



Hawai'i Convention Center
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David Y. Ige
Governor

Chris Tatum
President and Chief Executive Officer

REGULAR BOARD MEETING

HAWAII TOURISM AUTHORITY

Thursday, May 30, 2019 at 9:30 a.m.

Hawai'i Convention Center

1801 Kalākaua Avenue, Honolulu, Hawai'i 96815

MINUTES OF REGULAR BOARD MEETING

MEMBERS PRESENT:

Richard Fried, Micah Alameda, David Arakawa, Fred Atkins, Daniel Chun, George Kam, Ku'uipo Kumukahi, Sherry Menor-McNamara, Kelly Sanders and Kimi Yuen

MEMBER NOT PRESENT:

Kyoko Kimura and Benjamin Rafter

HTA STAFF PRESENT:

Chris Tatum, Keith Regan, Karen Hughes, Marc Togashi, Marisa Yamane, Jadie Goo, Jennifer Chun, Kalani Ka'anā'anā, Chris Sadayasu, Caroline Anderson, Chael Kekona, Joseph Patoski, Laci Goshi, Leslie Centeno, Maile Carvalho, Minh-Chau Chun, Noriko Sloan, Ronald Rodriguez, Minami Aoki and Anda Garel

GUESTS:

Representative Richard Onishi, Senator Glenn Wakai, John Monahan, Mufi Hannemann, Teri Orton, Mari Tait, Noelle Liew, Lee Conching, Erin Khan, Malia Sanders, Miki'ala Lidstone, Monte McComber, David Baronfeld, Eric Takahata, Mitsue Varley, Julie Yang, Aldric Ulep, Edgar Palafox, Allison Schaefers, Asami Arita and Rick Egged

LEGAL COUNSEL:

Gregg Kinkley

1. Call to Order and Pule

Chair Rick Fried called the meeting to order at 9:30 a.m.

Chair Rick Fried began the meeting by welcoming Hawaii Tourism Authority's newest Board members, Daniel Chun and Kimi Yuen. Kalani Ka'anā'anā introduced Monte McComber to share an oli to open the meeting. Mr. McComber, cultural director of the Royal Hawaiian Shopping Center, shared the unique history of the land where the Royal Hawaiian Shopping Center and Royal Hawaiian Hotel currently stand.

2. Approval of the Minutes of the April 25, 2019 Board Meeting

Chair Fried asked for a motion to approve the minutes of the April 25, 2019 Board Meeting. George Kam so moved and Ku'uipo Kumukahi seconded the motion, which was approved by all members present.

3. Report of Permitted Interactions at an Information Meeting or Presentation Not Organized by the Board Under HRS section 92-2.5(c)

Chair Fried asked for the members of the Board to report of any permitted interactions, and there were none to report. Ms. Kumukahi noted that the cultural section of HTA has met with other sections of the community to look at what everyone is doing so that HTA and the rest of the community are on the same page.

4. Report of the CEO Relating to Staff's Implementation of HTA's Programs During April 2019

Chair Fried acknowledged HTA CEO Chris Tatum to provide an update. Mr. Tatum said that the plan moving forward will be to focus on investing in community, natural resources and Hawaiian culture, and keeping the Board informed.

Mr. Tatum then introduced Mufi Hannemann, President and CEO of Hawai'i Lodging and Tourism Association, and John Monahan, President and CEO of Hawai'i Visitors and Conventions Bureau, to provide an update on the Los Angeles Rams preseason game at Aloha Stadium. Mr. Hanneman and Mr. Monahan discussed the importance of the Los Angeles Rams' engagement with the local community and stated that the Rams would host a football clinic at 'Iolani School on June 14th and 15th. Mr. Hanneman stated the Rams selected 'Iolani School due to the teams' needs, which included use of the school's gymnasium and parking. He explained the clinic will be limited to eight high school teams, and that the schools participating in the clinic include, among others, St. Louis, Kahuku, Mililani, Waipahu, Hilo, Lahainaluna and Kapa'a. He stated that the clinic will also include a two-part Cheer Camp. Mr. Hanneman also explained that the "Cleats for Character" program selected Farrington High School to have University of Hawai'i graduate and former L.A. Rams' linebacker Pisa Tinoisamoa to lead participants in a discussion on the values of good character through sports and academics.

Mr. Hannemann stated that community engagement positively impacts local communities. He stated, as an example, that the Lotte Championship identified and engaged with four local public high schools and had those schools' top golfers play in a Pro-Am event. He also noted that the Pro-Am footage, taken by students from Waianae High School, aired on the Golf Channel. The Lotte Championship also monetarily contributed to early college programs and media programs.

Mr. Monahan added that the Dallas Cowboys will also be engaging in community groups, focusing on the military and middle schools. Mr. Tatum noted that one of the Cowboys is from Hawaii. Mr. Monahan said that John Johnson is a safety for the Los Angeles Rams and he will be coming at the same time as the football clinics. Fred Atkins asked whether there were any opportunities for other schools to participate, such as auditorium presentations. Mr. Hannemann said that they could incorporate coaches and staff from other schools to get them involved in that way. He said that may be a benefit for a Leeward Coast team. Mr. Monahan said that the Rams will be here in June but that the Cowboys will be coming closer to the date of the preseason game.

Rick Egged was introduced to discuss the Waikiki Improvement Association. Mr. Egged said that Mr. Tatum had approached him to see what could be done to give back, and they had focused on the Sunset on the Beach event. It has mostly been financed by CBS for Hawaii 5-0. Southwest Airlines also wanted to do something for the community and they had agreed with Sunset on the Beach. Mr. Tatum said that this is something that HTA can do and it will be enhanced by the resources Southwest Airlines can provide. He said that there was great turnout and Southwest Airlines created activities. There were approximately 3,000 people in attendance, with predominantly locals participating. There are a total of seven events planned including a September 7th partnership with Aloha Festivals and musical performances.

Chair Fried then introduced Miki'ala Lidstone, Executive Director of the Ulu A'e Learning Center. Mr. Ka'anā'anā shared that Ulu A'e Learning Center is one of the programs supported through HTA's community enrichment. Ms. Lidstone shared information regarding the Kapu'uola hula festival, scheduled for June 21 and 22, 2019. Ms. Lidstone shared her knowledge and experiences regarding restoring Pu'u 'o Kapolei, an important historical landmark within the ahupua'a, and engaging with high schools and other volunteers to remove waste from the site. Ms. Lidstone added that her efforts to restore Pu'u 'o Kapolei coincided with strengthening a sense of place in Kapolei. Ms. Lidstone stated presently, Ulu A'e is contracting with an archeologist to submit an application for Pu'u 'o Kapolei for the State's historic registry. Ms. Lidstone also thanked HTA for presenting workshops, which has helped Ms. Lidstone raise attendance at events.

Mr. Tatum said that HTA could hire contractors to market Hawaii, but managing tourism requires a sense of place, understanding the importance of community, and understanding of investing in our natural resources. He said that they are planning, for every Board meeting, to have organizations come to discuss how they are supporting the community. At this time, Mr. Tatum also introduced Marisa Yamane, HTA's Director of Communications and Public Relations, whose role includes sharing what HTA and the tourism industry does to support local communities.

Mr. Tatum recognized Mr. Atkins to provide an update on the North Shore of Kaua'i. Mr. Atkins said that he and Mr. Tatum realized that it was not possible to open the road by May 1st, so the new date to reopen is around June 13th. The emphasis is on educating the public and providing realistic notice. He added that they need to be cognizant of where money is being collected and where there is liability. Mr. Tatum said decisions regarding the allocation of resources to the North Shore of Kaua'i need to be driven and executed by the community, and that HTA is willing to provide assistance in a supporting role. He added that there are a lot of opinions, and that the communities in Kaua'i need to decide what the best options are.

Mr. Tatum said that HTA is also interested in addressing challenges on the other islands, such as traffic on the North Shore of Oahu. He said they have spoken with the Department of Transportation and legislators, and there will be a stakeholder meeting with the Mayor. He said that HTA's role is to facilitate the meetings, not to come up with all the answers.

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

Chair Fried acknowledged Jennifer Chun to present the current market insights and conditions in key major Hawai'i Tourism Markets. She said that in April, there was a decrease in expenditures to \$1.3 billion. There was an increase in U.S. West, Japan was flat, but there were decreases in all the other markets. One of the trends noted was decrease in lodging spending in contrast to last week's hotel numbers which saw an increase for April ADR. She also noted that through February 2019, the State collected \$400.5 million in transient accommodations tax, which is an increase in 12.8% from last year but, accounting for the rate change, that increase is a 5.1% increase from last year.

Chair Fried noted that, through calculating for inflation, visitor spending has remained flat for decades. Ms. Chun, in response to Mr. Fried's comment, noted that HTA has put out an RFP to assist HTA in finding where higher visitations are. She noted that this information would also assist the Department of Land and Natural Resources to assess where the most visited areas of the State are.

Mr. Atkins asked whether recent legislation regarding short term vacation rentals would assist HTA in getting more details on visitor spending and where visitors are staying. Keith Regan noted that Senate Bill 1292 is currently before the Governor for his approval. Representative Richard Onishi stated that, should the Governor sign the bill, it will still take the Department of Taxation time to assess the data. Representative Onishi added that it will take time to see the results of the data. Mr. Tatum asked when the Act, increasing the amount of TAT collected by including mandatory resort fees, would come into effect. Representative Onishi stated that the effective date is in July.

David Arakawa stated that Senate Bill 1292 was problematic because it contained no reporting mechanism to assist counties in regulating short term vacation rentals. Senator Wakai stated that the bill contained language that does not prevent the counties from enforcing such rentals, regardless of whether taxes are collected or not. Representative Onishi added that, while Airbnb is expected to comply with the bill, Expedia is pushing back and expressing concern regarding the information the Legislature has requested from vacation rentals.

6. Nomination, Selection and Appointment of George Kam as First Vice Chair and Kelly Sanders as Second Vice Chair of the Hawaii Tourism Authority Board of Directors.

Chair Fried recognized that two previous Board members, Sean Dee and Craig Nakamura, termed out of their appointments as members of the HTA Board. He said that it is the Board's intent to make sure that each Board member is on at least one committee.

Chair Fried acknowledged George Kam, currently in the role of Second Vice Chair, agreed to serve as First Vice Chair, and that Kelly Sanders agreed to serve as Second Vice Chair. Chair Fried stated that their respective backgrounds and service to HTA made them well-suited for these positions.

Chair Fried asked for a motion to appoint George Kam as First Vice Chair and Kelly Sanders as Second Vice Chair of the HTA Board. Mr. Arakawa moved, and Ms. Kumukahi seconded the motion, which was approved by all Board members present.

7. Nomination, Selection and Appointment of Board Members for the Following Committees: George Kam, David Arakawa, Fred Atkins for the Administrative Standing Committee; Micah Alameda for the Audit Standing Committee; Ben Rafter for the Marketing Standing Committee; Sherry Menor-McNamara, Kimi Yuen, Daniel Chun for the Convention Center Planning Investigative Committee; Ku'uipo Kumukahi, Kimi Yuen for the Visitor-Related Infrastructure Investigative Committee.

Chair Fried asked for a motion to approve the nomination, selection and appointment of George Kam, David Arakawa and Fred Atkins to the Administrative Standing Committee. Ms. Kumukahi so moved and Kelly Sanders seconded the motion, which was approved by all members present. Mr. Arakawa commented that the Committee should hear recommendations from Mr. Tatum as to how HTA can fulfill its goals, in addition to its responsibility of evaluating Mr. Tatum.

Chair Fried stated that, given HTA's efforts to address the 2018 State Audit, that the Board hoped to terminate the Audit Standing Committee as soon as September.

Chair Fried asked for a motion to approve the nomination, selection and appointment of Micah Alameda to the Audit Standing Committee. Mr. Kam so moved and Mr. Arakawa seconded the motion, which was approved by all members present.

Chair Fried asked for a motion to approve the nomination, selection and appointment of Benjamin Rafter to the Marketing Standing Committee. Mr. Kam so moved and Mr. Arakawa seconded the motion, which was approved by all members present.

Chair Fried asked for a motion to approve the nomination, selection and appointment of Sherry Menor-McNamara, Kimi Yuen and Daniel Chun to the Convention Center Planning Investigative Committee. Mr. Atkins so moved and Mr. Kam seconded the motion, which was approved by all members present.

Chair Fried asked for a motion to approve the nomination, selection and appointment of Ku'uipo Kumukahi and Kimi Yuen to the Visitor-related Infrastructure Investigative Committee. Mr. Sanders so moved, and Mr. Kam seconded the motion, which was approved by all members present.

8. Nomination, Selection and Appointment David Arakawa as Chair of the Audit Standing Committee; Kelly Sanders as Chair of the Marketing Standing Committee; and Daniel Chun as Chair of the Convention Center Planning Investigative Committee

Chair Fried asked for a motion to approve the nomination, selection and appointment of David Arakawa as Chair of the Audit Standing Committee, Mr. Sanders as Chair of the Marketing Standing Committee, and Daniel Chun as Chair of the Convention Center Planning Investigative Committee. Mr. Kam so moved and Mr. Sanders seconded the Motion, which was approved by all members present.

9. Nomination, Selection and Appointment of George Kam as First Vice Chair and Ben Rafter as Second Vice Chair of the Marketing Standing Committee; David Arakawa as Vice Chair

of the Legislative and Government Affairs Investigative Committee

Chair Fried asked for a motion to approve the nomination, selection and appointment of George Kam as First Vice Chair and Benjamin Rafter as Second Vice Chair of the Marketing Standing Committee and David Arakawa as Vice Chair of the Legislative and Government Affairs Committee. Mr. Sanders so moved and Ms. Yuen seconded the motion, which was approved by all members present.

At this time, Mr. Regan stated that HTA is in the process of putting together community meetings to gather information from stakeholders regarding the respective needs of the tourism industry for the purpose of implementing a new five-year strategic plan. Mr. Regan stated that they have contracted with John Knox and Associates to assist with creating a new strategic plan. Chair Fried asked when a new five-year strategic plan would be complete, in which Mr. Regan responded that the aim was to have the new plan published in January 2020. Chair Fried stated that a new Strategic Plan Investigative Committee would include Kimi Yuen as Chair, Kiyoko Kimura as Vice Chair and Micah Alameda and Ku'uipo Kumukahi as members. Chair Fried asked the Board to consider a motion to re-establish a Strategic Plan Investigative Committee.

Chair Fried asked for a motion to re-establish the Strategic Plan Investigative Committee, with Kimi Yuen as Chair, Kiyoko Kimura as Vice Chair, and with Micah Alameda and Ku'uipo Kumukahi as members. Mr. Arakawa so moved and George Kam seconded the motion, which was approved by all members present.

The Board recessed at 11:06 a.m.

The Board reconvened at 11:17 a.m.

10. Presentation Discussion and Action on HTA's Financial Reports for April 2019

Chair Fried acknowledged Mr. Regan to discuss HTA's Financial Reports for April. He said that the first document is the compilation of revenues and expenditures as of April. Mr. Regan said that HTA is on track to be within budget parameters for FY 2019. He also pointed out a summary of allocations through April 2019 to provide a better picture of how money has been moved into different categories.

Mr. Regan pointed out a summary of financial statements and activity that has occurred including receipt of TAT deposits of \$6.6 million and \$7 million in expenditures. He said that there are encumbrances in the statements that represent remaining balances from prior year encumbrances and HTA is working on closing those out. Additionally, HTA has utilized \$70.7 million of the \$87.4 million that was allocated and approved.

Chair Fried asked about the effect of the new legislation regarding the location for the Hawaiian Center for Music and Dance. Mr. Regan said that there is still a requirement to set aside \$1 million for the Center. In essence, it allows HTA to engage the community to identify the most appropriate site to create this important facility that has been on the books for years. A site has not yet been identified. The bill has not been signed into law yet but HTA is hopeful that the Governor will sign it.

Mr. Regan requested Board approval for the April Financial Reports. George Kam made a motion, which was seconded by Ms. Kumukahi and unanimously approved by all members present.

11. Update on the Status of the 2018 Audit Action Plan.

Chair Fried acknowledged Mr. Regan to discuss the 2018 Audit Action Plan. He said that, regarding Item 1, they have been working on the procedures. They have pushed out the procedures to the different sections within HTA. Finance is currently working about 30 procedures, procurement is working about 10, and Mr. Regan is working on budgeting and administrative procedures. He noted that the process is lengthy but they are making progress.

Regarding Item 3, which also involves procedures, he said that they have also started working on reviewing and completing an update of those procedures. They have set a date of July 3rd to get them done.

Regarding Item 4, he said they updated the procedure to include language which requires HTA, to the best of their ability, to do pre-solicitation market research and it has therefore been marked as complete.

Chair Fried asked about Item 6, regarding evaluation of performance. Mr. Regan, in response to Chair Fried, stated that HTA plans to finish in September or sooner, but that the majority of the Staff's focus has been on updating procedures. Mr. Arakawa noted that, for Item 6, creating criteria for certain tasks should be done so that it will be easier to assess performance.

12. Update Relating to the 2019 Legislative Session and Related Bills Relevant to HTA

Mr. Regan stated that the legislative session is over and that HTA was successful in bills it supported and pushed through the legislative process. Mr. Regan thanked the subject matter chairs from the Senate and the House for their support of HTA.

Mr. Regan noted two bills with the City & County of Honolulu, Bills 85 and 89, which would provide authority other transient vacation rentals, was referred back to its subject matter committee within City Council.

13. Presentation by AEG Regarding an Update of Hawaii Convention Center Recent Operational Activities and Sales Initiatives

Chair Fried acknowledged Teri Orton to present the Board with an update of the Hawaii Convention Center's recent operational activities and sales initiatives. Ms. Orton stated that the Convention Center hosted 30 events in April, including repeat corporate groups. Ms. Orton also stated that, for the Convention Center's reforecast, the fiscal year 2019 reflects a project net loss of \$3.1 million. Ms. Orton tied the projected loss to several cancellations of large groups which included high food and beverage spend.

Ms. Orton stated that other initiatives included seeking additional opportunities for short- and long-term business, including more banquets for local businesses to increase short-term revenue, as well as local sports events, festivals and trade shows. Ms. Orton stated that the current return on investment for every dollar spent by the state generates a \$15.92 return.

14. Recommendation to the Board for the Hiring of a Candidate to Fill the Vacant Position of HTA Administrative Assistant

Mr. Regan stated that HTA was in the process of making more state positions with HTA available instead of relying on contractors. He stated that, in seeking to fill the position of HTA Administrative Assistant, HTA reviewed over thirty candidates, interviewed five, and selected Anda Garel. He stated Ms. Garel has a stellar resume and speaks English, German, Romanian and Spanish fluently. Mr. Regan stated that, due to timing, HTA has already hired Ms. Garel to fill the Administrative Assistant position.

Chair Fried asked for a motion to approve the hiring of Anda Garel as HTA Administrative Assistant. Mr. Kam so moved, and Mr. Arakawa seconded the motion, which was approved by all members present.

The Board recessed at 11:52 a.m.

The Board reconvened at 12:23 p.m.

15. Discussion and Approval of the FY2020 HTA Budgets

Mr. Tatum then discussed the HTA budget presentation. He said that he would be discussing what they are asking for and the process will be, because he is used to having an actionable,

ongoing budget. He said that the details of the allocations are driven by what they receive from the RFPs. He said that there is a total amount but the details will depend on what comes back from the RFPs. He said that every month HTA will share with the Board what they receive back from the RFPs. He said that they have had to recategorize things to make it easier to understand but that, in general, they want to keep it up-to-date and transparent.

Mr. Regan stated that HTA would go through the Budget through nine separate categories. Mr. Ka'anā'anā presented the HTA budget categories of Hawaiian Culture and Natural Resources. Caroline Anderson presented the HTA budget category of Community Programs. Karen Hughes presented the HTA budget category of Branding. Mr. Tatum presented the HTA budget category of Sports. Mr. Regan presented the HTA budget category of Security and Safety Programs. Ms. Chun presented the HTA budget category of Tourism Research. Mr. Regan presented the HTA budget category of Administrative Programs and Governance and Organization.

Mr. Atkins stated that, initially, he had difficulty understanding the budget due to the omission of certain line items. However, he stated after speaking with Mr. Tatum that HTA has absorbed and condensed line items into a clearer budget that is easier to understand. Mr. Atkins expressed that in the past, there have been concerns regarding HTA's transparency with spending its funds, but that he feels comfortable that HTA staff will implement the budget and add information as it becomes available.

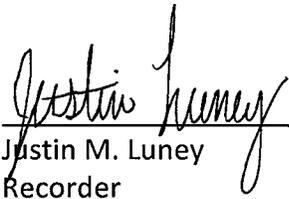
Chair Fried asked for a motion to approve the Fiscal Year 2020 Budget. Ms. Kumukahi so moved and Mr. Alameda seconded the Motion, which was approved by all members present.

16. Adjournment

Chair Fried asked for a motion to adjourn the meeting. Mr. Kam so moved and Ms. Kumukahi seconded the motion, which was approved by all Board members present.

The meeting was adjourned at 2:00 p.m.

Respectfully submitted


Justin M. Luney
Recorder