



**REGULAR BOARD MEETING**  
**HAWAII TOURISM AUTHORITY**  
**Thursday, October 26, 2017**  
**Hawaii Convention Center**  
**1801 Kalākaua Avenue, Honolulu, Hawaii 96815**

**MINUTES OF REGULAR BOARD MEETING**

**MEMBERS PRESENT:**

Rick Fried (Chair), Fred Atkins, Donna Domingo, George Kam, Ku'uipo Kumukahi, Craig Nakamura, Denise Yamaguchi

**MEMBERS NOT PRESENT:**

Sean P. Dee, Gerald De Mello, Sherry Menor-McNamara, Kelly Sanders

**HTA STAFF PRESENT:**

George Szigeti, Randy Baldemor, Marc Togashi, Leslie Dance, Carole Hagihara, Caroline Anderson, Charlene Chan, Chris Sadayasu, Evita Cabrera, Iwalani Kualii-Kaho'ohanohano, Jadie Goo, Kalani Ka'ana'ana, Lauren Fetherston, Lawrence Liu, Minh-Chau Chun, Pua Sterling, Raphael Betelli, Ronald Rodrigues, Noriko Sloan, Victoria D'Andrea Roy

**GUESTS:**

Pris Texeira, Allison Schaefer, Patrick Dugan, Nathan Kam, Rep. Richard Onishi, Debbie Zimmerman, Jennifer Nakayama, Mari Tait, Les Kondo, Jen Ueki, Ryan Hurley, Roy Kawamoto, Tricia Oftana

**LEGAL COUNSEL:**

Gregg Kinkley

**1. Call to Order and Pule**

Presiding Chair Rick Fried called the meeting to order at 9:32 a.m. Mr. Fried acknowledged Pua Sterling, who offered Pule about Queen Emma.

## **2. Approval of the Minutes of the August 31, 2017 Board Meeting**

Mr. Fried requested a motion to approve the minutes of the Board meeting held on August 31, 2017. Ms. Kumukahi made a motion. Mr. Sanders seconded the motion, which was unanimously approved by all Board members present.

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

Ms. Yamaguchi disclosed that she and Mr. Atkins spoke briefly to locate the Minutes of the last Board meeting and to confirm the agenda and length of today's Board meeting.

Mr. Fried reported that he had a meeting with Senators Wakai and Galuteria as well as Rep. Onishi. Mr. Fried also disclosed also a one-on-one meeting with the Mayor regarding homelessness, noting that the Mayor is willing work with HTA to address homelessness issues that affect tourism.

## **4. Report of the CEO Relating to Staff's Implementation of HTA's Programs During August and September 2017**

Mr. Fried acknowledged George Szigeti, who presented the CEO report. Mr. Szigeti reported that the Hawai'i Global Tourism Summit was outstanding and noted that his team and Paragon did a great job executing the event. They made a lot of changes and improvements this year and focused more on the key tracks relevant to the trade. Mr. Szigeti further reported that there were 50 sponsors and 40 exhibitors; the Networking Lounge received extraordinary feedback from exhibitors.

Mr. Szigeti went on to report that the Los Angeles Clippers held an excellent week of events; the highlight of the week was the team's donation of new computer lab equipment to Stevenson Middle School. Mr. Szigeti also reported that HTA announced its award of \$3.5 million to support over one hundred Hawaiian culture, natural resources, and community programs statewide.

Mr. Szigeti noted he attended the IMEX convention in Las Vegas, which was great. IMEX is one of the largest exhibitions in the MCI industry and the convention was attended by 12,000 people. He congratulated John Monahan and team from Hawaii Visitors and Convention Bureau for leading the charge. Mr. Szigeti also reported that he attended an event with the U.S. Travel Association, for which he is also a board member. He noted that it was simultaneously interesting and difficult to attend both events due Las Vegas's coping with the recent attack. Mr. Szigeti expressed his condolences to the victims and their families and explained that HTA will give updates on programs they wish to implement from a protection standpoint.

Mr. Szigeti reported that he was invited this week to attend the Japanese Chamber of Commerce's Government Affairs Committee meeting. He indicated that Scott Saiki will do a good job as the new Speaker of the Hawai'i House of Representatives, explaining that Mr. Saiki

shared a lot of good information relating to affordable housing and homelessness issues.

Mr. Szigeti also reported that he and Mr. Fried met with Sen. Wakai, Rep. Onishi and Sen. Galuteria for a financial briefing heading into the new legislative session. He indicated that the meeting was very productive.

Mr. Szigeti announced upcoming meetings with Maui Visitors & Convention Bureau team, the Kona team, and Hawai'i's congressional delegation to discuss the industry and government impacts on business.

Mr. Szigeti concluded his presentation by reporting the visitor statistics: visitor spending increased by 7.1% to \$12.56 billion; visitor arrivals rose 4.9% to 7 million visitors; and tax revenue increased by 7.1% to \$1.47 billion in generated state tax revenue. Mr. Szigeti indicated that the numbers have been very positive and HTA will stay focused on ensuring that those trends continue towards 2018.

Mr. Fried noted about some issues with the L.A. Clippers tickets and explained how the issue was resolved. Mr. Fried also mentioned industry concerns related to the spread of illegal vacation rental units and noted that Honolulu City Council is working on the issues and will hopefully come up with some reasonable solutions.

#### **5. Presentation by the State of Hawai'i, Office of the Auditor regarding the process of the audit of the Hawai'i Tourism Authority as required under Section 23-13 of the Hawai'i Revised Statutes**

Mr. Fried acknowledged Les Kondo who presented the process of the audit of the HTA. Mr. Kondo introduced himself as the State auditor. He noted that his office is currently conducting a performance audit of HTA. Statute requires the Auditor to perform an audit of HTA every five years; the last audit was in 2013, which is less than five years ago. Mr. Kondo explained that he is conducting this audit early in part due to the legislature's request. He indicated that his office is trying to assist both HTA and the legislature get to a place where everyone would be comfortable. Mr. Kondo expressed appreciation to Mr. Szigeti for inviting him to speak with the Board.

Mr. Kondo indicated that his office held an entrance conference with HTA staff in July and apologized for not offering to meet with the Board earlier, explaining that he's somewhat new to the process and hasn't had the opportunity to audit an agency with a board yet. He noted that the only similar organization that his office is auditing is the Office of Hawaiian Affairs.

Mr. Kondo explained that he is not conducting a financial audit. His team is conducting a performance audit in which they will examine HTA's operations to see if there is anything that should be improved. Mr. Kondo indicated that since July, his team has interviewed many of HTA's staff for the purpose of gaining a broad understanding of what HTA does and to figure out which activities they want to investigate further.

Mr. Kondo explained the audit process and indicated that as their first step, his office has sent an objective letter listing their audit's focus on: 1) major contracts, which are normally included in the five-year statutorily mandated audit; 2) HTA's procurement process with respect to service contracts; and 3) HTA's management within the 3.5% administrative cap.

Mr. Kondo went on to explain the next audit step, which is fieldwork. He indicated that his team will come back to HTA to talk with staff and Board members to examine their key focus: a) for contracts and procurement, they will sample fifteen contracts to see whether procurement processes are followed; and b) for the 3.5% administrative cap, they will examine whether HTA complied with the requirements and outline how and why HTA moved money around within its budget. Mr. Kondo explained that his team will be stationed in an HTA conference room for the duration of their fieldwork. In about two months, they'll come back with preliminary findings, which they will share with the Board and HTA staff. Mr. Kondo noted that the purpose of the preliminary findings is to show where his team is leaning with the audit and to have a discussion with HTA to ensure that the facts that they're basing their findings on are correct.

Mr. Kondo indicated that after the fieldwork is completed, his team will start drafting the report and will provide HTA with a discussion draft before they publish the final report. He further indicated that HTA will have an opportunity to respond in writing; this response is published alongside the final report.

Mr. Kondo noted that because they're in the fieldwork stage, he hopes to issue the report no later than the end of January. He indicated that his team will need timely information with direct responses and access to people in a very timely manner. He requested everyone's cooperation and indicated that he will call Mr. Szigeti if there are any issues. Mr. Kondo indicated that his team is here to help and that this performance audit is an opportunity to have the Auditor's office come in for a free independent assessment as to how HTA is doing.

Mr. Kondo concluded his presentation by introducing his team for the HTA audit: project supervisor Jen Ueki; project lead Trisha Oftana; and analysts Ryan Hurley, Roy Kawamoto, and Sean Hao.

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

Mr. Fried acknowledged Minh-Chau Chun, who presented the September 2017 market insight. Ms. Chun indicated that, as Mr. Szigeti mentioned earlier, the market numbers for September 2017 were released about an hour ago. Ms. Chun then referred to the details of the report included in the board packet.

## **7. Report Regarding the 2017 Global Tourism Summit**

Mr. Fried acknowledged Leslie Dance, who presented a report on 2017 Global Tourism Summit. Ms. Dance started her presentation by announcing that next year's summit will be October 1-3,

explaining that HTA is currently reviewing Paragon's proposal for next year. The leadership team will work together to get proposals finalized by mid-November and to confirm keynote speakers in December.

Ms. Dance reported that the Summit received 1,846 total registrations, 1,175 of which were paid. She indicated that these numbers were far better than last year's registrations. The total registration income was \$267,800. The Summit's programming continued to grow with 77 speakers and panelists, 5 keynote speakers, and 36 student participants and 18 schools from around the world represented in the student debate. Ms. Dance reported that the final figures for the sponsorship were \$275,675 in cash sponsorships and \$125,340 in in-kind sponsorships for a total of \$402,015, exceeding HTA's goal of \$400,000. Mr. Fried thanked Mr. Szigeti for his efforts in raising much of the cash sponsorships. Ms. Dance continued, reporting that exhibition space in the networking lounge sold out easily; based on exhibitor feedback, HTA may have to double the space next year. She further reported the successful communications through email blasts, news clips, and social media updates, all of which successfully spread the word about the Summit by providing important information and highlights.

Ms. Dance next reported on the survey that was sent to attendees after the conclusion of the Summit. She presented highlights of preliminary survey results; as of October 25, HTA has received 243 responses. A majority of the respondents were from the hotel industry, which, Ms. Dance indicated, is a key core constituency; other respondents represented wholesalers and tour operators. The respondents rated the onsite registration at 4.8 out of 5.0; the mobile application rated 4.6 out of 5.0. Ms. Dance indicated that these results represent a big improvement from last year's survey results.

The respondents provided good feedback on the general session speakers. Twenty-eight percent of respondents reported that Billy Beane exceeded expectations, although some wished he tied his presentation back to the industry. The 2018 Market Outlook and Activities presentations for U.S.A., Canada and Oceania were very well received, with twenty-seven percent of respondents reporting that the talk exceeded expectations. Seventy-five percent of respondents felt that the Legacy Awards Luncheon met or exceeded their expectations. Neil Everett far exceeded expectations, receiving two standing ovations; some attendees had tears in their eyes. The 2018 Market Outlook & Activities presentations for both Japan and Developing International Market were rated as very informative, both exceeding expectations.

Ms. Dance reported that there were some issues with Ted Allen's "Food is Everything" luncheon, but forty percent of respondents said that the talk exceeded their expectations for the overall experience. Brad Difiore and Ólöf Ýrr Atladóttir were both well received. The Remembering Our Roots session and the Concurrent Sessions were both informative; eighty percent of respondents reported that the sessions met their expectations. The topics for the concurrent sessions (Global Tourism Trends, Culture, Technology, and Sustainability) were reported as valuable. The networking lounge and reception also exceeded expectations. The Aloha Reception was amazing with fifty-two percent of respondents reporting that the event exceeded their expectations. Ms. Dance indicated that ninety-two percent of respondents reported that they would register for next year's summit.

Mr. Fried thanks Ms. Dance for her review, indicating that the summit was well-received, and acknowledged Rep. Onishi to share his thoughts. Rep. Onishi indicated that this was the first Summit he has attended and he thought it was a good show for the industry. He indicated that wasn't a fan of Ted Allen's presentation and noted some feedback he'd received about the business networking meetings where some people had problems getting appointments confirmed, but expressed his overall satisfaction with his experience. Mr. Fried thanked Rep. Onishi for his comments.

**8. Presentation, Discussion and Action on HTA's Financial Reports for July through September 2017**

Mr. Fried acknowledged Marc Togashi who referred to section eight in the Board packet for the Financial Reports from July through September 2017. Mr. Togashi noted that he will be asking for approval of these financial reports at next Board meeting.

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

Mr. Fried asked for a representative from AEG to present the report since Teri Orton is out of town. Randy Baldemor indicated that there is no presentation and referred to the Board packet for the Hawai'i Convention Center update.

Mr. Fried requested a motion to go into executive session under Hawai'i Revised Statutes Section 201B-4 to protect advantages of Hawai'i as a visitor destination and for the Board to receive information that is proprietary to a particular enterprise or the disclosure of which might be harmful to the business interests of the enterprise. Ms. Kumukahi so moved. Ms. Domingo seconded the motion, which was unanimously approved by all the Board members present.

**Board entered Executed Session at 10:19 a.m.  
Executive Session ended at 11:06 a.m.**

**17. Adjournment**

Mr. Fried requested a motion to adjourn the meeting. Ms. Yamaguchi so moved. Mr. Kam seconded the motion, which was unanimously approved by all the Board members present.

The meeting was adjourned at 11:07 a.m.

Respectfully submitted

*Jacob L. Garner*

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Jacob L. Garner  
Recorder