



REGULAR BOARD MEETING
HAWAII TOURISM AUTHORITY
Thursday, July 30, 2015
Hawai'i Convention Center
1801 Kalākaua Avenue, Honolulu, Hawai'i 96815

MINUTES OF REGULAR BOARD MEETING

MEMBERS PRESENT: Rick Fried (Chair), Fred Atkins, Sean R. Dee, Gerald DeMello, Donna Domingo, George Kam, Craig Nakamura, Lorrie Stone

MEMBERS NOT PRESENT: Jack Corteway, David Rae, Denise Hayashi Yamaguchi

HTA STAFF PRESENT: George Szigeti, Caroline Anderson, Randy Baldemor, Laciann Goshi, Jadie Goo, Daniel Nahoopii, Angela Rodriques, Ronald Rodriguez, Mike Story, Marc Togashi, Miki Wakai, Kelii Wilson

LEGAL COUNSEL: Gregg Kinkley

1. Call to Order

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

2. Pule

Ms. Wilson offered a pule in Hawaiian to begin the meeting.

3. Approval of Minutes of Prior Board Meetings

The minutes of the Board meetings held on June 18, 2015 and July 9, 2015 were in the board folder containing documents related to the agenda items for this meeting. Mr. Atkins moved to approve the minutes of meetings held on June 18, 2015 and July 9, 2015. Mr. Dee seconded

the motion, which was unanimously approved without any amendment or reservation by any of the Board members present.

4. Review of Recent and Upcoming Permitted Interactions

Mr. Atkins reported that he and Mr. Dee met last week to correlate their respective understanding of the various programs being funded by HTA.

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

Mr. Szigeti referred to the Report of the CEO dated July 30, 2015 and previously distributed to the Board for consideration and discussion. In addition to the Report, he offered the following "bullet points" for the Board's consideration: that the HTA's marketing contractors for each major market area will be making presentations to the Board at the next meeting in August; that Bishop & Co. will be processing the various applicants for the VP Marketing position and has established August 28 as the deadline for the submission of applications; that HTA will be issuing a RFP for Korea, China, Taiwan, and South East Asia on August 3, 2015 that will reflect "higher key performance indicators" tied to contractor's performance; that the RFP for the other MMAs will be considered "in the future"; that HTA has established a goal of 1,000 participants for the Tourism Conference scheduled on August 27-28, 2015; and, that Senator Schatz has obtained funding for airport and agricultural inspection stations that will promote travel to the neighbor islands.

6. Presentation and Discussion of Market Insights

Mr. Nahoopii referred to a document entitled "Market Insights-July 2015," which reflected a new method of communicating "general trends" in the tourism market and within the major market areas ("MMA") that reflected the HTA's key performance indicators. He highlighted the following: that total air seats to the Hawaiian islands increased 7.9% and was sustained from the North America and Oceania markets; that for the first half of 2015, visitor arrivals rose 4% and visitor spending increased 3.5% to \$7.6 billion; that for the month of June 2015, total expenditures by visitors gained 4.4% to \$1.3 billion, while total arrivals rose 6% to 767,905 visitors; that the Lions Club International convention brought nearly 18,000 delegates from 130 countries; that the total U.S. outbound overseas travel market was up 6.3% in the first quarter of 2015; and, that although the rate of outbound travel by Japanese travelers continued to decline, Hawaii's share of the outbound travel was 8.9% and ahead of the five year historical average of 8.1%; that arrivals from China grew 13.5% to 15,130 visitors in July and reflected in the first half of 2015 when arrivals increased over last year by 5.9% to 81,879 visitors; and, that

although there were fewer flights out of Shanghai and Beijing, visitors began to arrive in late July.

Mr. Dee noted the calendar year 2016 statewide economic forecasts were being provided by DBEDT and asked when HTA would be providing its forecast for tourism. Mr. Nahoopii responded that he had participated in meetings with DBEDT and has provided updates and information regarding tourism that were relied upon in developing the statewide economic forecasts. He added that HTA'S tourism forecasts will rely upon the statewide economic forecasts and "still needs to work it out" by gathering additional information. He expects to present the CY 2016 tourism forecasts in August.

In response to a question from Mr. DeMello, Mr. Nahoopii responded that the visitor expenditures have been adjusted for inflation, including an adjustment to reflect the current drop in the inflation rate.

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

There was not objection to Mr. Fried's deferral of this agenda item.

8. Discussion and Approval of FY 2016 Budget

Mr. Fried acknowledged the work product of staff in developing the FY 2016 budget.

Ms. Stone made a motion to go into executive session under 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 and to the extent that confidential information will be provided in the Board's discussion of the budget.

The meeting was recessed at 9:50 a.m. to allow the Board to meet in executive session.

The meeting was reconvened at 12:55 p.m.

It was noted that during the discussion of the FY 2016 budget in executive session, confidential competitive information was discussed.

Mr. Nakamura made a motion to approve the HTA Tourism Special Fund, FY 2016 Budget (July 28, 2015 version and consisting of 26 line items on one page) reflecting a budget of \$93,255,548.00. Ms. Stone seconded the motion, which was unanimously approved without any reservations by all the Board members present.

9. Adjournment

Upon a motion made by Ms. Stone and seconded by Mr. Nakamura, the meeting was adjourned by consensus at 12:58 p.m.

Recorded:



Winfred Pong

Recorder