



REGULAR BOARD MEETING
HAWAII TOURISM AUTHORITY
Thursday, November 17, 2016
Hawai'i Convention Center
1801 Kalākaua Avenue, Honolulu, Hawai'i 96815

MINUTES OF REGULAR BOARD MEETING

MEMBERS PRESENT:	Rick Fried (Chair), Craig Nakamura, Lorrie Stone, Fred Atkins, David Rae, Sean P. Dee, Gerald De Mello, George Kam, Ku'uipo Kumukahi
MEMBER NOT PRESENT:	Jack Corteway, Donna Domingo, Denise Hayashi Yamaguchi
HTA STAFF PRESENT:	George Szigeti, Marc Togashi, Leslie Dance, Jadie Goo, Laci Goshi, Caroline Anderson, Jennifer Chun, Lawrence Liu, Ronald Rodriguez, Chika Miyauchi, Carole Hagihara, Denise Kahalekulu, Noriko Sloan
GUESTS:	Hi'ilani Shibata, Teri Orton, Noelle Liew
LEGAL COUNSEL:	Gregg Kinkley

1. Call to Order and Pule

Presiding Officer Rick Fried called the meeting to order at 9:30 a.m. Mr. Fried acknowledged Ms. Hi'ilani Shibata, who is the lead cultural trainer at the Native Hawaiian Hospitality Association. Ms. Shibata noted the current full moon and would usually symbolize the start of the Makahiki season. This is an "auspicious" time for a Board meeting. She offered a pule in Hawaiian that is said every morning at a Hawaiian immersion school where she also works. The pule ends with a saying of "being thankful that as we grow older, we have life."

2. Approval of the Minutes of the October 27, 2016 Board Meeting

Mr. Rae moved to approve the minutes of the Board meeting held on October 27, 2016. Ms. Stone seconded the motion, which was unanimously approved by all the Board members present.

3. Review of Recent and Upcoming Permitted Interactions

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

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

Mr. Szigeti referred to the Report of the CEO included in a board packet previously distributed to the Board. In addition to the items already discussed in the Report, Mr. Szigeti "touched upon" a few matters. He stated that staff has been traveling a lot recently. He noted that Randy Baldemor is not present at the meeting because he is currently in Atlanta meeting with Delta Airlines. He also noted the change of ownership for Outrigger Hotels and the recent passing of Representative of Clift Tsuji, who was a greater supporter of the visitor industry. He discussed his attendance at various events on behalf of HTA.

Mr. Szigeti stated that visitor arrivals and spending were at "record highs" and 4th quarter visitor data look stronger than the previous year. He noted various events being held in the 4th quarter, such as the Food & Wine Festival, Film Festival, Arms Forces Basketball Tournament with TV viewership that was "off the charts," the Hawaiian Open tennis tournament, the Maui Fed Cup, the Maui Tin Man, the Maui Classic basketball tournament, the Pearl Harbor Commemoration, the Honolulu Marathon, and the Diamond Head Classic. George Kam will also represent the HTA to receive an award sponsored by the U.S. Tennis Association.

5. Presentation and Discussion on Major Market Areas Sales Missions and its Implementation of Brand Management Plans

Ms. Dance provided a PowerPoint presentation entitled "Hawai'i Tourism Authority Global Marketing Team." She emphasized that "HTA is working as a team" with its marketing contractors and is referred to as the "global marketing team" (GMT). She stated that under the HTA Strategic Plan, the "foundation for all of the HTA's plans," were the following "pillars": improve the integrity of the destination; ensure state economic benefits; elevate the value perception of Hawai'i; and strengthen the HTA's reputation. The HTA's annual work cycle begins with "research" and then evolves into the development of the HTA strategic plan in March, which then develops the bases for "targets" established in April. The targets are relied upon to create the "brand management plan" and "budget" in April or May. After the plan and budget has begun an "execution" phase, there is the first of two evaluations in the Spring that may require "adjustments" to the plan and budget. After the "results" of the plan and budget have been obtained, a second "evaluation" is performed in the Fall. Based upon the second evaluation, HTA conducts further "research" and restarts the annual work cycle.

Ms. Dance discussed the "Brand Management Plan" and how it "outlines the strategies, objectives, actions and evaluation approach required to deliver the HTA's Strategic Plan." Under the Plan, the GMT will focus marketing on producing consistent arrivals; increase visitor expenditures by attracting high-spending visitors and encouraging spending opportunities;

maintain and improve air access to the Hawaiian Islands; and, protect Hawai'i's brand to remain competitive. During a recent sales mission to attend the World Travel Mart in London, she discussed the competition Hawai'i faces against other global destinations. The Costa Rica's exhibit was very large and decorated with real plants and flowers. She expressed a need for Hawai'i to protect its brand at these sales missions.

She continued her presentation with a discussion of the "lifecycle of destination marketing," which includes "pre-arrival," "post-arrival," and "post-departure." A new "communication plan" being worked on by Ms. Anderson will tell visitors what to do when they get here. Ms. Dance displayed an organization chart depicting how the responsibilities of the HTA's "brand management team" has been delegated to various staff members. In developing a leisure marketing plan for a major market area, the GMT's focus will be on the following major marketing areas: consumer; travel trade; public relations; social media; research; online marketing; technology; and, Hawaiian culture. In regards to the "retail" component of travel trade, Ms. Dance expressed her pleasure to observe that the "travel agencies" in the United Kingdom have now "focused" on "cultural tourism" to promote Hawai'i travel. In developing a marketing plan for the meetings, conventions and incentives (MCI) market, the GMT's focus will be on the following areas: "pertinent vertical markets;" partnership development with "in-market" industry partners; capture and convert short-term business; provide destination and Hawaiian culture training and education "for people on the ground;" airlift; and, public relations.

Ms. Dance discussed the GMT's activities in 2017. There will be 50 press trips and media familiarization (FAM) tours, which would include social media influencers and celebrities but not "individual press trips." By coming to Hawai'i, the media can experience the "Aloha Spirit" and gain appreciation for Hawai'i as a destination. There will also be 50 travel trade FAMs, which will include sales agents and product managers or decision-makers. The GMT will also participate in 50 sales missions, including "market activations," market webinars, sales blitzes, and seminars and workshops. She noted her recent sales mission to the United Kingdom. There are also plans for more than 24 trade "coops" with "travel partners." Finally, the GMT are planning to attend 66 trade and consumer shows. Ms. Dance expressed a need to "reevaluate" attendance to "ensure the best way to spend HTA dollars."

Ms. Dance presented a slide depicting the following planning and evaluation timeline for activities in 2017: a 2017 brand management plan outline was provided to the GMT in March 2016; the proposed brand management plan was due to HTA in June 2016; review of the proposed plan was conducted in August 2016; the brand management and marketing plan were provided to the Board for approval and subsequently presented to the public at the Hawai'i Tourism Conference in September 2016; the GMT would provide a Spring marketing update in March 2017; a "half year review" and evaluation of the marketing contractors would be conducted in August 2017; a "final report" from each marketing contractor would be due in February 2018; and a review of a contractor's performance would be conducted in March 2018.

Ms. Dance concluded her presentation with a discussion of the categories of "key performance indicators" or performance measures relied upon by HTA: advertising in consumer and travel

trade media; public relations measures to ensure that “we are in the right publication at the right time;” travel trade measures; website analytics that gets “better and better with real-time” data; social media metrics; the total “incremental” arrivals and expenditures “due to all activities;” and, the conversion rates from tentative room nights.

Mr. Dee expressed his appreciation for the presentation provided by Ms. Dance. He noted it has been one of “longest report” provided by staff and acknowledged staff’s efforts. He also noted his interest in the “conversion” rate. Mr. Dee requested clarification from the timeline as to when the evaluation of the events in 2017 would be conducted. Ms. Anderson responded that a review would be conducted in February 2018. In response to Mr. Atkins request for information on the evaluation of the events held in 2015, Mr. Fried requested that the information be provided to all the Board members.

6. Presentation, Discussion and Approval Delegating the HTA Board Chairman, President & CEO, or Their Designee the Ability to Testify or Present Policy Positions Consistent with the Hawai’i Tourism Authority Strategic Plan During the 2017 Legislative Session

Mr. Togashi referred to the staff report and a proposed “Board Resolution 17-01” previously distributed to the Board members regarding this agenda item. He noted that the Resolution was consistent with the resolutions previously approved by the Board. The intent of the Resolution is to authorize the Board Chairman and the President & CEO to provide testimony on legislative measures being discussed during the 2017 legislative session.

Mr. Kam made a motion to approve Board Resolution 17-01, which authorizes the HTA President and CEO, the Board Chair and/or their designee, to present public policy positions on behalf of the Authority during calendar year 2017 before all branches of federal, state and county governments, provided that the positions are aligned and consistent with HRS section 201B, the HTA Strategic Plan, and any other policies, plans or budgets approved by the Authority and this Resolution. Mr. Dee seconded the motion.

In response to an inquiry from Mr. Nakamura regarding the status of the “legislative investigative committee,” Mr. Fried stated that the membership of the committee will remain the same.

Mr. Szigeti stated that HTA “will not be asking for anything at the Legislature.” Mr. Atkins noted the “record breaking year” for tourism and asked “why” HTA would not be in a position to make requests at the Legislature. He is not aware of a “problem at the Legislature” that would preclude HTA from asking more funding. Mr. Szigeti responded that based on “the climate we have right now; it is not a good time to be asking.” Ms. Stone noted there are dozens of bills that HTA could “tag on to” if necessary. She added that HTA has been “capped” for so long and it has still been doing well. Legislative proposals could be presented to the “investigative committee.” She concurred with Mr. Szigeti’s proposal to look at increasing staff levels and that we need to “keep an open mind.” Mr. Fried added that as a result of “administrative cuts” in the past, it may be time to present a current proposal for funding. Mr. DeMello stated that “staff is overworked” and we need to “keep the doors open” for more funding. Mr. Szigeti concurred and expressed a need

for more “resources.” Mr. Rae noted that Mr. Szigeti and Mr. Baldemor should not be making the request to raise the cap. Instead, the request should be made by Board members.

Mr. Dee discussed the percentage of funds HTA has received from TAT revenues collected in 2010 in comparison to 2016. In regards to the funding HTA receives, Mr. Dee inquired as to amount that is spent on marketing, media, and staff. He stated we need to be “globally competitive against other countries.”

In response to a question from Mr. Atkins whether HTA would be getting a lobbyist, Mr. Szigeti stated that “our strength is through Board members and staff” and that there is “no need for a third party.”

Upon a request by Mr. Fried for a vote on the motion, the Board unanimously approved the motion by all the Board members present.

7. Presentation and Discussion and Approval of HTA’s Financial Reports

Mr. Togashi stated that HTA’s financial reports as of September 30, 2016 were not made available to the Board members until November 15, 2016. He requested that discussion and approval of the reports be deferred until the next Board meeting so the Board would have more time to inspect the reports. There were no objections to the Mr. Togashi’s request for deferral.

8. Presentation by AEG Regarding an Update of Hawai’i Convention Center Recent Activities

9. Presentation by Business Events Hawai’i and AEG Regarding an Update of Meetings, Convention and Incentive Sales Initiatives and Hawai’i Convention Center Performance (Both agenda items were discussed at this time.)

Mr. Fried acknowledged Ms. Orton, who provided a PowerPoint presentation entitled “November 2016 HTA Board of Directors Update.” In regards to the “financials” for October 2016, she reported that October was “another \$1 million month.” Based upon actuals to date and a “reforecast” of 2016, Ms. Orton projects a \$533,000 net income at the end of the year. The financials to date reflect “record breaking numbers” that she hopes “to trend into 2017.” In regards to financials for food and beverage in October, she reported a net income of \$5,314,000 and a 50% “flow through” as compared to a 36% flow through budgeted for 2016. She discussed the enhanced food and beverage provided to “two large groups” and also the ability to save on food expenses when the unused food budgeted for one event was used for another event.

Ms. Orton reported that based on revenues derived from the convention center, “state revenue” and “tax revenue” totaling \$354 million and convention center expenses of \$15.8 million, the return on investment to the State was \$22.35 for every dollar spent.

In regards to “sales updates” for the convention center, Ms. Orton reported the closing of 4,859 definite room nights. On a year-to-date basis, AEG has reached 48% of its targeted year end goal.

AEG has been providing “incentive offers” to help meeting planners sign their contracts by year end. Ms. Orton provided an update on the hiring of sales staff for various vacant positions. She also reported AEG has booked 1 basketball and 1 volleyball tournament in early 2017. She is working on another volleyball tournament involving 150 teams on a long term basis. Table tennis tournaments are also being pursued. In regards to an inquiry by Mr. Szigeti for an AEG contact person for “local” volleyball organizers, Ms. Orton responded that she should be contacted. Mr. Szigeti added that “HTA should be involved.” Both Mr. Fried and Mr. Szigeti concurred that the pursuit of “medical tourism” is important.

Ms. Orton concluded her presentation with a video depicting Hawai’i as a destination for sports events and the layout for sports events at the convention center.

Ms. Stone referred to an Art event being held at the convention center in November 2017. She suggested that AEG should be working with the event organizers as soon as possible. Ms. Orton concurred and that AEG “will be working closely with them.” She added there will be “a lot of wealthy people and the tax revenues is mind blowing.”

Mr. Fried discussed his attendance at the Honolulu Fashion Week event held at the convention center. Ms. Orton stated that the event “went really well” and getting “better and better.” Hawaiian Airlines did a good job as a sponsor. Ms. Dance added that HTA would be supporting the event in 2017.

In response to an inquiry from Mr. Rae, Ms. Orton responded that the convention center revenues and expenditures does not include any payment of the bond debt service. Mr. Rae requested a presentation and discussion on the bond debt for the convention center.

Ms. Stone offered a “shout out” to Mr. Kam and Quicksilver. She has received compliments regarding how the surfing events have “stepped up” by being very professionally managed and organized. Mr. Atkins also expressed congratulations and appreciation to the convention center food and beverage staff.

10. Adjournment

Mr. Rae made a motion to adjourn the meeting. Mr. Kam seconded the motion, which was unanimously approved. The meeting was adjourned at 10:41 a.m.

Respectfully submitted,



Winfred Pong
Recorder