



**REGULAR BOARD MEETING**  
**HAWAII TOURISM AUTHORITY**  
**Thursday, March 31, 2016**  
**Hawaii Convention Center**  
**1801 Kalākaua Avenue, Honolulu, Hawaii 96815**

**MINUTES OF REGULAR BOARD MEETING**

<b>MEMBERS PRESENT:</b>	Rick Fried (Chair), Fred Atkins, Jack Corteway, Donna Domingo, Gerald DeMello, George Kam, Craig Nakamura
<b>MEMBER NOT PRESENT:</b>	Sean R. Dee, Kuuipo Kumukahi, David Rae, Lorrie Stone, Denise Hayashi Yamaguchi
<b>HTA STAFF PRESENT:</b>	George Szigeti, Jennifer Chun, Roann Rakta, Chris Sadayasu, Marc Togashi, Miki Wakai
<b>LEGAL COUNSEL:</b>	Gregg Kinkley
<b>GUESTS:</b>	Donald Aweau, Roth Puahala, Marina Sterling, Teri Orton, Jennifer Nakayama

**1. Call to Order**

Presiding Officer Rick Fried called the meeting to order at 9:35 a.m.

**2. Pule**

Mr. Fried acknowledged Mr. Puahala, who proceeded to chant a pule in Hawaiian.

**3. Approval of the Minutes of the February 25, 2016 Board Meeting**

Mr. Corteway moved to approve the minutes of the board meeting held on February 25, 2016. Ms. Domingo 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 interactions by any board member.

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

Mr. Fried stated that he was "happy to see" that a request for proposals has been issued for the sports program. The contract with the selected contractor is expected to be executed in "mid May."

Mr. Szigeti reported that March has been a "busy month." He referred to the CEO Report previously distributed to the Board members. He also acknowledged the presence of Roth Pua hala and Marina Sterling, who are legislative aids for Senator Kai Kahele.

He noted that the Honolulu Festival was a success and the HTA's Spring Marketing Update has already recorded 460 registered guests.

## **6. Presentation and Discussion of Market Insights and Current Market Conditions**

Mr. Fried acknowledged Ms. Chun, who referred to a handout entitled "Market Insights-February 2016" and dashboards of key performance indicators (KPI) in each major market area. The handouts were previously distributed to the Board for consideration. She highlighted Japan's KPI by noting the most popular destinations among Hawaii's competitive destinations in 2015 were China (11.5%), Korea (8.4%), and Taiwan (7.5%), which were all short-haul destinations. Among the long-haul destinations, Hawaii was the fourth most popular destination and maintained a 6.9% share of the total outbound travel.

Ms. Chun also reported that in regards to Oceania, the average daily census for Australia and New Zealand have declined in the first two months of the year. In regards to China, she reported that among Hawaii's competitive destinations, Hong Kong (55.3%), Thailand (9.6%), and Korea (7.2%) were the most popular destinations in 2015. Hawaii's share of the total China outbound travel was less than one percent.

In response to a request from Mr. Dee made at a previous board meeting regarding the types of accommodations used by all markets, Ms. Chun discussed a chart depicting the following types of accommodations and percentage of use by visitors in 2015: hotels (62%), condo (17.7%), timeshare (9.5%), cruise ship (1.6%), friends/relatives (8.9%), bed & breakfast (1.1%), rental house (7.4%), hostel (.7%), camp site/beach (.6%) and other (1.5%). She also reported that of Hawaii's top four major market areas, Japan visitors were the strongest hotel users. The China and Korea markets had the highest percentage of hotel use. Hawaii hotels ended in 2015 at 78.8% occupancy and \$243.93 was the average daily rate.

## **7. Presentation, Discussion and Approval of HTA's Financial Reports**

Mr. Togashi reported that he is requesting Board approval of the financial reports for January 2016 previously distributed at the February meeting. The February 2016 financial reports are available online at the HTA's 365 website and have been distributed to the Board members at this meeting.

Mr. Corteway moved to approve the financial reports for January 2016. Mr. DeMello seconded the motion, which was unanimously approved by all the Board members present without any objection.

## **8. Presentation and Discussion Regarding an Update of HTA's FY 2016 Budget**

Mr. Togashi reported, "the brand managers did a good job on managing programs despite staff shortage." We have done "a lot" in 9 months. Among the various accomplishments under the FY 2016 budget, he reported that the HTA strategic plan has been realigned with the budget. The numerous marketing contractors are "working closely together" and are subject to "greater fiscal controls" by staff. The meetings, conventions and incentive "sales model" have been "restructured." There have been request for proposals (RFP) solicitations issued for 6 major markets and resulting in 3 new contractors. Revised key performance indicators have also been implemented. HTA intends to issue additional RFPs in 4 major markets. The resulting contracts executed through the RFPs will create "exciting opportunities."

He further reported that "spending is according to budget." To date, HTA has "contracted or on the verge of contracting over 90% of its budget." The "budget is fully committed." Finally, Mr. Togashi expressed appreciation to the Board for its "guidance," and as a result, "HTA is on the right path to do good for Hawaii."

Mr. Fried added that staff has always been responsive to individual questions from each Board member. Staff has also been very responsive to his questions whenever he was asked to approve invoices. Mr. Corteway noted that it was "critical" for the Board to conduct a "quarterly review" of the budget and to continue its engagement with Board members. Mr. Szigeti stated that Mr. Baldemor "has spent a lot of time going through each budget line item with staff."

## **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 "March 2016 HTA Board of Directors Update." In regards to a "facility update," she reported that the convention center maintained a 25% occupancy rate for February and reflected the booking of 6 events "ahead of budget." As a result, the "net income" for February was \$175,200 and will positively reduce the budgeted net loss. February was an "exceptional" month with \$1.8 million in gross revenues due to 50% of the revenues coming from \$1 million in food and beverage through one event. The percentage of "flow through" from food and beverage in

February was 46%. She also reported on the events booked for April. It was noted that “Kawaii Kon” is one of four “kons” that started small but grew bigger every year.

Ms. Orton further reported that in February, the convention center derived gross revenues of \$25.9 million from “HC revenue,” “state revenue,” and “tax revenue.” The convention center’s expenses were \$2.7 million. In regards to the return on investment, she reported that “for every dollar spent by HCC we returned \$9.77 to the state.”

Finally, Ms. Orton provided a facility and sales update by reporting that the Honolulu Festival Foundation booking was closed and the event was held in March 2016. Among the various groups “to close in March or April,” Art Hawaii was highlighted by noting that the event is projected to provide 40,800 room nights “over three years.” She is working on a multi-year contract, especially because it is a “high end group.” Art Hawaii is part of Art Basel, which stages art fairs at various locations. Art collectors would attend the fairs and spend a lot of money to buy art. She noted that attendees stay at high-end hotels.

#### **10. Presentation and Discussion by AEG Regarding an Update of Sales Initiatives and Hawaii**

Ms. Orton reported that her presentation on this agenda item would include a discussion of AEG sales initiatives. Mr. Corteway made a motion for the Board to go into an executive session pursuant to HRS section 201B-4(a)(2) for the purpose of discussing information that must be kept confidential to protect Hawaii’s competitive advantage as a visitor destination. Ms. Domingo seconded the motion, which was unanimously approved by all the Board members present without any objection.

The meeting was recessed for the board to conduct an executive session at 10:02 a.m. The meeting was reconvened at 10:24 a.m.

(Mr. Kinkley was present during the executive meeting.)

The Board met in executive session to discuss AEG event and facility initiatives, such as potential events to be held at the convention center.

#### **11. Adjournment**

Mr. Szigeti advised the Board of a desire to conduct a Board meeting in Kona. However, due to the unavailability of members, the meeting will be rescheduled.

Mr. Fried acknowledged the efforts of Messrs. Szigeti, Baldemor, and Togashi at the Legislature.

Mr. Corteway noted the possibility that his attendance at this meeting may be his last meeting. He stated, “It was a pleasure to be a board member.”

Mr. Fried acknowledged Mr. Aweau, who is on the staff of Councilmember Ikaika Anderson. Mr. Aweau expressed appreciation to the HTA for its assistance in “reaching out” to the Windward community. He noted the media coverage regarding the impact of commercial tour bus operators on the community.

Mr. Corteway moved to adjourn the meeting. Ms. Domingo seconded the motion, which was unanimously approved by all the Board members present.

The meeting was adjourned at 10:28 a.m.

Respectfully submitted,



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Winfred Pong  
Recorder