



REGULAR BOARD MEETING
HAWAII TOURISM AUTHORITY
Thursday, August 21, 2014
Hawaii Convention Center
1801 Kalakaua Avenue, Honolulu, Hawaii 96815

MINUTES OF REGULAR BOARD MEETING

MEMBERS PRESENT: Sean R. Dee, Rick Fried, Craig Nakamura, David Rae, Aaron Salā, Lorrie Stone, Denise Hayashi Yamaguchi

MEMBERS NOT PRESENT: Jack Corteway, Robert Herkes *, Donna Domingo * (*pending execution of Oath of Office)

HTA STAFF PRESENT: Caroline Anderson, Mike McCartney, Lynn Bautista, Laci Goshi, Grace Lee, Brian Lynx, Angela Rodriguez, Michael Story, Jadie Goo, Doug Murdock, Daniel Nahoopii, Roann Rakta, Marc Togashi, David Uchiyama, Kelii Wilson

DEPUTY ATTORNEY GENERAL: Gregg Kinkley

1. Call to Order and Pule

Mr. McCartney called the meeting to order at 9:45 a.m. Ms. Wilson offered a pule to begin the meeting.

2. Discussion and Approval of Bylaws Amendment

Mr. Murdock referred to a draft of the HTA Bylaws dated August 8, 2014, which reflected amendments to allow the election of more than one vice-chairperson. The proposed amendment will allow flexibility for the Board to determine whether one or more vice-chairpersons are needed to assist the chairperson. Specifically, Mr. Murdock referred to revisions in Article II of the Bylaws.

Mr. Rae made a motion to approve amendments to the HTA Bylaws, as reflected in a draft dated August 8, 2014, to authorize the election of one or more vice-chairpersons. Ms. Yamaguchi seconded the motion, which was unanimously approved by all the board members present.

3. Discussion and Election of Board Officers and Committee Chairs

Mr. Murdock requested nominations for the position of the board chair. Mr. Fried nominated Mr. Salā. No other nominations were offered. Mr. Fried made a motion to appoint Mr. Salā as the board chair. Ms. Stone seconded the motion, which was unanimously approved by all the board members present.

Pursuant to the HTA Bylaws (dated August 8, 2014) as previously approved, Mr. Salā requested nominations for the positions of two co-chairs. Mr. Fried nominated Mr. Nakamura and Ms. Stone as co-chairs. No other nominations were offered. Mr. Fried made a motion to appoint Mr. Nakamura and Ms. Stone as co-chairs. Mr. Rae seconded the motion, which was unanimously approved by all the Board members present.

Mr. Salā appointed Mr. Rae and Mr. Ron Williams to the Strategic Planning Investigative Committee and the Convention Center Investigative Committee, respectively. There was a consensus by all the board members present to the appointment made by Mr. Salā. No board member expressed any reservation or objection to the appointment.

4. Approval of Minutes of Prior Board Meetings

Mr. Fried moved to approve the minutes of the regular board meeting conducted on June 26, 2014. Ms. Stone seconded the motion, which was unanimously approved by all the board members present and without any revisions or reservations.

5. Report of the Chief Executive Officer Relating to the Implementation of the State Tourism Strategic Plan Initiatives and/or Staffs' Current Assessments of the Major Market Areas

It was noted that a written CEO Report dated August 8, 2014 was in a board folder containing documents related to the various items on the agenda for this board meeting. The board folder was previously distributed to the board members. The CEO Report was presented to the Board for discussion and provided information related to the HTA's implementation of the State Tourism Strategic Plan initiatives as of June 2014, including the Marketing Reports from the marketing contractors in each MMA; the HTA staff report on implementing the Legislative Auditor's findings and recommendations; and, contracts executed by the HTA.

6. Review of Recent and Upcoming Permitted Interactions

There was no report of any interaction by board members to discuss board matters not at a duly noticed board meeting.

Mr. McCartney reported that due to an unanticipated absence by a board member being ill and the need of another board member to leave early due to a prior commitment, the Board would need to defer discussion on various agenda items to the next board meeting.

7. Presentation and Discussion on Visitor Statistics. (This agenda item was deferred.)

8. Presentation, Discussion and Approval of HTA's Financial Reports. (This agenda item was deferred.)

9. Presentation and Discussion on Evaluation of Marketing Contractors. (This agenda item was deferred.)

10. Presentation, Discussion and Approval of Revised 2015 Targets

Mr. Uchiyama presented a PowerPoint presentation entitled "Targets by Market Breakdown, First Look at 2015." He presented for the Board's approval the following updated targets and percentage change, respectively, for calendar years 2014 and 2015, as of August 2014:

	2014 TARGET Feb 2014		2014 UPDATED TARGET Aug 2014		2015 T UPDATED TARGET Aug 2014	
		% Chng 2013p-2014 (Feb'14)		% Chng 2013F 2014 (Aug'14)		% Chng 2014 (Aug'14) - 2015(Aug'14)
TOTAL ARRIVALS	8,443,500	2.5%	8,250,937	0.9%	8,411,300	1.9%
US West	3,219,600	0.0%	3,170,160	-1.3%	3,205,030	1.1%
US East	1,698,500	0.0%	1,713,540	0.7%	1,722,110	0.5%
Japan	1,620,000	6.3%	1,548,700	2.0%	1,568,830	1.3%
Canada	519,800	2.0%	531,560	2.8%	537,940	1.2%
Other Asia	438,800	27.8%	388,870	16.1%	425,530	9.4%
China	182,100	37.3%	152,650	22.1%	170,000	11.4%
Korea	190,000	10.8%	194,870	10.0%	208,510	7.0%
Taiwan	52,000	92.5%	27,350	20.6%	30,220	10.5%
Other*	14,700	20.7%	14,000	36.3%	16,800	20.0%
Oceania	391,300	10.8%	372,380	4.7%	391,440	2.3%
Europe	148,500	5.0%	149,140	9.0%	155,850	4.5%
Latin America	40,000	32.75%	27,060	-10.6%	27,740	2.5%
Other	220,500	-10.2%	213,027	2.8%	213,030	0.0%
TOT (AIR)	8,297,000	2.9%	8,114,437	1.4%	8,247,500	1.6%
Cruise	146,500	-14.4%	136,500	-20.2%	163,800	20.0%

Mr. Uchiyama also presented the following targets for calendar year 2015, as of August 2014:

- Length of Stay: 9.15 days
- Per Person Per Day Spend: \$196.47
- Total Expenditures: \$15,114.2 billion

Mr. Uchiyama offered the following explanation for the targets: U.S. West target reflects more flights from Hawaiian Airlines; U.S. East will be flat; Japan will maintain its current pace; Canada will be flat; China will not be as aggressive as we had hoped because we are not receiving the growth from Hawaiian Air flights; Korea's growth will be in anticipation of new carriers entering the market; Taiwan will reflect Hawaiian Air pulling out but with the hope that China Air will put more flights into service; Australia's tremendous growth in the past will not be trending into 2015 and will be flat; we are pulling back on our high hopes for Latin America; and, other markets will be flat but will be working on developing the Hong Kong and South East Asia markets.

Mr. Uchiyama noted that the targets would be re-evaluated as we get more information at the end of the year. Based upon additional and more current data, the targets may be readjusted in March 2015. Mr. McCartney had previously noted that the Board can change the targets on an "as needed basis" and that these targets are being used to "push" the marketing contractors in each major market area.

In response to a question from Mr. Salā, Mr. Uchiyama stated that total expenditures would increase by 2.8% over 2014. Mr. Fried initiated a discussion on a Pacific Business News article in which Paul Brewbaker discussed the decline in tourism and the lack of business at the Hawaii Convention Center as one of the challenges for Hawaii's economy. Mr. Uchiyama noted various "inconsistencies" within Mr. Brewbaker's discussion. Initially, Mr. Uchiyama noted that tourism have allowed "connectivity" to other industries and businesses, such as the airlines and transportation, that have been allowed to grow. As a result, Hawaii's "GDP" has grown significantly despite any drop in tourism. Additionally, Mr. Brewbaker refers to a drop in hotel room units but does not recognize that total visitor accommodations have increased due to the increase in time-share and other types of accommodations being available for visitors.

Mr. Nakamura made a motion to approve the targets as presented by Mr. Uchiyama. Ms. Stone seconded the motion, which was unanimously approved by all the board members present.

At this time, Mr. McCartney provided a discussion as part of his CEO report.

Mr. McCartney expressed his appreciation for the support provided by various tourism industry partners during Hurricane/Tropical Storm Iselle. He especially noted the support by

HVCB, Hawaii Convention Center/AEG, and the Waikiki Improvement Association (Rick Egged). The preparation for Iselle allowed the visitor industry to get better in response to a natural disaster and he had nothing negative to report. In regards to the Turtle Bay Conservation Easement acquisition, HTA has hired attorney Leighton Yuen to conduct a due diligence on the purchase of the easement. Finally, Mr. McCartney reported that HTA had executed a contract for the development of a concept on the establishment of a Hawaiian Music & Dance Museum at the convention center.

11. Adjournment. The meeting was adjourned by consensus at 10:05 a.m.

Recorded:

A handwritten signature in black ink, appearing to read 'W. Pong', written in a cursive style.

Winfred Pong
Recorder