

er" operated from the front desk. There were no private executive offices.

However, a day in 1963 brought Roy Kelley his biggest opportunity—almost by chance. Luck? Perhaps.

The opportunity involved the expiring lease on the beachfront site of the Outrigger Canoe Club. It was a plum of a property wedged between the Royal Hawaiian and the Moana hotels and stretching from the best of Waikiki Beach to Kalakaua Avenue.

The Outrigger Canoe Club had agreed to move out of Waikiki proper to a new clubhouse site on the toe of Diamond Head, across from Kapiolani Park next to the new Elks Club.

The canoe club's Waikiki site was owned by the Queen Emma Foundation, but the master lease was held by the Waikiki Development Corporation, a Texas-based company owned by Clint Murchinson and Paul Trousdale. They wanted to sublease the land.

Sheraton Hotels, who had bought the Matson Hotels in 1959, so desperately wanted the property for a new hotel that the corporation president came out from Boston to head the Sheraton negotiation team personally.

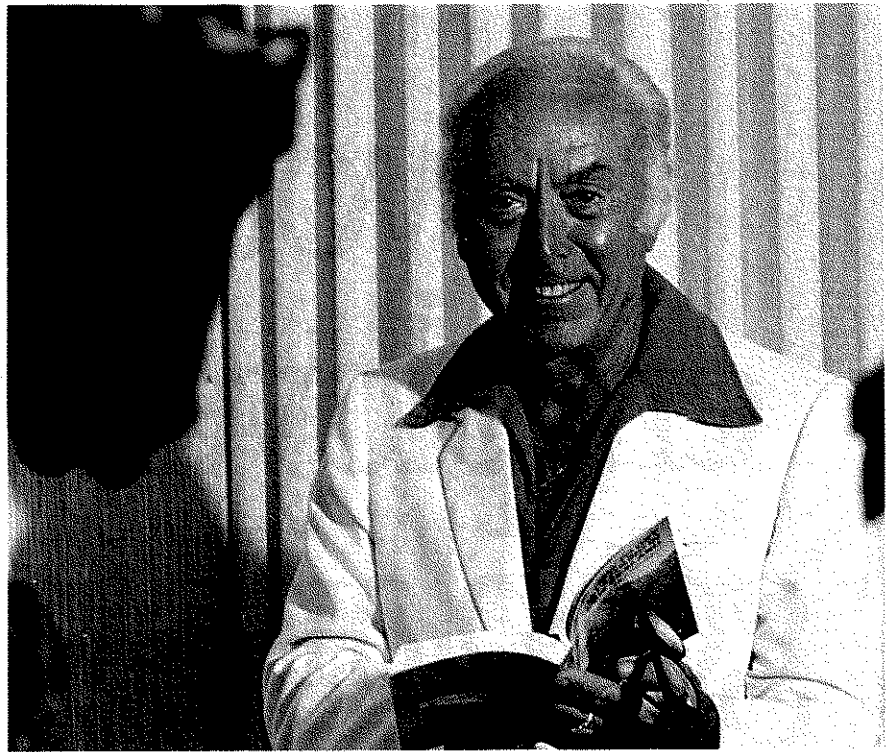
Local officers of the Waikiki Development Corporation, Ron Deisseroth and H.W.B. (Hod) White, headed the seller's negotiating team.

After lengthy sessions, it seemed that a lease agreement had been reached. So confident was Richard Holtzman, then vice president and general manager of Sheraton Hawaii Hotels, that he publicly confided to his peers at an industry luncheon in the Monarch Room of the Royal Hawaiian Hotel that the deal was done, and that a formal announcement of the lease signing and plans for a new Sheraton Outrigger Hotel would be made the next day.

Loud applause.

There had been no secret about the ongoing negotiations. Nor did the negotiations prevent Roy Kelley from mentioning to Ron Deisseroth at a Rotary Club meeting that if any hitch developed in his Sheraton proceedings, he was certainly interested in the lease.

The next day when the Sheraton officials met with the Texas company's lease negotiators to review the final papers, the Sheraton team claimed there was a new clause in the agreement that called for an automatic annual rent increase of \$20,000 after



MCDERMOTT: PENNED THE BIOGRAPHY BASED ON NINE MONTHS OF INTERVIEWS.

a ten-year period.

"Not so," replied the leaseholders. "It's been there all the time."

"Not so," said the Sheraton negotiators. "It is new, and we are not going to sign it."

"We are not taking it out," said the leaseholders.

"We are not going to sign," held out Sheraton. (It was rumored in the industry later that the Sheraton president prided himself on his keenness. Perhaps, whispered the trade with a certain amount of snickering, he had been "too keen.")

Ron Deisseroth left the room and called Roy Kelley.

"Are you still interested in the Outrigger property?" he asked.

"I certainly am. How much?"

"The lease is \$250,000 a year with an automatic increase of \$20,000 in ten years."

"I'll take it," said Roy Kelley.

Ron Deisseroth, according to the local wags, returned to the meeting and said, "Gentlemen, the property is no longer available."

Obtaining the Outrigger Canoe Club site triggered gigantic new impetus within the Kelley hotel organization. It was said that if the Outrigger

deal had not happened, Dr. Richard Kelley would never have stepped into the management team and the Kelley hotels would have been sold eventually, and Roy and Estelle Kelley would have retired.

Instead, a fiefdom became an empire.

Bob MacGregor was to become an important player in the new direction taken by the Kelley hotels. He is a veteran of Hawaii's travel wars and a passionate polo player who seems to walk with pain from too many uncontrolled landings on polo fields. His bowed legs make him look like he was once six feet tall but was pushed down to five feet five, his legs splayed under the pressure. The glens of Scotland are written over his craggy face.

Bob MacGregor: "At the time of the acquisition of the Outrigger property, I had been working next to Roy Kelley one way or another for over ten years.

"He had gotten to trust me and because his son, Richard, was dedicated to doctoring, he turned to me as a possible successor. One day he called me in and said, 'I'm going to come over and pick you up and we are going to go see Ron Deisseroth and sign a lease on the Outrigger Canoe