



REGULAR BOARD MEETING
HAWAII TOURISM AUTHORITY
Thursday, July 28, 2016
Hawaii Convention Center
1801 Kalākaua Avenue, Honolulu, Hawaii 96815

MINUTES OF REGULAR BOARD MEETING

MEMBERS PRESENT:	Rick Fried (Chair), Fred Atkins, Sean P. Dee, Gerald DeMello, George Kam, Ku'uipo Kumukahi, David Rae, Craig Nakamura, Lorrie Stone, Denise Hayashi Yamaguchi
MEMBER NOT PRESENT:	Jack Corteway, Donna Domingo
HTA STAFF PRESENT:	George Szigeti, Charlene Chan, Leslie Dance, Kalani Kaanaana, Daniel Nahoopii, Marc Togashi
GUESTS:	Kerri Anderson, Barbara Ankersmit, Jennifer Nakamura, Teri Orton
LEGAL COUNSEL:	Gregg Kinkley

1. Call to Order and Pule

Presiding Officer Rick Fried called the meeting to order at 9:31 a.m. Mr. Fried acknowledged Mr. Kaanaana, who proceeded to recite a Hawaiian proverb and chanted in Hawaiian an oli he wrote.

2. Nomination and Election of a Chairperson and One or More Vice-Chairperson

Ms. Stone was acknowledged and she proceeded to nominate Mr. Fried as the Board's Chairperson. Mr. Nakamura seconded the nomination. There were no further nominations.

Ms. Yamaguchi was acknowledged and she proceeded to nominate Ms. Stone and Mr. Nakamura as co-vice chairpersons for the Board. Mr. Rae seconded the nomination. There were no further nominations.

Upon confirmation from Deputy Attorney General Kinkley that there has been a nomination of only Mr. Fried as Chairperson, and Ms. Stone and Mr. Nakamura as co-vice chairs, the Board unanimously elected Mr. Fried as the Board's Chairperson and Ms. Stone and Mr. Nakamura as co-vice chairs.

Mr. Fried expressed his pleasure working with members of the Board. He noted the need to protect Hawai'i against competition presented by other visitor destinations. He also discussed a need "to be the best stewards for our funding," especially when presented with numerous requests to fund initiatives or when there are legislative measures to take funding away. There was a discussion of the various tennis tournaments that have been and may be funded by HTA.

3. Approval of the Minutes of the June 30, 2016 Board Meeting

Mr. Rae moved to approve the minutes of the board meeting held on June 30, 2016. Mr. Dee seconded the motion, which was unanimously approved by all the members present without any revision.

4. Review of Recent and Upcoming Permitted Interactions

There was no report of any permitted interaction by a board member.

5. Report of the CEO Relating to HTA's Programs

Mr. Szigeti acknowledged the "team effort" of having maintained communication during the arrival of tropical storm Darby. He referred to the Report of the CEO that was included in the board packet previously distributed to the Directors. Staff will be available to respond to any questions regarding any of the HTA programs. He also acknowledged the presence of Kerri Anderson, HTA's tourism marketing contractor in Australia. She was in Hawai'i to pursue marketing initiatives related to a football game being played by the University of Hawai'i Rainbow Warriors in Australia.

Mr. Szigeti continued with a discussion of various "talking points." He reported that the favorable June visitor data report reflects how "everybody has been working together during the first quarter." He noted the efforts of the Hawai'i Visitors and Convention Bureau.

He expressed appreciation to Mr. Nakamura for his assistance during a meeting with stakeholders at west Maui. He also met with Jenai Wall, President and CEO of Foodland, and representatives of ABC Stores to discuss the "Fight the Bite" initiative to address mosquito-borne diseases like Zika. He also advocated for attendance at the 2016 Hawai'i Tourism Conference.

Mr. Szigeti further reported on meeting with David Matlin to "maintain conversations" regarding "opportunities" with the UH Athletic Department. He also attended a visitor industry

stakeholders meeting with Mayor Caldwell and his office to discuss the homeless issue. Finally, he continues to work with AEG to support the 75th Anniversary of Pearl Harbor.

Mr. Fried expressed a special “mahalo” to Chris Sadayasu, HTA Brand Manager, for his efforts to promote the Oceania tourism market.

6. Discussion Regarding HTA’s Community Relations Plan Relating to Residents’ Sentiment Towards Tourism

Mr. Nahoopii provided a PowerPoint presentation entitled, “Residents’ Sentiment Towards Tourism.” Initially, he noted that the “2015 HTA Resident Sentiment Study” was previously distributed last month. The Study was conducted by the Anthology Group/QMark Research during the period October to December 2015 and surveyed 1,600 Hawai’i residents. Ms. Ankersmit, Anthology Group/QMark Research, was acknowledged and reported the “response rate was very high” and the findings were “weighted” to properly reflect responses from residents on all islands. The Study is used as a main measurement of success for the HTA’s Brand Management Plan.

Mr. Nahoopii highlighted various findings from the Study. Among its various findings, the Study found that the “mean rating” of whether “tourism has brought more benefits than problems” has remained virtually unchanged from a year ago. The rating of 66% was compared to the 64% target set by the Brand Management Plan. Mr. Nahoopii noted that projects are now in place to increase the benefits of tourism. The Study also found “the overall general perception of tourism in Hawai’i remains stable.” In regards to a finding that there was a “small incremental decline” of a percentage of residents saying tourism’s “personal impact” has been “mostly positive for you and your family,” it was noted the rating was not “equally distributed on all islands” where Maui residents reported the most positive impact in comparison to O’ahu residents. Mr. Rae requested data on responses of residents from east O’ahu and west O’ahu.

In regards to a finding of a “slowly increasing” sentiment that “this island is being run for tourists at the expense of local people,” Mr. Nahoopii reported O’ahu residents were more likely to agree with this sentiment while the neighbor island residents may have a better understanding of this sentiment because more of its residents being in the visitor industry. In regards to a new survey question, residents “generally agree” that “tourism makes me feel special because people travel to see my island’s unique features.”

The Study further found residents “strongly agree” with “tourism in Hawai’i reminds me that we have a unique culture to share with visitors.” Mr. Nahoopii noted residents in the industry were more likely to agree with this statement. This finding is important because we need to know what tourism products “resonates with the community” when developing the HTA’s community plan. Ms. Ankersmit added, “residents are smart enough to know” that various events are in Hawai’i because HTA has sponsored them.

The general findings of the Study were that the support for tourism among residents remains stable; that there is an increase in perceived impacts to residents, especially on O‘ahu; and, that is critical to balance the needs of residents, expectations of visitors, and protecting resources. He also noted many residents believe they do not have an impact on tourism decision-making. Many residents did not know HTA should communicate with residents, especially residents under 35 years old who are not aware of what HTA does. The next steps are to implement a public information campaign and to continue support for the community enrichment program, Kūkulu Ola, and festivals and events.

Mr. Rae asked what could be done to give residents more voice in tourism decision-making. Mr. Nahoopii responded that the survey did not address the question. However, as part of the process for developing HTA’s strategic plan by the Strategic Planning Committee, the Study’s findings will be discussed. In response to a question from Mr. Nakamura as to why Native Hawaiians are not satisfied with the visitor industry, Ms. Ankersmit stated the survey did not solicit a response to that question. Anecdotally, many Native Hawaiian residents offered reactions to their experiences at various events sponsored by HTA.

Ms. Chan was acknowledged and presented HTA’s communication plan in response to the Study. She stated HTA would be continuing to show the previous videos conveying the message of why tourism is important. Ms. Dance added that HTA would be continuing its support of the county product enrichment program to promote the interaction between visitors and residents. Mr. Nahoopii stated HTA ‘s festivals and events and the Kūkulu Ola initiatives would continue its goal of “maintaining cultural vitality.” Mr. Nahoopii added that HTA’s effort is not just a communication campaign but an effort to promote the community and to “sustain the destination.”

Mr. DeMello asked whether social media is being used to reach residents. Ms. Chan responded that based upon HTA’s experience with the initial videos, the new videos will focus on visitors expressing their sentiment on tourism. The new campaign will be launched in the Fall.

Ms. Kumukahi expressed the importance of promoting Hawaiian culture by working from the “inside out.” She shared her experience working at the Hyatt Regency Resort and her discussions with the “owners” to express the importance of their obligation to Hawai‘i residents. At this time, she is not aware as to whether HTA’s expenditures on visitor experiences will reach or resonate with the “local people” and we need to emphasize “working on the inside out.” Ms. Chan concurred with Ms. Kumukahi. She noted after HTA’s experiences with the previous videos, the new effort will be from inside out.

Mr. Atkins inquired as to the percentage of residents who do not know what HTA does. Ms. Ankersmit stated that the percentage of residents who were aware of HTA went up this year to 75% as compared to 25% when the survey was first started. Residents may know of HTA’s name, but do not know what HTA does. The new survey had asked whether the resident knew whether an activity was sponsored by HTA. Mr. Atkins expressed the need for a program showing that HTA’s support goes beyond marketing and that it also supports the numerous

community events. We also need to show HTA as having implemented initiatives that support the community. Mr. Szigeti concurred that residents may not know HTA has supported many non-marketing initiatives. Ms. Ankersmit also concurred that residents only know that HTA just does marketing. She added the awareness of HTA is greater with the more “affluent residents.”

Mr. Dee concurred with Mr. Szigeti’s efforts to promote the Hawai’i Tourism Conference so more people would be aware of HTA. He asked whether HTA’s logo is being used or displayed at the HTA sponsored events. Ms. Dance replied that greater efforts would be used under the current county product enrichment programs and festivals.

Mr. Szigeti expressed appreciation to John Monahan, President & CEO of the Hawai’i Visitors and Convention Bureau, for his “efforts to get the word out on the Fight the Bite” campaign.

The meeting was recessed at 10:31 a.m.

The meeting was reconvened at 10:43 a.m.

7. Presentation and Discussion of Market Insights and Current Market Conditions

Mr. Nahoopii provided a PowerPoint presentation and initially commented that the “industry is doing well, especially in the U.S. West, U.S. East, and developing markets.” The visitor measures reflect the “highest first half of the year-ever.” However, he highlighted the following: arrivals from U.S. West and U.S. East were up but seeing a “slowdown” in spending; the Canadian visitor data were down; spending by Japan and Oceania visitors is slowing down; and, the outlook for air seat is “flat” despite additional seats because airlines are working on “yield,” especially from Japan.

In response to a question from Mr. DeMello, Mr. Nahoopii explained the drop in oil prices caused Canada’s economy to suffer and could explain the drop in visitor measures for Canada. The Canadian dollar has also weakened. Mr. DeMello requested a “breakdown” of the market between western Canada and eastern Canada. Mr. Szigeti noted that HTA’s new contractor for the Canadian market will begin in January and would be informed of the current drop in Canadian visitors. Mr. Dee suggested that HTA should utilize the “best practices” process adopted by the Japan contractor to track why visitors are not returning to Hawai’i.

Mr. Fried inquired as to the projections for the Japan market in the second half of the year. Mr. Nahoopii responded he believes arrivals would be stronger but Japan visitors are not spending. He concurred with a sentiment expressed by Mr. Kam that the Japan visitors are actually spending more but because of inflation it looks like they are spending less.

Mr. Dee concurred with a sentiment shared by Mr. Atkins that there is currently a “shorter booking window” by visitors. Mr. Dee’s experience is that visitors are booking at more than one destination and not canceling until two weeks before they book. There is currently a 30% cancellation rate. Mr. Nahoopii offered to provide data on the booking window with the next visitor data report.

8. Presentation, Discussion and Approval of HTA's Financial Reports

Mr. Togashi noted the month of June represented the close of the fiscal year. Because HTA "accomplished a lot" this year, staff would need more time to "close the books." He requested approval of the May financial statements be deferred until the next board meeting. At that time, he hopes to be able to also provide the financial results on a fiscal year-end basis. There were no objections to deferring this agenda item.

Mr. Fried acknowledged that the requested "changes" to the 2017 budget was distributed to the board members.

9. Presentation and Discussion by AEG Regarding an Update of Hawai'i Convention Center Recent Activities

Ms. Orton provided a PowerPoint presentation entitled "July 2016 HTA Board of Directors Update." In regards to the convention center's June financials, she reported the net income for June (\$231,000) was "an exceptional month" and resulted in a positive variance (\$1,523,300) over the budgeted net income. In regards to food and beverage, she reported another "\$1 million month" with a "flow through" of 44%. She noted the increased revenues were due to one event having "doubled" its food and beverage requirements. A reduction in staff also caused an increase in revenues. The June return on investment was \$17.02 for every dollar spent by the convention center.

She noted the months of July and August are one of the slower months because of an increase in the leisure market resulting in higher hotel and airline rates. In regards to a sales update, she reported on three groups that closed in June and resulted in 19,042 definite room nights. On a year to date basis, AEG was at 35% of its targeted goal for the year. She noted many groups do not book until the end of the year and expressed a belief that "we are still on target." In response to a question from Mr. Fried asking why groups wait till the end of the year, she stated that AEG has tried to "incentivized closing in September," but the groups' board wanted to wait till the end of the year.

10. Presentation and Discussion by AEG Regarding an Update of Sales Initiatives and Hawai'i Convention Center Performance

In response to a request by Ms. Orton to discuss Hawaiian cultural exhibit proposals and any sales initiatives in an executive session, Mr. Rae made a motion to conduct an executive session pursuant to sections 92-5(a)(8) and 201B-4(a)(2), HRS, for the purpose of discussing information that must be kept confidential to protect Hawai'i's competitive advantage as a visitor destination. Mr. Nakamura seconded the motion, which was unanimously approved by all the Board members present without any objection.

Mr. Fried asked whether there is anyone from the public desiring to provide public testimony on any agenda item at this time and prior to convening the executive session. There was no response.

The meeting was recessed for the Board to conduct an executive session at 11:06 a.m. The meeting was reconvened at 11:24 a.m.

It was noted that the Board discussed Hawaiian cultural exhibit proposals and convention center sales initiatives during the executive session.

11. Adjournment

Upon a motion made by Mr. Rae and seconded by Mr. Kam, the meeting was adjourned by consensus at 11:25 a.m.

Respectfully submitted,



Winfred Pong
Recorder