



**REGULAR BOARD MEETING**  
**HAWAII TOURISM AUTHORITY**  
**Thursday, November 21, 2019**  
**Hawaii Convention Center**  
**1801 Kalākaua Avenue, Honolulu, Hawaii 96815**

**MINUTES OF REGULAR BOARD MEETING**

**MEMBERS PRESENT:**

Rick Fried, Jr. (Chair), David Arakawa, Fred Atkins, George Kam, Ku'uipo Kumukahi, Sherry Menor-McNamara, Kimi Yuen

**MEMBER NOT PRESENT:**

David Arakawa, Daniel Chun, Kyoko Kimura, Ben Rafter, Kelly Sanders

**HTA STAFF PRESENT:**

Chris Tatum, Keith Regan, Marc Togashi, Marisa Yamane, Jadie Goo, Jennifer Chun, Caroline Anderson, Carole Hagihara, Chris Sadayasu, Joseph Patoskie, Minami Aoki, Laci Goshi, Lawrence Liu, Maile Carvalho, Cynthia Morita, Maka Casson-Fisher, Minh Chau Chun

**GUESTS:**

Representative Richard Onishi, Randall Tanaka, Aldric Ulys, Eric Takahata, John Monahan, Mufi Hannemann, Erin Khan, Nathan Kam, Teri Orton, Mari Tait, Noelle Liew, Christine Ulanpez, Vance Roley, Rod Antone, Lynn Araki Regan, Paul Ouimet, Brandon Eskew, John DeFries, Ross Higashi

**LEGAL COUNSEL:**

Gregg Kinkley

**1. Call to Order and Pule**

Chair Fried called the meeting to order at 9:34 a.m. Maka Casson-Fisher gave a pule to open the meeting. He discussed the "fuel" that Hawaii runs on, the sun, which provides the energy to fuel and inspire.

## **2. Approval of Minutes of the October 31, 2019 Board Meeting**

Chair Fried requested a motion to approve the meeting minutes from the October Board meeting. George Kam made a motion, which was seconded by Ku'uipo Kumukahi. The motion was unanimously approved.

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

Chair Fried asked the Board whether there were any permitted interactions to report, and there were none.

## **4. Report Relating to Staff's Implementation of HTA's Programs During October 2019**

CEO Chris Tatum thanked Laci Goshi and the rest of the HTA staff for their work on the Fall Tourism Update. Mr. Tatum noted that HTA just finished a deal to sponsor a UH-Japan Nitaidai University of Japan volleyball game February 26-28, 2020 which will provide exposure in a key market and supports the University of Hawaii.

Mr. Tatum said that HTA held Sex Trafficking seminars on from O'ahu, Kaua'i, and Hawai'i Island, and discussed participant survey responses.

Mr. Tatum said that he also had an opportunity to speak at Campbell High School. He said they will be working on doing more outreach to high schools.

## **5. Overview Update on HTA's Partnership with the University of Hawaii, Shidler Business College, School of Travel Industry Management and the Ho'oilina Scholarship Program**

Chair Fried announced that, due to scheduling issues, agenda items 5 and 6 would be switched in the order. He introduced the Dean Vance Roley of Shidler Business School and Mufi Hannemann to provide an update on the partnership between HTA and University of Hawai'i (UH). Mr. Hannemann discussed the Hawai'i Tourism Ho'oilina Scholarship Program. Dean Roley is the dean of Shidler and the interim dean of the School of Travel Industry Management (TIM). Mr. Hannemann thanked the legislature for its support with the program. He said that eight of the scholarships will be for UH Manoa, two will be for UH West O'ahu, and two will be for community college students. Mr. Hannemann discussed the details of the program, which are also contained in the Board packet.

Dean Roley noted that the goal is to reestablish the TIM school as one of the top travel industry management programs in the United States. Dean Roley discussed the Direct Admit Program and the cohort format of the scholarship. Mr. Arakawa asked whether the scholarship was limited to public school students. Dean Roley replied that the scholarship is available to all

Hawai'i school students. Ms. Kumukahi asked whether there was a Hawaiian program for the TIM scholarship. Dean Roley said that there is currently one class at the TIM school on Hawaiian but that there are classes throughout the campus focusing on Hawaiian culture.

#### **6. Presentation by the State Department of Transportation Airports Division on Improvement Projects Currently Underway and Scheduled to Occur Throughout the State**

Chair Fried introduced Ross Higashi to discuss developments with the State of Hawai'i Department of Transportation Airports Division. Mr. Higashi provided an update on the airport's capital improvement projects, which were also contained in the Board packet. Mr. Higashi began the presentation with background information about the airports. He noted that the Hawai'i Airports System is self-supporting. Approximately half of all revenue is from airline payments and the other half is from concession revenues and other nonairline revenue.

Among the major projects Mr. Higashi discussed, he said that at the Daniel K. Inouye International Airport construction of a new Mauka concourse is underway. The new 250,000 square foot terminal is scheduled for completion on December 2020, with a construction cost of \$310 million. The intent is to alleviate the traffic between 10 a.m. and 2 p.m. during the day, and open up gates in the Ewa concourse. A consolidated rental car facility is also being constructed. The project began in July 2016 and is expected to be completed in October 2021, for a construction cost of \$340 million. The airport is also updating terminal and roadway signage, which expected to be completed in December 2019, for a construction cost of \$31 million. Mr. Higashi stated that construction is also underway to renovate and enlarge 52 public restrooms in Terminal 2. The project is estimated for completion in March 2021, for a cost of \$22 million.

Randy Tanaka asked when the airport portion of the rail would be completed. Mr. Higashi responded that HART has not provided a firm completion date, but there will be a station at the airport. Mr. Higashi said he believed that it would be completed in the next 1.5 years. Mr. Higashi then discussed improvements at the Kahului Airport including the new rental car facility, an enclosed walkway connecting holdrooms, and bathroom renovations. Mr. Higashi also discussed the improvements at the Ellison Onizuka Kona International Airport at Keahole. Those improvements include a terminal modernization, a new Federal Inspection Services facility, and an all-hazard, multi-agency training facility. At the Hilo International Airport, the airport is undergoing restroom renovations and enclosing open areas of the second floor of the existing arcade building. At the Lihue Airport, construction will be done to enlarge hold rooms to increase ticketing and queuing space.

Fred Atkins asked if there were any plans for additional gates at the Kaua'i airport. Mr. Higashi says there are currently eight gates and there is interest from Southwest Airlines, but there are no current plans for new gates. He noted that each capital improvement project must be approved by the airlines because these improvements are paid for by the airlines. Mr. Atkins noted that there have been more direct flights to Kaua'i and asked how the scheduling is determined. Mr. Higashi said that gate plans are changed every year but the airport ultimately

controls the uses of the gates.

Mr. Arakawa asked whether Mr. Higashi had any insight on having an airport corporation. Chair Fried noted that for three years the airlines have lobbied heavily for a corporation but that they are getting frustrated. Mr. Higashi said that the Airports Division has studied different airports and only three are still public - Maryland, Alaska, and Hawaii. He said that they have tried hard to get the legislation passed but it was stonewalled based on the issue of procurement. He said that they have approval from the Senate but are having trouble with the House. He said he believes the corporation would be able to get things done sooner than later. The Airports Division is trying to be proactive and created a pilot program with the state procurement officer to address some of these issues. He noted that the HRS and procurement code are rigid, and the protest process can delay a project for up to a year. He also noted that the legislature is only open five months a year but a Board could meet every month or whenever there was a special project that needed approval. Mr. Higashi said that a Board that could meet regularly would help things get approved outside the four-month legislature window. He said that there is inconsistency when there is momentum that is disrupted by a new administration that appoints new leadership.

Ms. Menor-McNamara asked whether the airport workforce falls under the Airports Division and who trains those employees. Mr. Higashi responded that there is a visitor information program to greet visitors, staffed by state employees. Mr. Tatum asked whether the security was state or contracted and whether they received hospitality training. Mr. Higashi said that they do get hospitality training. Ms. Menor-McNamara noted that many are contracted but asked which are specifically state employees. Mr. Higashi said that maintenance, accounting, personnel, operations, and controllers are all state employees.

Chair Fried asked about what his sense is on when the rail will be completed so that people can use it to get to the airport. Mr. Higashi responded that they meet with HART monthly and he expects it will be completed in a year and half.

Chair Fried announced a break in the meeting at 10:48 a.m. Chair Fried resumed the meeting at 11:03 a.m.

## **7. Presentation, Discussion and Action on HTA's Financial Reports for October 2019**

Chair Fried announced that agenda item 10 would be taken out of order. Keith Regan discussed HTA's budget, which was contained in the Board packet. Mr. Regan pointed out the detailed budget allocations, by category. He noted that significant funds were reallocated to Hawaiian culture, Kuku Ola and Aloha 'Āina programs. Mr. Regan also noted that the back of the CEO report included a list of the all the contracts that were issued. He noted that HTA continues to receive its monthly TAT allocation, which goes into the Tourism Special Fund and the Convention Enterprise Special Fund. HTA also received an allocation of about \$481,000 in investment income which is made up of the investment revenue that the State is holding. It is interest earned, not money that is budgeted. HTA does not know how much revenue is going

to be earned until it is given to HTA.

Mr. Arakawa asked where the money is being invested, and Mr. Regan responded that he did not know. Mr. Regan added that \$5 million is set aside in the emergency fund, which can only be utilized with the approval of the Governor. Mr. Atkins asked about the potential \$3.5 million carryover and whether that was above line item expenditures. Marc Togashi said that that carryover are funds outside of the budget that they anticipate being able to use in the next fiscal year. Mr. Tatum said that HTA has a maximum that they are allowed to spend every year and that \$3.5 million is over above the maximum. Mr. Regan requested a motion to approve the budget. Ms. Kumukahi made the motion and Kimi Yuen seconded the motion. The budget was unanimously approved.

## **8. Update on the Royal Hawaiian Groin Construction to Begin in January 2020**

Chair Fried introduced Dolan Eversole to discuss comprehensive improvement efforts in Waikiki. Mr. Eversole is a faculty member at UH through a program at Sea Grant, a national network affiliated with NOAA, which does outreach and education related to coastal issues.

Mr. Eversole began by discussing the background of the Waikīkī Beach Special Improvement Zone. He also discussed the Waikīkī Beach Management Plan, a comprehensive vision for Waikiki Beach. He discussed the Waikīkī Beach Economic Valuation Study through the UH Department of Economics. The estimated economic value of Waikīkī Beach is \$2 billion per year. Mr. Eversole noted that a Waikīkī Beach Community Advisory Committee was recently created, which helps to identify priorities for stakeholders and community members. The Committee is diverse and helps to identify issues in the area. Some of the major concerns of the Committee were erosion, wave run-up, and structural damage. The specific areas of concern were Halekulani Hotel, Royal Hawaiian Hotel, and Kuhio Beach. The legislature has appropriated \$10 million to DLNR for Waikīkī capital improvement projects. Mr. Eversole pointed out that the money is not earmarked for a particular project. The first two projects Mr. Eversole discussed, which are already approved and underway, are the Kuhio Beach sandbag groin project and the Royal Hawaiian Groin project. The sandbag groin is meant to be a temporary solution for about 20 years before a more permanent solution is developed and implemented.

Mr. Eversole noted that the Royal Hawaiian Groin is a critical area and is in urgent need of repair. It is estimated to cost \$2.5 million. The Waikīkī Improvement district is committed to funding half of it. The expected beginning date is spring 2020. The project is expected to last two to three months and will involve beach closures. Mr. Eversole also discussed beach maintenance, stating that the last time sand was brought in was 2012. He said that something needs to be done about every 10 years as maintenance.

Chair Fried recommended that Board members could reach out to Mr. Eversole for further questions.

## **9. Presentation by Paul Oiumet of the DestinationNEXT Report**

Chair Fried introduced Paul Oiumet to discuss the DestinationNEXT Report, which was also contained in the Board packet. Mr. Oiumet explained that there are two parts to DestinationNEXT: 1) the futures study which is an overview of trends and strategies for destination organizations worldwide, and 2) the destination model. Mr. Oiumet said that they have determined that there were two critical success factors for any destination: 1) how strong the destination is from a product standpoint, and 2) how much community support and engagement there is for tourism.

DestinationNEXT used ten variables to assess destination strength and ten variables for community support. Mr. Oiumet said that they compared the results for about 225 destinations from around the world. DestinationNEXT did assessments in June including live assessments on each island. Mr. Oiumet said that Hawai'i has an abundance of attractions, but has a very low infrastructure score. Another significant piece is that each category of stakeholders had similar perceptions of community alignment. Mr. Oiumet discussed Hawaii's scores compared to the industry average. Hawai'i received good scores for convention facilities but low scores for mobility and access and on communication and internet infrastructure. Mr. Oiumet said that to elevate a destination requires community support to address infrastructure issues.

Chair Fried asked what effect the improvements at the airport might have. Mr. Oiumet said the airport is a critical piece of infrastructure so those improvements will improve the situation. He noted that he used to work for a firm that did airport planning, and he believes that the US airport system has not kept pace with other nations. Privatization and public-private partnerships are innovative ways to create more funding and equity for improving airports, with a great emphasis on commercialization and spending more time on passenger experience. Mr. Kam asked who the top three destinations are. Mr. Oiumet responded that Sydney, Australia is a successful destination in both leisure and business, Vancouver, Canada, and Denver, Colorado.

Mr. Atkins asked about the assessment tools DestinationNEXT uses and asked Mr. Oiumet to explain the three different categories. Mr. Oiumet said that they try and get industry leaders, business leaders, community leaders, and government leaders to provide input. In this case, DestinationNEXT did not survey meeting planners but focused on industry leaders and community leaders. Mr. Arakawa asked what Hawai'i needs to do to get better. Mr. Oiumet explained that in the futures study, DestinationNEXT identified areas that destinations need to improve: destination stewardship, community alignment, and digital conversion. Mr. Oiumet said that he believes Hawai'i should be more proactive about sustainability issues and communicate it on a consistent basis with local residents.

Chair Fried called a break at 12:23 p.m. for lunch. The meeting resumed at 12:42 p.m.

## **10. Presentation and Discussion of Current Market Insights and Conditions in Hawai'i and**

## **Key Major Hawai'i Tourism Markets, Including the United States, Japan, Canada, Oceania, Other Asia, Europe, and Cruise**

Chair Fried recognized Jennifer Chun to present an update on current market insights and conditions. Ms. Chun stated that, due to scheduling the Board meeting early in the month, the visitor statistic reports were not available yet. Ms. Chun discussed global market insights and said that she would provide October statistics at next month's meeting.

Mr. Higashi asked about the source of HTA's data. Ms. Chun says that they look at four surveys, including flights coming from the US mainland, surveys of visitors as they are leaving at the end of their trip, island departure surveys, and cruise surveys. Ms. Chun noted that they print about 9 million forms, receive about 4 million forms back, and there are about 7 million visitors, so response is very good. She thanked Mr. Higashi for the carrier reports that HTA receives directly from DOT. Ms. Yuen asked whether HTA compares the load carrier reports with the surveys.

Mr. Arakawa noted that tourism officials from Japan sat down with DBEDT to discuss visitor statistics and Ms. Chun was able to explain visitor statistics to them.

Chair Fried stated that Hawai'i is hosting the Davis Cup in March 2020 and the draw will be at 12pm on Sunday to see who the United States will play and determine whether the event will be held in Hawaii. He said there is about a 60% chance that it will come to Hawaii. Mr. Arakawa asked about the other David Cup venues and whether they were outdoor or indoor courts. Chair Fried responded that most of them were indoor. Mr. Arakawa asked whether Hawai'i should consider creating a larger outdoor arena. Chair Fried said that has been discussed.

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

Chair Fried acknowledged Mr. Regan to provide an update on the status of the 2018 Audit Action Plan. Mr. Regan said that they have circulated a draft letter to the Attorney General's office relating to administrative costs, and are close to finishing the last piece of the audit action plan.

### **12. Report of the Strategic Plan Investigative Committee's Activities**

Chair Fried introduced Ms. Yuen to provide an update on the Strategic Plan Investigative Committee's Activities. She said that they will hold a meeting on December 5<sup>th</sup> and they will bring the draft plan to the December Board meeting. Mr. Arakawa asked how much of the plan is new and whether the plan could be reviewed and approved in a single meeting. Ms. Yuen said that technically they have to post and give a recommendation at one meeting and it has been accepted at a separate meeting.

### **13. Discussion Presentation by AEG Regarding an Update of the Hawai'i Convention Center Recent Operational Activities and Sales Initiatives**

Chair Fried introduced Teri Orton to provide an update on the Hawai'i Convention Center (HCC). Ms. Orton discussed the information in the slide presentation and noted that there were 34 events in October, generating \$1.7 million in gross revenue. The 2019 year-end forecast has improved significantly, with gross revenue at \$16.6 million and net loss at \$1.9 million.

Ms. Orton recognized Mari Tait to provide an update on HCC's capital improvement projects. Ms. Tait presented a list of current projects. Of the nine projects, five have been awarded and two request for proposals are in review. Ms. Tait said they are also working on LED light upgrades which will be positive for electricity.

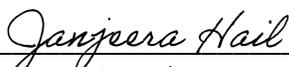
Ms. Orton shared an update on advertising and sales initiatives. Ms. Orton discussed HCC's Winter Wishes event which will run to November 29 to December 24 featuring an ice skating rink in HCC. The tree lighting and opening ceremony will be on Black Friday.

Mr. Arakawa noted that in the report of the sales update is based on room nights and asked, once the report comes out, whether the groups that book HCC will have a sustainability or community engagement score. Mr. Tatum said that as they develop their strategy and incentives, it will be driven by the time of year and the type of customer that they are looking for, and these pieces will be part of the parameters for the sales force.

### **14. Adjournment**

The meeting ended at 1:13 p.m.

Respectfully submitted

  
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Janjeera S. Hail  
Recorder