



REGULAR BOARD MEETING
HAWAII TOURISM AUTHORITY
Thursday, May 26, 2016
Hawai'i Convention Center
1801 Kalākaua Avenue, Honolulu, Hawai'i 96815

MINUTES OF REGULAR BOARD MEETING

MEMBERS PRESENT:	Lorrie Stone (Chair), Fred Atkins, Sean R. Dee, Gerald DeMello, Kuuipo Kumukahi, David Rae, Craig Nakamura
MEMBER NOT PRESENT:	Rick Fried, Jack Corteway, Donna Domingo, George Kam, Denise Hayashi Yamaguchi
HTA STAFF PRESENT:	George Szigeti, Jennifer Chun, Leslie Dance, Laci Goshi, Daniel Nahoopii, Roann Rakta, Ronald Rodriguez, Marc Togashi, Miki Waki
LEGAL COUNSEL:	Gregg Kinkley
GUESTS:	Brad Gessner, Teri Orton

1. Call to Order and Pule

Presiding Officer Lorrie Stone called the meeting to order at 9:43 a.m.

Mr. Nahoopii referred to a handout on which a Pule Ho'omaika'i was printed. He stated that the pule was to welcome the Hōkūle'a when it arrived in Washington, D.C. The pule is a general prayer of gratitude intended to be acceptable by people of different faiths seeking blessings of protection and enlightenment. Mr. Nahoopii lead the Board members and HTA staff in reading the Pule Ho'omaika'i out loud.

Ms. Kumukahi also sang 'Ekolu Mea Nui.

2. Approval of Minutes of the April 28, 2016 Board Meeting

Mr. Rae moved to approve the minutes of the Board meeting held on April 28, 2016. Mr. Dee seconded the motion, which was unanimously approved by all the Board members present.

3. Review of Recent and Upcoming Permitted Interactions

Mr. Rae reported that he and Ms. Stone met at the Four Seasons Resort O'ahu at Ko Olina and discussed the grand opening of the hotel.

Mr. Dee reported that he met with Mr. Atkins and discussed potential tourism events.

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

Mr. Szigeti noted that it has been one year since his appointment as the President & CEO of HTA. He referred to the CEO report in the board folder and previously distributed to the Board members. He also reported that he met with Japan stakeholders in Hilo and expressed appreciation for Mr. DeMello's assistance during the meeting.

Mr. DeMello stated that the Hawai'i Tribune Herald published a "favorable" article on "HTA's efforts" and the redevelopment of the Naniloa Hotel. He also suggested that support should be considered for Hawai'i style rodeo because "it's a market that creates an authentic cultural experience for the visitor." Rodeo in Hawai'i is not conducted in a "traditional sense" and is usually held during the winter months. Mr. Szigeti acknowledged the need to market new attractions, especially on the neighbor islands.

Mr. Szigeti reported that HTA received the President's "E" Award for Export Service to Tourism. The presentation of the award was made by U.S. Secretary of Commerce Penny Pritzker and U.S. Representative Tulsi Gabbard at a special ceremony in Washington, D.C. HTA was one of 123 U.S. companies to receive the President's "E" Award this year. The "E" Awards are the highest recognition any U.S. entity may receive for making a significant contribution to the expansion of U.S. exports. The criteria for the award is based on four years of successive export growth and case studies which demonstrate valuable support to exporters resulting in increased exports. Mr. Szigeti acknowledged HTA staff, especially Jennifer Chun, for their effort to provide the information requested in an application.

He also reported on an opportunity he had to discuss with Hawai'i's congressional team various tourism related issues, such as preclearance at Haneda Japan Airport and the designation of Kona Airport as an international airport.

Mr. Szigeti discussed a meeting of the U.S. Travel Association and its "Project: Time Off" initiative. The goal of the initiative is to prove there are personal, business, social and economic benefits that taking earned time off can deliver. There are a lot of vacation days not being used. Ms. Stone noted the Japan government has made it mandatory for its citizens to take vacation. HTA's contractors should take advantage of this government mandate. Mr. Rae added that the concept of vacation being lost if it is not being used should also be reviewed.

Mr. Szigeti continued with his report by noting that he witnessed the arrival of the Hōkūleʻa at Washington, D.C., and the subsequent King Kamehameha ceremony at the Capitol. A large contingent from Hawaiʻi will also be in New York to witness Hōkūleʻa's arrival.

Finally, Mr. Szigeti reported on the 2016 legislative session. A written summary was provided to the Board members online. Overall, HTA "had a lot at stake and did well at the session." He reported on the various legislative measures that had passed or not passed.

Ms. Kumukahi noted an initiative of the Native Hawaiian Hospitality Association to acknowledge an appreciation of the features in Waikīkī. We also need to be nice to our visitors in Waikīkī.

It was reported that the Pacific Arts Festival will be held in Hawaiʻi in the year 2020. The Festival is held every four years and is being held this year in Guam. A delegation will be in Guam to participate in a "hand off" ceremony. Pris Texeira is representing HTA at the Festival.

Mr. Atkins reported that he and HTA staff, Laci Goshi and Charlene Chan, met with cruise ship representatives. His understanding is that the current cruise ships are bigger and Hawaiʻi's infrastructure may make it difficult to accommodate these ships. Hawaiʻi maintains a good ranking with the cruise industry.

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

Mr. Nahoopii referred to a handout entitled "Market Insights-April 2016" and dashboards of key performance indicators in each major market area. The handouts were previously distributed to the Board for consideration. He stated that in April, "we were up in arrivals" and "expenditures lagged." Cruise ship arrivals and Golden Week in Japan were the primary reason for the increase in arrivals. There were also more air seats serving Australia and New Zealand.

He also noted that April was the first time in 20 months that North America was "flat." The U.S. market is "trickling along." Ms. Stone responded that HTA had known the later part of 2016 was going to be the beginning of a downward trend. We need to let the public know HTA was aware of this and it is doing something about it. Mr. Nahoopii stated the "good thing about the U.S. market" is that the "economy is strong" and "fuel prices are still low."

Mr. Szigeti offered "two things to keep an eye on." TSA has reported long lines at the airports. Consequently, Hawaiian Airlines has been adding staff to assist with managing the lines. Additionally, we need to monitor the situation of a potential strike by Hawaiian Airlines pilots.

Mr. Dee noted that after the current major market area RFPs have been completed, HTA should initiate an effort to correlate its "spend and the result on the market." This would be a good opportunity to begin that analysis.

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

Mr. Togashi requested Board approval of the financial reports for March 2016 previously made available to the Board. The April 2016 financial reports will be available online at the HTA's 365 website. Mr. Nakamura moved to approve the HTA financial reports for March 2016. Mr. Rae seconded the motion, which was unanimously approved by all the Board members present without any objection.

9. Presentation and Discussion by AEG Regarding an Update of Hawaii Convention Center Recent Activities

Ms. Orton was acknowledged and provided a PowerPoint presentation entitled "May 2016 HTA Board of Directors Update." In regards to a "facility update," she reported that April was a "good month" and the reforecasted projected net loss at year end is \$1,632,400 as compared to the projected net loss of \$2,980,000. AEG is currently "looking to hire staff to develop corporate business in 2017."

In regards to an update on "food and beverage," Ms. Orton reported "April was the second \$1 million month for food and beverage." She noted that approximately "56% of the revenue came from one corporate event." The percentage "flow through" is also "trending well" and the current reforecast of the flow through at year end is 40% as compared to the budgeted 36%. In regards to the convention center return on investment, Ms. Orton reported that revenues generated in April were \$62.6 million and expenses were \$5.5 million. She stated that "for every dollar spent by HCC, we returned \$11.26 to the State."

Ms. Orton displayed a slide of upcoming events in June 2016. She continued her presentation by providing a sales update and reported that April was an "extremely good month." She reported that "47,916 definite room nights" closed in April. The following three groups from the Asia market were closed "in the year for the year," which is not uncommon for that market: Shinnyo-en Hawai'i, Kia Global Distributors, and Honolulu Ekiden & Music. Ms. Orton also reported that Art Hawai'i closed in April and will result in 40,800 room nights over the following three years: November, 2016 (10,800 room nights), 2017 (13,500 room nights), 2018 (16,500 room nights). In response to the Board's inquiry at last month's meeting, Ms. Orton reported that Art Hawai'i began as a lead from the Halekulani Hotel. The promoter is from a New York gallery and is going out to gather other galleries to participate in the event. Art work estimated at approximately \$1 billion were at a similar art event in Miami. Many celebrities also showed up at the Miami event.

Ms. Orton reported that Meet Hawai'i attended the ASAE's "Spring time in the Park" trade show in Washington, D.C. In addition to meeting planners, Representative Takai also attended. She also stated that while in Washington, D.C., two candidates for a sales position were interviewed with the intention of making an offer for a new hire beginning June 1. Finally, Ms. Orton displayed pictures of "new matting" installed inside the front entrances at the convention center.

At this time, Ms. Orton requested an opportunity to present confidential sales initiatives to the Board in executive session. Deputy Attorney General noted that in addition to the present request

for an executive session, another agenda item regarding the fiscal year 2017 budgets was noticed as an executive session.

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

9. Discussion Regarding the Adoption of the HTA's Fiscal Year 2017 Budgets

Ms. Stone referred to agenda items 8 and 9 as items to be discussed in executive session. Mr. Kinkley noted his understanding that the staff's presentation of the budgets included detailed worksheets. Mr. Togashi stated that the worksheets provided specific details regarding the allocation of funds to major market areas in which Hawai'i competes with other visitor destinations. Mr. Nakamura made a motion for the Board to discuss agenda items 8 and 9 in executive session pursuant to HRS §§92-5(a)(4) and 201B-4(a)(2) for the purpose of discussing information that must be kept confidential to protect Hawai'i's competitive advantage as a visitor destination. Mr. DeMello seconded the motion, which was unanimously approved by all the Board members present and without any objection.

In regards to agenda item 9, Mr. Togashi noted that staff would be requesting further discussion and approval of the budgets at the next Board meeting in June.

The meeting was recessed for an executive session at 10:28 a.m.
The meeting was reconvened at 11:31 a.m.

10. Adjournment

Mr. Szigeti reported that a goal for the Tourism Conference is to increase attendees from 800 to 1,200 by making it a global event. There will be a focus on the neighbor islands. Ms. Dance added that approximately 50% of the attendees would be from "off shore." Hawai'i's global partners were also invited to attend.

Mr. Nakamura moved to adjourn the meeting. Mr. Rae seconded the motion, which was unanimously approved by all the Board members present.

The meeting was adjourned at 11:35 a.m.

Respectfully submitted,



Winfred Pong
Recorder