



**REGULAR BOARD MEETING**  
**HAWAII TOURISM AUTHORITY**  
**Thursday, July 26, 2018**  
**Hawaii Convention Center**

**1801 Kalākaua Avenue, Honolulu, Hawaii 96815**

**MINUTES OF REGULAR BOARD MEETING**

**MEMBERS PRESENT:**

Rick Fried (Chair), Fred Atkins, Sherry Menor-McNamara, Craig Nakamura, Kelly Sanders, Ku'uipo Kumukahi, Sean Dee, David Arakawa, George Kam, Micah Alameda, Kyoko Kimura, Benjamin Rafter

**MEMBERS NOT PRESENT:**

**HTA STAFF PRESENT:**

George Szigeti, Marc Togashi, Charlene Chan, Kalani Ka'anā'anā, Jennifer Chun, Carole Hagihara, Ronald Rodriguez, Jadie Goo, Laci Goshi, Minh-Chau Chun, Naomi Sjoquist, Caroline Anderson, Christina Wieand, Noriko Sloan

**GUESTS:**

Rep. Richard Onishi, Sen. Glenn Wakai, Rep. Mark Hashem, Teri Orton, Nicole Liew, Scott Foster, Ferd Lewis, Ryan Finnerty, Guillaume Maman, Albert Vargas, Pris Texeira, Debbie Zimmerman, Jay Talwar, Chris Kam, Katherine Stokoe, Lee Conching, Eric Kinoshita, Allison Schaefer, John Monahan, Mitsue Varley

**LEGAL COUNSEL:**

Gregg Kinkley

**1. Call to Order and Pule**

Presiding Chair Rick Fried called the meeting to order at 9:34 a.m. Mr. Fried acknowledged Kalani Ka'anā'anā, who offered an oli and shared insights about new dawns and beginnings for

the new Board members. Mr. Ka'anā'anā reminded the Board of what a dynamic time Hawai'i is currently experiencing. Chair Fried then introduced and welcomed the three newest members of the Board: Kyoko Kimura, Benjamin Rafter, and Micah Alameda.

## **2. Approval of Minutes from the June 28, 2018 Board Meeting**

Chair Fried requested a motion to approve the minutes of the Board meeting held on June 28, 2018. Mr. Kam made a motion. Ms. Kumukahi seconded the motion, which was unanimously approved by all the 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)**

There were no permitted interactions to report at this meeting.

## **4. Report of the CEO Relating to Staff's Implementation of HTA's Programs During June 2018**

Chair Fried acknowledged George Szigeti, who presented the CEO's report. Mr. Szigeti began by welcoming Representative Mark Hashem to the meeting. Chair Fried then welcomed Rep. Onishi and thanked him for attending the Marketing Committee meeting earlier in the day.

Mr. Szigeti reported that HTA held meetings with the Global Marketing Teams to keep Hawai'i on top of the current global market.

Mr. Szigeti reported that later in the day, HTA will be issuing its mid-year and June hotel statistics reports for the first half of 2018. Mr. Szigeti noted that HTA has seen some positive results in the reports. Mr. Szigeti then reported: Hawai'i had its highest revenue per available room (RevPAR) at \$229.00; average daily rate (ADR) was the highest of any market in the U.S. at \$280.00; occupancy was second only to New York. Mr. Szigeti then thanked and congratulated the Board and to all of the stakeholders for contributing to these numbers.

Mr. Szigeti then asked if Hawai'i Tourism Japan (HTJ) could provide a brief update with the Japan market recovery status for travel to Hawai'i Island. Ms. Varley of HTJ reported that all of HTA's industry partners are working with HTA in the recovery efforts; the industry has raised over \$5 million towards those efforts.

Ms. Varley reported that HTJ hosted a media and travel trade briefing with a representative from the Hawai'i Island Visitors Bureau, a representative from UH Hilo, and Mr. Ka'anā'anā of HTA to clarify to the Japan market that Hawai'i Island is safe for tourists.

Mr. Szigeti concluded his presentation by reporting that the early bird registration deadline for the Global Tourism Summit is next Tuesday, July 31, 2018. Mr. Szigeti explained that the Summit is going to be very informative and impactful and added that more details will be given later in the meeting.

Chair Fried announced that, due to the lengthy agenda, the Board will postpone presentation from the Director of the State of Hawai'i Office of Information Practices until August. In September, Dan Gluck, executive director of State Ethics Commission, will make a presentation to the Board.

#### **5. Final Action on the Permitted Interaction Group's Recommendation to Terminate HTA President and CEO George Szigeti Without Cause**

Chair Fried commenced discussion by explaining that the Permitted Interaction Group (PIG) went through a lengthy discussion in determining whether Mr. Szigeti should be terminated without cause. Chair Fried announced that Mr. Szigeti's effective termination date will be October 31, 2018. HTA will pay Mr. Szigeti a severance package consisting of half of his annual pay, approximately \$140,000.00, on November 1, 2018.

Chair Fried noted that Mr. Szigeti's departure has been delayed so that the top three staff positions at HTA are not all vacant at once. Chair Fried explained that Mr. Szigeti has put his heart and soul into his job and he will continue to do so until his departure.

Chair Fried requested a motion that, pursuant to HRS section 92.2-2.5(b)(1), Mr. Szigeti's final day will be October 31, 2018 with a severance payout of one half of his base salary. Mr. Atkins moved so moved. Ms. Kumukahi seconded the motion.

Mr. Arakawa noted that there were two votes in favor with reservations in PIG meeting and added that the PIG decided that it is important to retain Mr. Szigeti while the HTA deals with the Hawai'i Island recovery efforts.

Mr. Atkins explained that the Board also wants to retain Mr. Szigeti through the Global Tourism Summit as he has been the main driver in raising funds and developing the conference.

Chair Fried then asked if there was any further discussion. There was none. The motion was unanimously approved by all the Board members present.

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

Chair Fried acknowledged Jennifer Chun, who presented the June 2018 market insights. Ms. Chun stated that tab six in the Board packet contains the newest hotel report, which shows the State's overall statistics compared to other leading domestic and international destinations.

Ms. Chun then presented the overall breakdown of hotel statistics by island and highlighted the changes in hotel performance for Hawai'i Island and the Kohala Coast.

Ms. Chun concluded by reporting the statistical breakdowns of arrivals by county.

## 7. Presentation of the Resident Sentiment Survey Results

Chair Fried acknowledged Chris Kam, President, and Allan Ellis, Executive Vice President, from Omni Track Group. Mr. Kam then presented the results from the Resident Sentiment Survey that Omni Track conducted on behalf of HTA. Mr. Kam began with the research objectives behind the survey: 1) the industry is growing, but we know we cannot grow if residents are opposed to the industry; and 2) the research measures key resident attitudes toward the visitor industry, perceived positive and negative impacts, and any issues or concerns they may have.

Mr. Kam reported that there are three key takeaways from the survey results: 1) while some indicators weakened, none fell too deeply compared to previous years' surveys; 2) in order to improve resident sentiment, the State needs to address giving residents a voice in tourism development; and 3) residents want the State to shift from destination marketing to destination management.

Mr. Kam then presented the methodology that Omni Track utilized for the survey, which consisted of a statewide sample size of 1,614 residents spread across all islands and demographics.

Mr. Kam then reported that the impact of tourism on residents and their families is trending upwards overall. More survey respondents agreed that tourism has a beneficial impact on them and their family than in last year's survey. Mr. Kam also reported that by island, this sentiment is increasing for both O'ahu and Hawai'i Island residents while this sentiment decreased slightly for Maui County and Kaua'i residents.

Mr. Kam then reported that the survey results showed that responses on whether tourism has brought more benefits to the islands than problems have weakened a slightly compared to last year's survey results. Mr. Kam noted that this statistic tends to result in much higher scores in years coinciding with major tourism downturns such as the September 1, 2001 terrorist attacks and the Great Recession. Mr. Kam explained that the challenge ahead is to improve resident sentiment in a growing tourism industry.

Mr. Kam then reported on resident sentiments regarding problems created by tourism. Increased traffic was the top complaint by residents in the survey results. This was followed by overcrowding and the high cost of living. Mr. Kam noted that changes in the marketplace should be taken into consideration as not all of these issues are attributable to tourism. Mr. Kam reported that the resident count in the State has been rising, which contributes to traffic congestion and overcrowding. The fact that visitors are appearing in places they did not before can be attributable to the advent of social media and the rise of the sharing economy in Hawai'i.

Mr. Kam then reported on residents' sentiment toward the impact of tourism, which had mixed results in the survey. The survey results reflected some gains in the assertion that tourism

creates more well-paying jobs for residents, but there was a slight decrease in resident sentiment that tourism creates job opportunities for advancement.

Mr. Kam then reported that the survey results appear to demonstrate that Hawai'i residents are interested in a shift from marketing to management of Hawai'i as a tourist destination. There has been an increase in positive responses when residents were polled whether they believe that Hawai'i is run for tourists at the expense of local people. Mr. Kam reported that these results track directly with the increase in visitor arrivals to the State. This increase was reflected in surveys of residents from all islands except Kaua'i.

Chair Fried, Mr. Atkins and Mr. Dee questioned Mr. Kam regarding Omni Track's survey methodology. Ms. Kimura asked whether the relatively small sample size for O'ahu was chosen intentionally. Ms. Chun noted that HTA wanted to oversample neighbor islands, but explained that the results are weighted by population size. Mr. Arakawa stated that the data from this survey data will be used by decision makers in the Legislature and at City Council.

#### **8. Presentation, Discussion and Action on Hawai'i Tourism USA's Recovery Plan Proposal to Use Emergency Funds to Fund Response and Recovery Marketing Plans Resulting from the Volcanic Activity on the Island of Hawai'i**

Chair Fried acknowledged John Monahan, CEO of the Hawai'i Visitors and Convention Bureau (HVCB) and Jay Talwar. Mr. Monahan opened the presentation by reporting that HVCB has been implementing Phase 1 of the Hawai'i Island Recovery Plan in the past six to eight weeks with existing funding. Phase 1 started in June and will continue through August. Mr. Monahan then reported that the social media campaign aspect of Phase 1 resulted in over 7 million impressions; funds were expended to boost posts to get them in front of more of the U.S. market audience.

Mr. Monahan then reported that the satellite media tour in conjunction with U.H. Hilo, designed to provide real time factual data to the media outlets, was picked up by 31 television stations nationwide and reached a total broadcast audience of 12.3 million viewers. Mr. Monahan further reported that a supplemental photoshoot to develop content for ongoing media campaigns is scheduled for August on Hawai'i Island.

Mr. Monahan added that some data that HVCB gathered in connection to the volcanic activity demonstrates that Hawai'i Island was leading the State in visitor expenditures and arrivals growth, but that rise was swiftly cut in May with an immediate 2% drop in arrivals as a result of the volcanic activity. For June, Kohala Coast hotel occupancy is down 12% (compared to 6% for Hawai'i Island as a whole) and RevPAR is down by 13% (compared to 9% for Hawai'i Island). Mr. Monahan noted that HVCB believes that there are two driving causes for these numbers: 1) air quality; and 2) the inability to visit Hawai'i Volcanoes National Park, which is the biggest traditional attraction for tourists on Hawai'i Island.

Mr. Talwar explained that HVCB wants to move existing consumer perception from "it's not the

right time to visit” to “now is the perfect time to visit.” Mr. Talwar stated that, moving forward, HVCB wants to develop content with talent as part of this campaign. They want to balance out the media coverage of the eruptions to show everything else on the Hawai’i Island that visitors can engage with and enjoy.

Mr. Talwar then explained that HVCB will organize a follow up media tour and key media press trips as part of this campaign. Mr. Talwar added that Rep. Onishi has offered to assist with the follow up tour.

Mr. Talwar then stated that on the marketing side, HVCB want to integrate information about what the ongoing eruption means to local residents with its existing Hawai’i Rooted campaign. HVCB will work with Great Big Story to create more editorial stories on the eruption and its impact on local residents and Hawaiian culture.

Mr. Talwar reported that HVCB continues to update consistent talking points for their Meetings, Conventions and Incentives (MCI) team and industry partner sales teams. Mr. Monahan noted that the MCI segment has seen the biggest decrease in bookings, as meeting planners are very concerned about air quality. Mr. Monahan then explained that HVCB is proposing to coordinate a marketing blitz with senior industry partners and government officials to meet with target customers in Minneapolis, Chicago, and Washington D.C., Hawai’i’s three biggest MCI markets. Chair Fried stated that Rep. Onishi provided the Board with an update during the Marketing Committee meeting regarding this tour. Mr. Dee added that the Board wants to emphasize that there is some marketing flexibility in HVCB’s budget to deal with shifts in visitor trends in the event that Hawai’i Volcanoes National Park reopens.

Scott Foster, representing Hawai’i Tourism Wholesalers Organization (HTWO) addressed the Board. Mr. Foster stated that HTWO is a group of competitors who have met on a monthly basis for the past six years to discuss mutual problems in the market. He expressed that he is glad to see the Board addressing this issue and added that the recent boat accident near the location where lava is entering the sea has triggered discussions regarding whether the State can assist with a public-private partnership to start a small-to-mid-size tour boat that could leave Kona in the morning, travel to and stop in Hilo in the afternoon, and end up offshore from the Puna coast at night to view the lava flowing into the sea before returning to Kona.

Mr. Monahan thanked Mr. Foster for his input and noted that HVCB has seen a lot of private commercial interest in increasing the number of tour boats.

Rep. Onishi added that after the volcanic activity shut down Puna’s main boat launch, the three licensed tour companies began operating out of Hilo. The main problem for these companies is that it takes two hours to reach the viewing area. Regardless, these operators are seeing a lot of interest in tours, as their bookings are full weeks out. Chair Fried added that the Coast Guard has approved four tour operators.

Mr. Dee stated that funding for HCVB’s request would come from HTA’s \$4 million discretionary

emergency funds, not the emergency funds set aside by statute. Mr. Dee added that HTA has released about \$1 million of these funds to date, which were replenished in the 2019 budget.

Ms. Kumukahi explained that the spirit of Pele is extremely strong and cautioned that she is not one to be reckoned with. Those who are from Hilo know this and the Board needs to focus on promoting the other areas of Hawai'i Island and respect Pele's activity.

Chair Fried thanks Ms. Kumukahi for her insight and requested a motion to approve HVCB's requested \$1.25 million from the HTA emergency fund for Phase 2 of the HT USA Hawai'i Island Recovery Plan. Mr. Kam so moved. Mr. Dee seconded the motion.

Mr. Togashi requested clarification that the funding would be sourced from the funds that HTA set aside as an emergency reserve, for use out of the tourism special fund (TSF), not the Tourism Emergency Special Fund. Mr. Dee confirmed so.

Mr. Kam again moved to approve HVCB's funding request. Mr. Dee seconded the motion, which was unanimously approved by all the Board members present.

## **9. Presentation and Discussion on the 2018 Global Tourism Summit**

Chair Fried acknowledged Katherine Stokoe, event manager at Paragon Events, who began her presentation by stating that HTA has set high level goals for the summit: 2,500 attendees; increased registration revenue; and increased sponsorship revenue.

Ms. Stokoe reported that there are 233 registered attendees to-date, which is in line with where registration was at this time last year. Ms. Stokoe noted that the majority of registrations are for the full Summit. On the programming side, Paragon is working with HTA staff to develop new programming and has added a general session topic on illegal vacation rentals.

Ms. Stokoe then reported that sponsorship numbers have skyrocketed compared to last year's numbers. Confirmed sponsors for this year's summit are: Alaska Airlines; Hawai'i Convention Center AEG Facilities; Hanatour USA, Inc.; Rocky Mountain Sunscreen; Levy; and Honolulu Cookie Co. Pending sponsors include: Hawaiian Airlines; Japan Airlines; Southwest Airlines; Oahu Publishing, which publishes the Honolulu Star Advertiser; Ala Moana Hotel; Outrigger Hotels & Resorts; Enterprise Rent-A-Car; and Kualoa Ranch.

Ms. Stokoe added that Paragon has received 25 exhibit booth inquiries to date. Because Paragon believes they will sell out the networking lounge, they are working with HTA to locate additional areas for more exhibit booths.

The current marketing blasts are being handled by Paragon's marketing partner who has started working earlier than for last year's Summit. Ms. Stokoe also noted that Paragon is updating the Summit website as needed and will be adding a sponsor page in the next week or two.

Ms. Stokoe concluded her presentation by reminding the Board of the theme for this year's summit, "Charting the Course," which will be integrated throughout the Summit marketing materials moving forward.

Mr. Szigeti thanked Ms. Stokoe and Paragon as well as the HTA Summit team for their great work. Mr. Szigeti added that there will be attendees from over 18 countries at the Summit and that Paragon's sponsorship packages have been well received. Mr. Szigeti concluded that this year's Global Tourism Summit is shaping up to be a very powerful and impactful conference.

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

Chair Fried announced that discussion on this item will be postponed to next month's Board meeting.

#### **11. Update on the Status of the 2018 Audit Action Plan**

Chair Fried acknowledged Mr. Szigeti, who introduced the 2018 Audit Action Plan. Mr. Szigeti began by stating that discussion on this action plan will be on every HTA monthly Board meeting agenda moving forward.

Mr. Szigeti provided the timeline for the plan: the audit entrance conference was held on July 7, 2017; the exit conference was held on February 21, 2018; the audit report was released on February 22, 2018; HTA created the Audit Action Plan on March 16, 2018 and received Board approval on March 29, 2018. Mr. Szigeti then provided a snapshot of HTA's implementation of the Action Plan.

**The meeting was recessed at 11:00 a.m.  
The Board was reconvened at 11:12 a.m.**

#### **12. Report of, Discussion and Request for Funding Approval of Programs Recommended by the Marketing Standing Committee**

Chair Fried acknowledged Mr. Dee, who reported that the proprietary information contained in the L.A. Rams' proposal will be discussed in the budget section of today's agenda. Mr. Dee noted that a discussion on the Hawai'i Island Recovery Plan and the Global Tourism Summit took place earlier in the meeting.

Mr. Dee concluded his report by stating that HTA is ahead of schedule on marketing and sponsorship for the Summit and acknowledged both Paragon and HTA's team for all of their great efforts.

#### **13. Establishment of a Permitted Interaction Group Serving as a Selection Committee to**



**Propose Candidate(s) to Fill the Vacancy Position of the *HTA Chief Administrative Officer* Position**

Chair Fried explained that the HTA is in a very unique situation and began to summarize the events that have taken place to date with respect to vacancies in HTA's top three positions. Chair Fried added that the Board Administrative Committee has put a great deal of thought into who should serve on the selection committees, looking at every Board member's skill set and time commitments.

Chair Fried explained that the Board decided to put a bid out to three firms to conduct HTA's search; this bid made it clear to the firms what was expected of them. The clear bid winner was Inkinen & Associates, LLC.

Inkinen will be the sole recipient of job applications and questions from applicants. The firm will evaluate applicants and create a short list of not more than five applicants for each of the three open positions. Inkinen will verify education, employment, and references for each applicant. For the Vice President of Marketing position, which HTA has already advertised, Inkinen will review the 70 resumes that HTA has already received.

Chair Fried reported that the contract price for this search is not to exceed \$46,750 plus tax to fill all three positions, not including the cost of placing the advertisements.

Chair Fried then explained that, while the Board is open to a national search, it will be primarily Hawai'i-focused and advertising of the posts will reflect this focus. The position advertisements will cost a total of \$8,152.00 plus tax. Chair Fried noted that the first advertisement will run in the Pacific Business News on July 27, 2018. On Sunday, July 29, 2018, the advertisement will be published in the Honolulu Star Advertiser. The final advertisement will be published in the Pacific Business News on August 3, 2018. Chair Fried added that the advertisement will also be placed on the HTA website.

The deadline to apply for the position is August 24, 2018.

Chair Fried then asked that out two documents be distributed to the attendees. Chair Fried explained that the first document is a sample advertisement and the other a flyer from the Hawai'i State Ethics Commission relating procurement procedures for State agencies.

Chair Fried explained that the salaries for the two Vice President positions will be set at \$150,000 each. The CEO's salary will be left open, but interested applicants have a rough idea of what to expect in terms of compensation given the current publicity on HTA's CEO salary.

Chair Fried then thanked Ron Rodriguez and Carole Hagihara from HTA for all of their help with the search for applicants.

Mr. Arakawa thanked everyone for their hard work and asked if the President and CEO should

be selected first and have that person select applicants to fill the two Vice President positions. Chair Fried thanked Mr. Arakawa for his input and explained that given the timeline for Board approval of the final candidates, there is not sufficient time to wait for a President/CEO to be hired and then fill the Vice President positions. Chair Fried noted that the hope is that the extreme vetting the Board is doing for the CEO position should aid in the next CEO's ability to work with the selected Vice Presidents.

Mr. Arakawa responded that he respectfully disagrees with Chair Fried's position and compared the Chair's proposal to a situation where the shareholder Board of the New England Patriots selects assistant coaches without asking Head Coach Bill Belichick for his input. Chair Fried acknowledged Mr. Arakawa's position but stated that his suggestion was taken into consideration and the Board decided that the current proposal is the best course of action.

Mr. Kam suggested that the Board compromise by interviewing candidates for all three positions, selecting the CEO first, and then asking that person to provide input on the final selection applicants to fill the open Vice President positions.

Mr. Arakawa stated that in most such contracts, the CEO usually has the authority to hire and fire employees like Vice Presidents and the Board needs to be careful to review and limit severance pay clauses in the event HTA selects a Vice President before hiring a CEO. Chair Fried acknowledged Mr. Arakawa's point and noted that, while the Board is a long way from drafting these contracts, this point should be considered at that time.

Chair Fried then announced the recommendation for members to serve on the Selection Committee for the Chief Administrative Officer position: Sherry Menor-McNamara (recommended chair), Ben Rafter, Craig Nakamura, Kyoko Kimura, and David Arakawa.

Chair Fried requested a motion to approve the appointment of these Board members to the Selection Committee for the Chief Administrative Officer position. Mr. Kam so moved and Ms. Kumukahi seconded the motion. Hearing no discussion, Chair Fried asked for a vote. The motion was unanimously approved by all the Board members present.

**14. Establishment of Permitted Interaction Group Serving as a Selection Committee to Promote Candidate(s) to Fill the Vacancy of the HTA VP of Marketing and Product Development Position**

Chair Fried announced the recommendation for members to serve on the Selection Committee for the Vice President of Marketing and Product Development position: Sean Dee (recommended chair), Micah Alameda, Ku'uipo Kumukahi, and George Kam.

Chair Fried requested a motion to approve the appointment of these Board members to the Selection Committee for the Vice President of Marketing and Product Development position. Mr. Sanders so moved and Mr. Arakawa seconded the motion. Hearing no discussion, Chair Fried asked for a vote. The motion was unanimously approved by all the Board members

present.

#### **15. Nomination, Selection, and Appointment of Board Members to the Permitted Interaction Groups Established in Items 14 and 15 Above**

The nomination, selection, and appointment of Board Members to the Permitted Interaction Groups established as the Selection Committee for the Chief Administrative Officer and the Selection Committee for the Vice President of Marketing and Product Development were conducted in agenda Items 14 and 15 above.

#### **16. Establishment of a Permitted Interaction Group Serving as a Selection Committee to Guide the Search for the next *HTA President and CEO*, with Members to be Recommended by the Administrative Standing Committee**

Chair Fried announced that two or three community members should be added to this Committee in addition to the Board members and asked the Committee Members to meet at the conclusion of this Board meeting to discuss. Chair Fried then announced the recommendation for members to serve on the Selection Committee for the HTA President and CEO: Fred Atkins, Kelly Sanders (recommended chair), George Kam, David Arakawa, and Rick Fried.

Chair Fried requested a motion to approve the appointment of these Board members to the Selection Committee for the HTA President and CEO. Mr. Dee so moved and Mr. Nakamura seconded the motion. Hearing no discussion, Chair Fried asked for a vote. The motion was unanimously approved by all the Board members present.

#### **17. Discussion and Approval of the FY19 HTA Budgets**

Chair Fried acknowledged Marc Togashi, who opened discussion of the HTA FY2019 Budget by touching on the mechanics employed in developing the current draft Budget and which were discussed in the previous meetings. Mr. Togashi reminded the Board that the HTA's strategic plan guides everything that HTA does, including the discussions in today's meeting. The Strategic plan requires the HTA to market the destination, but also requires HTA to take a look at how they can do a better job at managing the destination. Mr. Togashi added that the Board was provided a draft Budget that HTA staff feels works to address concerns from local communities and stakeholders.

Referring to Mr. Dee's earlier discussion regarding the L.A. Rams' proposal, Mr. Togashi explained that the Board's options are to: fund the L.A. Rams' proposal by reducing other areas of the proposed draft Budget; proceed with the budget as drafted without funding the L.A. Rams; or fund the Rams' proposal using the \$1.5 million set aside for the FY2020 budget. Mr. Togashi noted his concern this last option, explaining that the reserve was purposefully set aside so that HTA does not see a drastic fall off in their funding from the current year's budget.

Mr. Togashi then asked HTA's program directors to discuss details of their program budgets. First, Mr. Ka'anā'anā discussed HTA's proposed \$1 million environmental sustainably fund. Mr. Ka'anā'anā explained that the biggest component of this budget item is funding for DNLN's Mālama Hawai'i program and Park and Trail Ambassador program, which serves to assist visitors and residents accessing Hawai'i's busiest trails and parks. The Mālama Hawai'i program operates in partnership with several of the main tour shuttle operators to provide information to visitors on how to respect the environment during their vacation. Mr. Ka'anā'anā added that HTA will also provide funding for DLNR's Comprehensive State Parks Survey, which has not been updated since 2007, in order to gather information and data on what parks visitors are going to. The Survey will be a year-long study to track seasonal differences and differences in the time of day that visitors visit different parks. Mr. Ka'anā'anā noted that this data will help DNLN to deploy their maintenance resources more efficiently.

Mr. Ka'anā'anā explained that this budget item also includes the Hawai'i Green Growth Initiative, which is the continuation of HTA's engagement with the Sustainable Business Forum and their work in convening statewide stakeholder meetings, implementation of the Aloha+Challenge Dashboard and identifying robust tourism metrics by which to measure and manage tourism's impacts on the islands.

Mr. Ka'anā'anā then provided details on the last program in this budget item, the State Department of Business, Economic Development, and Tourism's Green Business Certification program. Mr. Ka'anā'anā explained that this program is similar to the Hawai'i Ecotourism Association's certification program, but it is focused on hotel accommodations and physical locations as opposed to activities.

Mr. Atkins asked if this budget item is separate from HTA's Aloha 'Aina budget. Mr. Ka'anā'anā confirmed so. Mr. Atkins then asked if the park ambassador program will be taken over by DNLN after the year of funding provided in this budget item. Mr. Ka'anā'anā explained that it is a pilot program at the moment, but if is successful, DNLN will look at funding the program permanently. Mr. Atkins asked if it was a part-time program and what parks are included. Mr. Ka'anā'anā stated that DLNR does not know which parks will be part of the program, but it will fund 40 hours of work per week, which will be scheduled mostly on the weekends.

Mr. Sanders stated that he loved the idea but thought that HTA should look at park data to see where to deploy the ambassador. Mr. Ka'anā'anā responded that HTA and DLNR are working with current data right now, but they will use the updated study data once it is completed.

Mr. Atkins asked if the ambassadors will have enforcement responsibility. Mr. Ka'anā'anā explained that the ambassadors will not be deputized, but will have a direct line to DLNR's Division of Conservation and Resources Enforcement (DOCARE).

Rep. Onishi asked what the extra \$50,000.00 in this budget item is for. Mr. Ka'anā'anā responded that the money is for the Mālama Hawai'i program, which is a DNLN program that

HTA will supplement. Rep. Onishi then asked what was new that required the supplemental funding. Mr. Ka'anā'anā responded that the park survey and ambassador program are new to this program.

Rep. Onishi then asked if DNLR would conduct the state park survey. Mr. Ka'anā'anā stated that this is a survey that HTA has conducted in the past because the survey looks at visitor experience and quality of the experience. Rep. Onishi asked if DNLR has any current program to determine visitor impacts at their parks. Mr. Ka'anā'anā responded that he is unaware of any such DNLR programs.

Mr. Atkins asked if this funding is in addition to the \$3 million from the TSF given directly to DNLR. Mr. Ka'anā'anā confirmed such, adding that \$2 million of that transfer goes to the State parks for lifeguard services at State beaches and the rest goes to the Office of Conservation and Coastal Lands (OCCL) and DOCARE. Mr. Ka'anā'anā added that OCCL has not spent any of the TSF money yet.

Sen. Wakai asked why the \$1 million budget line states that it is sole-sourced. Mr. Ka'anā'anā explained that sole-source notation refers to HTA's partnership with DNLR. Sen. Wakai then asked if this entire budget item is primarily for cooperation with other government entities. Mr. Ka'anā'anā confirmed such, except for the survey, for which HTA will release a request for proposals.

Mr. Dee expressed that he had some issues with how HTA is getting approval of the budget. Mr. Dee stated that the new plan is good overall, but it is a first draft and needs a lot of work before the Board is ready to approve it.

Mr. Atkins asked if the Board should be approving each line item as they go through the draft budget. Mr. Togashi explained that he wants to present the plan to the Board, answer any questions the Board may have, and then move onto approval of the revised line items.

Chair Fried announced that the meeting would recess briefly for lunch.

**The meeting was recessed at 12:00 p.m.**

**The Board was reconvened at 12:32 p.m.**

Mr. Togashi acknowledged Ms. Chan, who presented the highlights of the Ho'okaulike program detailed in the Budget. Ms. Chan explained that this program is a statewide initiative developed last year to address management of the State as a destination and to provide a balance between marketing and management.

The first part of the Ho'okaulike budget item that Ms. Chan discussed related to the various counties' tourism strategic plan updates. Maui County recently updated their tourism strategic plan in 2016, so HTA will cover half of the costs associated with developing interpretive language. This budget item provides \$50,000 each to Kaua'i and Hawai'i counties for their plan

updates.

Ms. Chan explained that the bulk of the Ho'okaulike budget provides funding to install security cameras in 42 locations in the City and County of Honolulu, 30 locations in Kaua'i, and 92 locations in Hawai'i County; Maui County is still determining if they want to use this program.

Mr. Atkins asked if the strategic plan money is being used for implementation or development of those counties' strategic plans. Ms. Chan stated that she believed the money will be used for implementation but reported that she will confirm with all of the counties.

Mr. Atkins added that installing security cameras is a great idea for security purposes, but expressed concern that vandals will destroy them and asked if the Budget has any funds earmarked to maintain the cameras. Ms. Chan responded that the current budget item is a one-time funding initiative, but agreed that HTA needs to be cooperating with the counties to require that they fund a maintenance program for the cameras. Mr. Kam noted that HTA can insert language into the contracts with the counties to clarify that responsibility for maintenance and replacement of vandalized cameras lies with the counties. Chair Fried agreed with Mr. Atkins and Mr. Kam and added that the counties should be required to maintain the cameras.

Mr. Dee expressed concern that this program may be a slippery slope for counties to request funding from the TSF to supplement traditional county services. Mr. Dee added that the TSF is primarily intended for marketing the State as a destination and expressed that it would be naïve of the Board to think that the funding would be a one-time request.

Mr. Sanders agreed with Mr. Dee's concerns, adding that if HTA is expected to support county infrastructure, HTA will need more funding from the State. Mr. Sanders explained that he does not believe that this initiative can work without a longer-term commitment from the State and the counties.

Mr. Togashi thanked the Board members for their input, but noted that the Legislature has consistently expressed the need for HTA to pivot from destination marketing to destination management and this is one way that HTA is attempting to comply with that request.

Mr. Arakawa agreed with all of the opinions expressed so far and noted that the cameras could save the State and counties money if they prevent high-impact crimes. Mr. Arakawa also expressed that the Board needs to know whether it will be HTA's policy to not fund infrastructure requests from other governmental entities such as these cameras, noting that such a policy would impact HTA's ability to fund other similar requests, such as jetskis for county lifeguard programs.

Rep. Onishi stated that the Board needs to be careful when reviewing the proposals from other governmental entities that are supposed to work within their own budgets. As an example, Rep. Onishi provided that DNLR should conduct their own survey of park visitors; if HTA pays for the

survey, there is less of a chance that DNLR ever will do so in the future.

Sen. Wakai stated that, while he appreciates the Board acknowledging that the Legislature wants the HTA market less and manage more, the goal is not to have HTA pay for county infrastructure. Sen. Wakai suggested that HTA should advocate in front of the Legislature to allocate TAT revenue to other departments and the counties to support their infrastructure and budget shortfalls.

Chair Fried responded that he does not think that it matters to the Board where the money comes from, but it needs to be from somewhere.

Sen. Wakai responded to Chair Fried by stating that if HTA takes on this work, HTA will be responsible if someone were to be killed. Sen. Wakai suggested HTA not to take on that responsibility. Rep. Onishi agreed with Sen. Wakai. The State gives HTA funds to do what it is supposed to do and the same for the counties and DNLR.

Mr. Dee asked whether HTA is going to fund the security camera program. Mr. Dee added that because two members of the Legislature just told the Board not to fund the program, he believes it is a poor use of HTA's funds.

Ms. Chan stated that she would like to keep the proposal on the table and suggested that HTA require the counties to match the money. Mr. Sanders stated that he believes that the proposal needs to be clarified and added that he is not ready to approve the funding of this work. Mr. Sanders added that he would support funding a study to identify the counties' long-term need for funding so that the Board can go to the Legislature's next session with a specific and detailed request. Mr. Sanders added that he believes that HTA's role is to provide information and suggest a path forward rather than take on and fund work.

Ms. Chan explained that HTA is already implementing Mr. Sanders' suggestion as part of the State Tourism Strategic Plan's product assessment component. Mr. Arakawa asked how long it would take HTA to complete Mr. Sanders' suggestion. Ms. Chun responded that the State has not conducted a product assessment in 15 years and the survey is long overdue. Mr. Atkins asked if the counties should be doing their own product assessment. Ms. Chun responded that HTA will have to work with the counties on that, but added that that the counties do not generally assess infrastructure from a visitor standpoint, so HTA should be at the center of this.

Ms. Chan added that this State-wide product assessment will take at least two years to complete and so will not be able to dictate which immediate needs to address.

Ms. Goo added that, while HTA agrees that a long-term plan needs to be developed, the State needs to address the short-term needs as well. Ms. Goo asked whether the Board would consider funding the security cameras as a short-term partnership with the counties. Mr. Kam added that the camera request was not a random request, explaining that Honolulu Police Chief Ballard asked HTA to partner with the Honolulu Police Department to help fund the cameras,

similar to HTA's support of county lifeguards. Mr. Kam noted that HTA could just refuse everyone asking for assistance, but added that he does not believe that such action would accomplish the right balance for HTA's role in the State.

Mr. Szigeti agreed with Mr. Kam and noted that there is a sense of urgency with this safety issue, but added that HTA should not pay for everything that is requested of them. Chair Fried suggested that the Board move forward with the camera partnership, but also work with the counties this year with regards to what they need for long-term planning so that the Board can advocate for them at the 2019 Legislative Session.

Mr. Atkins then asked whether the Board has another budget line item for Waikiki security cameras. Ms. Goo confirmed such.

Mr. Dee stated that he wanted to return to his original point that HTA's funding of county lifeguards is different than funding physical infrastructure like security cameras. Mr. Kam disagreed, stating that the lifeguard funding pays for lifeguard stands and jet skis as well as salaries.

Rep. Hashem stated that the first question that will come up at the Legislature is "why did you fund that?" Rep. Hashem explained that the Board has no basis for choosing the programs they are choosing to fund. Without a plan backed by research, the Board is opening itself to criticism from the Legislature for funding these programs. Rep. Hashem concluded that the Board needs to be able to explain to Legislature that "we have a certain number of visitors in this location and specific events are happening in that location so we need to fund this program to address this documented issue."

Rep. Onishi stated that in the 2018 Legislative Session, a bill was introduced to provide \$2 million in matching funds to government entities to address tourism impacts across the state; the Legislature did not advance this bill. Rep. Onishi continued that now the Board is using HTA's funding to accomplish what was attempted through the legislative process. Rep. Onishi concluded that the Board needs to be careful in setting their own mandate and suggested that HTA approach the Legislature to request a legislative mandate to address these issues.

Mr. Atkins added that the Legislature will then come back to the Board and criticize them for spending too much money on tourism marketing, which is the Board's "Catch 22."

Chair Fried stated that the Board's current predicament is that if HTA rejects this funding request for security cameras, the program will not be implemented. Rep. Onishi noted that he understood the Board's predicament today, but added that HTA needs to plan to come back to the Legislature with an actual plan to move forward.

Mr. Atkins suggested a compromise, making this a pilot program with matching funds. Mr. Arakawa indicated that this suggestion is the same as that which Ms. Chan proposed earlier in the meeting.



Ms. Chan added that the City and County of Honolulu conducted a study to locate the tourist areas where security is lacking. This study is the basis that the Board is using for this proposal, although Ms. Chan conceded that this proposal is more *ad hoc* than is ideal.

Mr. Togashi noted that HTA does not know whether the counties have room for matching funds in their budgets this year. Chair Fried noted that the current proposal would give the counties a year to find room in their budgets. Mr. Togashi agreed and recommended that the Board, in order to ensure that this program is successful, make their funding contingent on the counties adding this program to their budgets to continue next year. Mr. Togashi added that it will be important to assess the appropriate level of matching funding for each program. Mr. Sanders noted that the Board's funding would need to be consistent between all the counties. Ms. Chan agreed.

Mr. Rafter then asked if the Board is going to agree that if a county refuses to fund a continued maintenance program or to match funding, the Board will not fund the county's security camera program at all. Ms. Chan confirmed so.

**The meeting was recessed at 1:38 p.m.**

**The Board was reconvened at 1:49 p.m.**

Chair Fried acknowledged Caroline Anderson, who presented highlights of the Responsible Tourism Program with a proposed budget of \$1.1 million. Ms. Anderson reported that, based off the Resident Sentiment Survey, residents want HTA to address visitor sensitivity to cultural and environmental issues. Ms. Anderson explained that this program is a marketing and informational campaign and is devoted to promoting responsible and sustainable travel across the State, working in conjunction with HTJ and HT USA, to educate potential visitors on how to travel around Hawai'i sustainably and respectfully. The program's budget is \$1.1 million, of which \$750k is allocated to content development.

Mr. Atkins stated that he understood that the Board was going to stop authorizing programs until HTA hired new staff to run new programs, adding that this program will take a lot of time to develop. Mr. Atkins added his belief that these programs are necessary, but is concerned that there is not enough manpower to implement them right now.

Ms. Anderson acknowledged that HTA staff has a lot on their plate and these programs will require a lot of work, but added that they have been working with HTJ and HT USA for content development and those marketing teams have already committed to working on this project.

Ms. Kimura asked whether this program will replace the money currently allocated for the illegal vacation rental program. Mr. Togashi confirmed so, but noted that the illegal vacation rental program did not get off the ground because the counties were not ready to proceed. Mr. Togashi added that this program will help HTA get a similar message across to prospective visitors.

Mr. Kam asked for a breakdown of the budget request. Ms. Anderson reported that \$750k of the budget item is for content, messaging, and video development for the global markets; \$150k is set aside for content and messaging development for inflight and post-arrival messaging; and \$200k is set aside for airline distribution.

Mr. Kam indicated that this seemed like a high amount for content development, but added that the Board is on board with getting the information out to visitors. Ms. Anderson noted that the global marketing teams will help with distribution.

Mr. Atkins expressed his concern that these programs are still conceptual.

Ms. Menor-McNamara asked whether it this will be an ongoing campaign. Ms. Anderson confirmed that it will be ongoing.

Mr. Kam asked if HTJ and HT USA were going to spend additional money on this program. Ms. Anderson confirmed so, but noted that they do not have their plans confirmed yet.

Mr. Dee stated that these were all great ideas but agreed with Mr. Atkin's opinion in that HTA may be taking on too much work without the necessary staff support. Mr. Dee then asked how many more quality visitors HTA will attract by funding these programs. Mr. Rafter stated that he did not have the data, but his understanding is that Hawai'i is in a weak position for visitors aged 18-35. Mr. Rafter added that they have been discussing a lot about destination management versus destination marketing and explained that, if executed correctly, this program achieves both.

Mr. Atkins asked if HTA would own the content. Ms. Anderson confirmed so.

Chair Fried acknowledged Jadie Goo, who presented highlights of the Waikiki Security Program budget request of \$800k. Ms. Goo stated that this request covers two separate projects with the same purpose. The first project is to increase the number of security cameras in Waikiki; there are only 10 existing cameras in the Waikiki area. Ms. Goo explained the City will be adding six new cameras and replacing three older ones. Ms. Goo stated that HTA is looking at funding the remainder as part of this partnership to a total of 20 new cameras for a total cost to HTA of \$500k.

Ms. Goo then presented the second project in this request, which is to assist with funding of the Waikiki Ambassadors Program. There are currently 10-15 ambassadors who work from 10 a.m. to 11 p.m. every day of the year in Waikiki. Ms. Goo stated that HTA has been requested to provide \$300k to add 4-5 ambassadors in order to strengthen the program.

Mr. Kam stated that he does not believe the Waikiki Ambassador Program is in HTA's jurisdiction.

Mr. Atkins agreed that, based on the guidance the Board received today from the Legislators in attendance, the Board cannot fund personnel in Waikiki even though the additional Ambassadors are necessary. Mr. Atkins added that, as for the request for additional cameras, the Board cannot provide more funds than the City will match; if the City needs \$500k, they will need to contribute \$250k to match HTA's \$250k.

Mr. Kam asked for the cost breakdown of the security camera request. Ms. Goo reported that the 20 cameras will cost \$160k; network costs total \$100k; the new controller system is \$40k; materials and installation account for \$150k; and monitoring fees make up the remaining \$50k.

Mr. Togashi noted that HTA can approach the City with a revised offer dropping the ambassador program. Mr. Kam then suggested the Board offer \$300k for the cameras, suggested the City to contribute a meaningful amount, using \$200k as an example, and drop the ambassador program. Ms. Goo confirmed she will do so.

Mr. Togashi then presented the changes between HTA's original May 2018 draft Budget and the June 2018 draft Budget, as a continued discussion from the June meeting. Mr. Togashi reported that some of the items have strikeouts in red, which reflect changes since the June 2018 draft. The illegal vacation rentals program has been cut and a related increase in the responsible tourism program budget was made. The Waikiki Safety Program will decrease from \$800k to \$300k based on today's discussions.

Mr. Togashi then reported the comprehensive changes: line item 15, Community Outreach General Public Relations fund, was decreased by \$45k; line item 25 is for new in house programs; line item 60, Visitors Assistance Program, increased by \$80k; line item 62, Waikiki Safety Program will now be decreased from \$800k to \$300k; line item 66, USA MMA has been restored to \$22,480,000; line item 69, Japan MMA has also been restored to original funding level; line item 74, China MMA has been combined with Hong Kong MMA, which has resulted in a \$300k decrease to the combined budgets; line item 79, Europe MMA, has been increased by \$50k; line item 90, Access Funds, increased slightly by \$23k; line item 94, gohawaii.com, decreased by \$500k due to the timing of the contract date; line item 99, Infrastructure Research, increased by \$300k primarily for vacation rental research; line items 103 and 104 , Governance-General and General and Administrative, have increased by nominal amounts; line item 115, HawaiiTourismAuthority.org, which is Phase 2 of HTA's redevelopment of its business site, increased by \$25k.

Mr. Kam asked if the lifeguards' funds can be retained until the Board can get partnerships formalized with the counties. Mr. Arakawa asked for clarification from Mr. Kam if his proposal will require the Board to delay funding to the counties other than Kaua'i while those counties formalize partnership and matching details. Mr. Kam confirmed so.

Mr. Togashi then requested the Board's perspective on the HTA's current sports consultant contract. The budget for the sports consultant contract is currently \$300k, but HTA has received a request to increase the budget to \$350k on the basis that HTA's sports contractor spends a lot

of time flying to Hawai'i to brief the Board at monthly meetings.

Mr. Kam stated that the Board can cut the consultant's travel costs in order to keep costs down. Mr. Dee suggested that the sports contractor be provided a 10% raise. Chair Fried agreed with Mr. Dee. Mr. Togashi then asked whether the Board will keep the budget at \$300k. Mr. Dee explained that the Board would reduce the contract's travel stipend and give the sports contractor a 10% bump to the base salary under the contract.

Ms. Chan stated HTA needs more information before approving an increase in base salary as the Board does not increase other contractors' base salaries year-over-year. Mr. Dee responded that Ms. Chan's recommendation would have been welcome before bringing the sports contractor's proposal to the Board.

Mr. Kinkley stated that this was an RFP, so the Board may not be able to increase the base. Mr. Atkins asked when the contract ends, whether this request is for a new contract, and whether a new RFP is required.

Mr. Atkins then asked if line items 99 and 102 were duplicative. Ms. Chun responded that these line items fund two separate plans, a State Tourism Strategic Plan and an HTA-specific Strategic Plan.

Chair Fried requested a motion to enter Executive Session to discuss proprietary information related to sports proposals. Mr. Arakawa so moved. Mr. Sanders seconded the motion, which was approved unanimously by Board members present.

**The Board entered an Executive Session at 2:47 p.m.**

**Executive Session ended at 3:19 p.m.**

Mr. Togashi requested a motion from the Board to incorporate the \$500k decrease in Waikiki Safety Program budget and the \$50k reduction in sports marketing contractor proposed budget increase and to approve the final budget of \$84,209,108.00.

Chair Fried requested a motion. Mr. Kam made such motion. Mr. Atkins seconded the motion and thanked HTA staff for all of their hard work on the budget. Mr. Kam thanked all of the Board members for their participation and input. The motion was approved unanimously by all the Board members present.

## **18. Adjournment**


Chair Fried announced that it was decided in the executive session that the Board will continue discussions with its partners regarding the L.A. Rams' proposal for a 2019 pre-season game. Discussion of this proposal will continue at the next Board meeting.

Chair Fried requested a motion to adjourn the meeting. Mr. Kam so moved. Mr. Sanders

seconded the motion, which was unanimously approved by all the Board members present.

The meeting was adjourned at 3:34 p.m.

Respectfully submitted:

A handwritten signature in black ink, consisting of a stylized initial 'J' followed by a long, sweeping horizontal line that extends to the right.

Jacob L. Garner  
Recorder