. Ms. Orton reported that HCC saw the return of the AAU Volleyball tournament for the second year of a four-year contract. Ms. Orton also reported that HCC saw a number of repeat local events; HCC posted gross revenues of \$1,573,800.00. Ms. Orton then reported a number of vacancies in HCC's operations team. She noted that the State's current low unemployment rate has resulted in a difficult market to recruit employees.

Next, Ms. Orton provided an update on the 2018 Food and Beverage year to date report. HCC Food and Beverage revenue is \$1,030,500.00 YTD, expenses are \$723,700.00, net income is \$306,800.00, and the percentage of cash flow is at 30%. Ms. Orton reported HCC's ROI to date: for every dollar spent by HCC, \$3.28 was returned to the State.

Ms. Orton then introduced Mr. Conching, who presented the HCC Sales Update for 2018 YTD. Mr. Conching reported that, through February 2018 YTD, HCC has closed 27,522 room nights. Mr. Conching noted that one major group contributing to this number was the Society of Neural Oncology, which booked hotel room nights for November 2025.

Mr. Conching reported that AEG has interviewed candidates for two vacant positions in HCC's sales team and hopes to have the positions filled by mid-April 2018. Mr. Conching added that he has received positive feedback from some of HCC's top clients at the latest Advisory Board meeting. Mr. Conching noted that the next meeting will take place in October 2018.

Ms. Orton expanded on Mr. Conching's presentation regarding the latest Advisory Board meeting, noting that eleven of the twenty invitees attended the meeting. Ms. Orton also reported that HCC received feedback from their clients on how to improve AEG's positioning in the city-wide events market. Ms. Orton added that AEG was able to market HCC, the City of Honolulu, and hotels to their top meeting planners. Ms. Orton reported some good feedback at the meeting regarding hotel inventories, but also received feedback that room rates are not conducive to soliciting business. Ms. Orton noted that AEG has started an open dialogue with hotel partners to share this feedback.

Ms. Orton then reported that when asked which city is the best at recruiting new clients and events, the meeting planners responded that Seattle has been leading in this area. Ms. Orton explained that it is not just Seattle's convention center and hotels that bring this sentiment, but also the city's engagement with local retailers and activities and tour operators in order to attract clientele. Ms. Orton explained that the entire city of Seattle comes together to put their best incentive package in front of meeting planners. Ms. Orton concluded her presentation by noting that AEG will expand its meetings to bring in all aspects of the tourism industry to expand in the way that Seattle has been able to.

## **12. Report of, Discussion and Request for Approval for Funding Approval of Programs recommended by the Marketing Standing Committee**

Chair Fried announced that, because the Marketing Standing Committee did not have quorum and did not meet on March 28, 2018, there is nothing new to add at the meeting today.

Ms. Dance noted that HTA had a great opportunity with the New Zealand All Blacks rugby team, but that the turf at Aloha Stadium was not of good enough quality for the team, which cost HTA the bid.

### **13. Adjournment**

Chair Fried requested a motion to adjourn the meeting. Mr. Kam so moved and Ms. Domingo seconded the motion, which unanimously approved by all the Board members present.

The meeting was adjourned at 11:46 a.m.

Respectfully submitted:



---

Jacob L. Garner  
Recorder