



LATE TESTIMONY

LINDA LINGLE
Governor

LLOYD I. UNEBASAMI
Interim President and
Chief Executive Officer

Hawai'i Tourism Authority

Hawai'i Convention Center, 1801 Kalākaua Avenue, Honolulu, Hawai'i 96815
Website: www.hawaiitourismauthority.org

Telephone: (808) 973-2255
Fax: (808) 973-2253

Testimony of
Lloyd I. Unebasami
Interim President and Chief Executive Officer
Hawai'i Tourism Authority

on
S.B. 1167, S.D. 2
Relating to the Hawai'i Tourism Authority

House Committee on Economic Revitalization, Business, & Military Affairs
House Committee on Tourism, Culture, & International Affairs
Thursday, March 19, 2009
10:30 a.m.
Conference Room 312

The Hawai'i Tourism Authority (HTA) strongly supports the provisions of S.B. 1167, S.D. 2, which propose housekeeping amendments to the Hawai'i Tourism Authority law, but opposes the provisions of S.B. 1167, S.D. 2, which subjects the contractor operating the Hawai'i Convention Center to the Procurement Code. Among the housekeeping amendments being proposed are:

President and Chief Executive Officer References

The current law refers to the chief executive of the Hawai'i Tourism Authority (HTA) as the "executive director". The HTA was advised a number of years ago that the title of "President and Chief Executive Officer" should be used instead, particularly in dealings with Asian and foreign businesses and executives, where the title of "President and Chief Executive Officer" is more respected than Executive Director. The proposed bill changes the statutory references to chief executive of the HTA from "executive director" to "president and chief executive officer". Further, because the HTA Board is a policy-making board rather than an administrative board, the policies for the administration of the Authority should be carried out by the president and chief executive officer and the staff of the authority. The proposed bill amends section 201B-3 to provide that contracts and engaging of the services of consultants and contractors are to be executed by the president and chief executive officer.

Consolidation of Authority for Appointment of Officers and Employees

Section 201B-2, titled "Hawaii tourism authority; establishment; board; staff" includes in subsection (f), two paragraphs relating to the hiring of a sports coordinator and the employment of persons not subject to chapters 76 and 78 to perform and execute the functions of the authority. Section 201B-3, which describes the powers and duties of the HTA includes in paragraph (7) the authority for "*...the appointment of officers, agents, and employees,*

...prescribing their duties and responsibilities, and fixing their salaries, without regard to chapters 76 and 78, if there is no anticipated revenue shortfall ...and funds have been appropriated by the legislature". The bill provides for the consolidation of the employment provisions of the HTA law in paragraph (7) of section 201B-3.

Reporting of Contracts and Agreements

Section 201B-7 requires the HTA to provide notice to the Speaker of the House of Representative and the President of the Senate of any contract or agreement valued at \$25,000 and over on the same day that notice is given to the Governor. The bill proposes to amend the law to provide that the HTA shall periodically submit a report of the contracts and agreements entered into by the Authority. The HTA currently submits, through its Executive Director's report to the Governor, Speaker of the House of Representatives, and the President of the Senate, notice of *all* contracts and agreements entered into by the HTA. The bill proposes an amendment to conform to this practice.

Relating to the Hawai'i Convention Center Contractor and the Procurement Code

HTA opposes SECTIONs 1 and 2 of S.B. 1167, S.D. 2, which subject the contractor operating the Hawai'i Convention Center to the Procurement Code. The operations of the Convention Center require the contractor to expedite many of the contracts and purchases that are required to carry out the activities and events at the Center in a timely manner. The process and procedures for source selection and contract formation in part III of the Code would be cumbersome for the operator of the Convention Center and therefore not add to or improve the efficiency or effectiveness of the Center's operations.

Relating to sunset provisions

Finally, S.B. 1167, S.D. 2 proposes to repeal sections 3, 4, 5, 6, and 7 of Part I of Act 58, on June 30, 2010, which will sunset the provisions of the HTA law relating to the following:

- HTA's exemption from the supervision of accounts facilitates the HTA's deposit of special funds in interest-bearing accounts and its ability to make payments from those accounts;
- The increase in the amount of the Tourism Special Fund that can be used by the HTA for administrative expenses from 3.5 percent to 5 percent.
- The provision that the interest and revenues derived by the HTA from any project be deposited into the Tourism Special Fund.
- The HTA's authority to retain attorneys independent of the Attorney General for contract negotiations where the AG lacks sufficient expertise, and to appoint a sports coordinator.

These provisions have allowed HTA to execute its financial transactions more effectively, to execute its contracts on a timely basis, improve its operational efficiency and overall, be more responsive to its stakeholders.

Thank you for the opportunity to offer these comments.

HB 1167 SD2

LATE TESTIMONY

HOUSE OF REPRESENTATIVES
25th LEGISLATURE
REGULAR SESSION of 2009

COMMITTEE ON TOURISM, CULTURE & INTERNATIONAL AFFAIRS
Representative Joey Manahan, Chair

3/19/09
10:30 AM

SB 1167, SD 2
Relating to Hawaii Tourism Authority

Chair Manahan and members of this Committee, my name is Max Sword, here on behalf of Outrigger Hotels, to support the intent of the bill.

Outrigger Hotels Hawaii supports the sections of the bill that renames and clarifies the duties of the executive director of HTA and removes the sunset on certain provisions of the statutes that pertain to HTA.

The section which we do not support is the portion of the bill that would require the operator of the convention center to be subject to the Hawaii procurement code.

Mahalo for allowing me to testify.