

NEIL ABERCROMBIE
Governor

MIKE MCCARTNEY
President and
Chief Executive Officer

Hawai'i Tourism Authority

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SPECIAL BOARD MEETING HAWAI'I TOURISM AUTHORITY

March 23, 2011

Hawai'i Convention Center, Executive Board Room A
1801 Kalākaua Avenue, Honolulu, Hawaii Tourism Authority

MINUTES OF SPECIAL BOARD MEETING

- MEMBERS PRESENT:** Ron Williams (Chair), Douglas Chang, Vernon Char, Patricia Ewing, Kyoko Kimura, Michael Kobayashi, Cha Thompson, Leon Yoshida
- MEMBERS NOT PRESENT:** Kelvin Bloom, Patrick Fitzgerald, Kawaikapuokalani Hewitt, Sharon Weiner
- HTA STAFF PRESENT:** Mike McCartney, Momi Akimseu, Caroline Anderson, Lynn Bautista, Minh-Chau Chun, Cy Feng, Jadie Goo, Robbie Kane, Grace Lee, Daniel Naho'opi'i, Winfred Pong, Roann Rakta, Michael Story, David Uchiyama, Keli'i Wilson
- LEGAL COUNSEL:** Deputy Attorney General Gregg Kinkley

1. Call to Order and Pule

Presiding Officer Ron Williams called the meeting to order at 9:34 a.m.

Daniel Naho'opi'i offered an Oli in Hawaiian.

2. Approval of Minutes (February 25, 2011)

Mr. Chang referenced the second paragraph under item number 3 (Report of the Chief Executive Officer Relating to the Implementation of the State Tourism Strategic Plan Initiatives) on page 4 of the minutes of the board meeting held on February 25, 2011. He clarified his belief that the discussion described in that paragraph was not meant to infer that the HTA was going to change a strategic direction to make Hawaiian Culture a component of who we are because that has always been a strategic component of who we are and that discussion was on the celebration of one of the accomplishments towards that.

Mr. McCartney agreed with Mr. Chang and noted that it is not another initiative, but rather, the implementation of an existing strategic direction. Ms. Thompson added that it was also about reinforcement of that strategic direction.

The full sentence should now read, "Mr. McCartney went on to share that another strategic implementation in the HTA's plan was to reinforce Hawaiian Culture as an important component of who we are."

Mr. Chang also noted a misspelling to his name at the beginning of the fourth paragraph in item no. 4.

The motion to approve the meeting minutes of February 25, 2011, as revised pursuant to the board's discussion, was unanimously adopted by consensus.

Mr. Char queried whether the motion to approve the meeting minutes was inclusive of the Executive Session meeting minutes as well.

Mr. Kinkley replied that those minutes would have to be reviewed and approved in an Executive Session.

3. Discussion and/or Action Regarding the Earthquake and Tsunami in Japan

Mr. Uchiyama provided a PowerPoint Presentation to the board on the 2011 HTA Recovery Strategy. He began by saying that he was going to recap what was happening in the market and how it is affecting the State. He said that one of the things we want to accomplish is stabilizing all markets and at a minimum, maintaining market share because it has not only affected Japan, but other markets throughout Asia and North America. He stated the need to look at how we are going to offset the expenditure shortfall we are going to encounter from the Japanese market, as well as trying to achieve our original goal of \$12.07 billion for 2011. He shared that we have begun to look at where we can source those additional funds to offset the shortfall in some of our secondary cities in North America, as well as in some of our developing markets. He added that we are also trying to assess the appropriate timing to restimulate the Japanese market.

Mr. Uchiyama reported that all of HTA's international contractors have been receiving third party information from the Nuclear Regulatory Commission (NRC) regarding the status on travel to Hawai'i, which is more substantial than simple claims that "everything is fine."

Mr. Uchiyama shared another effort to aid the Japan recovery effort is the "Aloha for Japan" campaign, which was initiated by the Lieutenant Governor's office. This project has alliances with the Hawaii Banking Association, where people can make donations with all of the bank branches Statewide, entrepreneurs with t-shirt companies who have come together under the name "Group Home" and created the "Aloha for Japan" design, and brochure support and social media efforts. The

proceeds of the campaign will be going to the Red Cross in an effort to give back to Japan. He stated that everyone recognizes the importance of Japan and how Japan supports Hawai'i's community in so many different ways and to that end, people have stepped up to the plate to support all the various efforts Statewide.

Mr. Williams commented that what is happening in Japan is affecting all markets and we have to ensure that we adjust accordingly.

Ms. Thompson made a motion to go into Executive Session for the purpose of discussing specific actions related to protecting Hawai'i's competitive advantage in response to the Japan market shortfall.

Mr. Kinkley stated that initially, he was wary about taking the current discussion into Executive Session for two (2) reasons: 1) whether it was anticipated; and 2) whether the scope of it was something that would fall within HRS Section 201B (4) (a) (2). He stated that Mr. Williams shared with him the substance of the discussion and it is his legal opinion that as long as the conversation in Executive Session is kept to those bounds, it would be consistent with the statutory purpose for going into Executive Session.

Mr. Williams stated that the discussion in Executive Session is not limited to only Japan. It is also about all markets because all markets are affected and there are some factors that would affect our competitive advantage.

The motion to go into Executive Session was unanimously approved without objection.

The meeting was recessed to go into Executive Session at 10:05 a.m.

The meeting was reconvened at 10:47 a.m.

It was reported that the board met in Executive Session and discussed matters related to the steps the HTA is taking to stabilize the markets, offset Japan's market expenditures from the shortfall that we are anticipating, while continuing to focus on achieving the target we set for \$12.07 billion for 2011.

Mr. Chang made a motion to expend an amount not to exceed \$1,869,000.00 from the Opportunity Fund to implement the 2011 HTA Recovery Strategy by staff upon prior approval by the Board Chair and the President and CEO, provided that a comprehensive report and analysis of expenditures and performance results shall be reported to the board within thirty (30) days after completion of the HTA Recovery Strategy.

Ms. Thompson clarified that the motion was specific to the expenditure from the Opportunity Fund.

Ms. Thompson seconded the motion, which was unanimously approved without objection.

Mr. Chang made a motion to utilize the Tourism Special Fund unencumbered reserves to increase HTA's Fiscal Year 2011 budget from \$81,526,000.00 to \$82,712,000.00 and allocating an amount not to exceed \$1,186,000.00 for expenditures to implement the 2011 HTA Recovery Strategy by staff upon prior approval by the Board Chair and the President and CEO, provided that a comprehensive report and analysis of expenditures and performance results shall be reported to the board within thirty (30) days after completion of the HTA Recovery Strategy. Ms. Thompson seconded the motion.

Mr. Char stated that while he does not oppose the motion, he will probably abstain from voting and have his non-vote recognized as an abstention.

Mr. Kinkley stated that seven (7) affirmative votes are required to pass a motion. He informed the board that as a matter of law, the motion will not pass if there are only six (6) affirmative votes.

Mr. Char responded that his vote in abstention was to note his concern about the implication for next year's budget and on other programs from March through the end of this fiscal year. Noting that, he stated that he would not abstain from voting, but would like it noted for the record.

The motion was unanimously approved without any objection.

The meeting was recessed at 10:51 a.m.

The meeting was reconvened at 10:57 a.m.

Mr. Uchiyama presented the various strategies that will be implemented in North America, Oceania, China, and Korea to offset the shortfall from Japan. Efforts in North America include maintaining demand to support air lift and further saturation into secondary markets such as Dallas, Denver, and Phoenix. Staff is working to further develop Oceania's peak season from September through November, maintain the current seven (7)-day service out of Sydney by Hawaiian Airlines, and develop service out of Sydney with Jetstar. Efforts in China include a public relations strategy to settle market concerns about Hawai'i; gaining seat inventory connecting through Korea; and working on charter possibilities for summer flights. A similar public relations campaign to settle market concerns will be implemented in Korea and staff is working to gain a third flight from Korean Air that will be supported through traffic from China and continuing to maximize short-term MICE business opportunities.

Ms. Kimura requested that the public relations efforts for China include information regarding the safety of Japan, especially because some airlines are depending on the China market with flights out of Narita to keep up the load factor of the airlines from Narita. There appears to be misinformation within the China market.

Mr. Uchiyama responded that one of the keys regarding the Chinese and Korean markets is to educate the audience there on the safety of Hawai'i and Japan as a whole, which is part of our public relations efforts. He shared that we have been able to pull clips from different interviews, from the President all the way down to the NRC, reiterating that Hawai'i is safe from any nuclear cloud.

4. Discussion and/or Action to Adopt the Recommendations of the Strategic Planning Standing Committee Relating to the HTA Strategic Plan Targets, Objectives, and Directives for 2011, 2012 and 2013

Ms. Kimura reported that a thorough discussion took place at the last Strategic Planning Standing Committee meeting conducted on March 9, 2011 regarding the revision of the HTA's targets, goals, objectives, and strategic plan for the next three (3) years.

Ms. Kimura queried whether it was the board's desire for the Strategic Planning Standing Committee to convene to revise the current proposed targets, or to keep them and use those targets as a framework?

Mr. Williams responded that he would like to keep the current targets as a framework and that any necessary changes would be made pursuant to assessments on any relevant information we may receive. He asked Mr. Uchiyama if he concurred with that idea. Mr. Uchiyama expressed agreement, but went on to caution that while we have based everything on trying to achieve those targets, the board needs to understand that the current environment is very volatile.

Ms. Kimura confirmed then, with that consensus, that the proposed revised targets for 2011, 2012, and 2013 remain unchanged.

Ms. Kimura made a motion to approve the revised Strategic Plan for HTA for the years 2011, 2012, and 2013. Ms. Ewing seconded the motion.

Mr. Char stated his understanding that the Community Branding segment of the Strategic Plan has not been completed. He asked if it was the intent to pass the Strategic Plan without that segment. Ms. Kimura replied that the Community Branding segment will be worked on, but that the approval of the Strategic Plan for 2011-2013 was required at this point for inclusion in the RFP.

Mr. Chang clarified his understanding that the motion was to approve the HTA Strategic Plan 2011-2013 as presented, because the Strategic Plan is not complete without the Community Branding segment, which will be discussed by the Strategic Planning Standing Committee and then presented to the board again for the final adoption of the completed Strategic Plan. Ms. Kimura responded in the affirmative.

Mr. Char asked if there could be recognition of an affirmative vote with reservations.

Mr. Kinkley replied that he does not believe there is any express availability of a reservation in the statute or the by-laws of the HTA, so if Mr. Char were to vote affirmatively, with reservations, it will be noted in the record and it will be an affirmative vote.

The motion was unanimously approved and that Mr. Char voted affirmatively with reservations.

5. Discussion and/or Action Regarding the Adoption of Policies and Procedures for the Development of the HTA FY 12 Budget

Ms. Kimura made a motion for the Strategic Planning Standing Committee to develop policies and procedures for the development of the HTA FY 2012 budget. Ms. Thompson seconded the motion.

Mr. Char asked how long it would take for the Strategic Planning Standing Committee to complete the Community Branding and Product segments of the Strategic Plan and the review of the budget for all segments for review by the Budget and Audit Standing Committee and the full board. He stated his recollection of a desire expressed at the last meeting that the overall budget should be looked at by the full board, rather than just the four (4) members of the Strategic Planning Standing Committee, especially in light of some components that have arisen this year.

Ms. Kimura suggested that in terms of logistics, the matter could be addressed by convening both a board and Strategic Planning Standing Committee meeting. She stated that there was a prior desire expressed by the committee and the board regarding the conduct of presentations from the staff on each program area and perhaps some contractors, if necessary. It was recognized that full participation from all the board members at a full board meeting may present some difficulty, so the Strategic Planning Standing Committee was tasked to handle this.

Mr. Kinkley stated that just as a general matter, many of the quorum questions arising from scheduling either a committee or board meeting can be addressed if the agenda is filed timely and notes either a committee or board action. He cautioned that care should be taken to remember that a board can always usurp whatever a committee does because a committee is simply a device to take some of the burden and quorum seeking off of the board. The board is always empowered to make a decision. So, if there was an intent to have people charged with a specific purpose to vet ideas and then bring it to a board, that would be frustrated if more than six (6) board members are in attendance and would then trigger a board meeting. The problem would be weaving in and out of different meetings with different quorum requirements. The further problem is that there could have enough people for the committee, but not the right committee members and then there would not be a quorum for the committee. You need to know who is going to be there and plan accordingly.

Mr. Williams stated that he would like the Strategic Planning Standing Committee to proceed as originally planned and develop the processes for use in the construct of the FY 2012 budget. On a short-term basis, it would be for the FY 2012 budget.

A discussion ensued regarding dates for the conduct of meetings of both the Strategic Planning and Budget and Audit Standing Committees and the full board related to the review and approval of the policies and procedures for the FY 2012 budget and the actual budget document. Mr. Williams requested that the Strategic Planning Standing Committee submit materials for review at the board meeting scheduled for April and at that time, decisions will be made regarding appropriate timelines as they relate to the FY 2012 budget.

Mr. Chang referenced the previous motion regarding the additional work that still needs to be done for the Community Branding section of the Strategic Plan 2011-2013 and stated that it would need to be completed prior to the development of policies and procedures for the FY 2012 budget. He stated further that the board will not have adopted a strategic plan before budget policies and procedures were developed against a strategic plan. He wondered from a workflow perspective what the processes will be if the Strategic Planning Standing Committee is tasked with developing the Community Branding section and budget policies and procedures before a board meeting that both need board approval and yet, there is no board meeting scheduled between the time that those two (2) items will simultaneously be required.

Ms. Kimura clarified that the committee would need to complete the Community Branding section of the Strategic Plan and the policies for the budget would need to be completed by the scheduled board meeting date of April 28th.

Mr. Chang added that if the board has modifications to the Strategic Plan at the next board meeting, that could impact the budget policies and procedures.

Ms. Kimura inquired about the possibility of presenting both at the same board meeting. Community Branding would be presented first and if there are any modifications, then it could be addressed in the discussion on the policies and procedures.

The motion was unanimously approved without objections.

7. Presentation of the Findings and Recommendations of the Tourism Marketing Contractor Specifications Investigative Committee Regarding the Issuance of a RFP for External Tourism Marketing Management Services
(This Agenda item was discussed out of order)

Ms. Thompson made a motion to discuss the Findings and Recommendations of the Tourism Marketing Contractor Specifications Investigative Committee regarding the

issuance of a RFP for External Tourism Marketing Management Services. The motion was seconded by Ms. Ewing and unanimously approved.

The meeting was recessed to go into Executive Session at 11:33 a.m.
The meeting was reconvened at 12:53 p.m.

It was reported that the Findings and Recommendations of the Investigative Committee were discussed.

6. Discussion and/or Action Regarding Proposed Amendments to the HTA Bylaws
(This Agenda item was discussed out of order)

Mr. Williams initiated a discussion regarding the need for committees and what purpose they serve. He offered that the procedure with which he is familiar is one where policies and procedures set in principles are set up by a strategic committee and those principles are what staff would use in the budgeting process, which is then vetted by a budget committee, and ultimately sent to the board for approval. The basis of all of that is a strategic plan, and that plan is set up by a strategic committee.

Ms. Ewing responded that the purpose for committees are not clear in the by-laws. The section that addresses the role of the Budget and Audit Standing Committee says that it is supposed to ensure the financial integrity of the HTA and be responsible for internal audits. She stated that it is not her belief that the Budget and Audit Standing Committee has ever done that. She commented that the committee has always somehow been involved in the various budget line items and she feels that has been one of the major inconsistencies. She believes that the committee should be called "Finance and Audit" because budgeting should be done at the program level.

Mr. Williams concurred and shared his belief that the budget should come from the staff, but the policies for that budget should be set by the Strategic Plan. He said that his interpretation of "Finance and Audit" is ensuring that we are spending money in all the right places and making sure that our processes and procedures are being followed.

Mr. Chang addressed Mr. Williams' initial question on the need for committees. He stated that the current structure is the same as it was over ten (10) years ago. He questioned the overall structure and whether it is the most efficient, effective structure from which to disseminate information. Mr. Chang stated he feels that a lot of time is wasted floating between board and committee meetings and that it is not a good way to do business. He said that he is leaning toward suspending or eliminating the committees, at least for where we are right now. He acknowledged that the committee structure may work for future boards, but not given the way we do business now.

Ms. Ewing expressed agreement with Mr. Chang, but said that we also need to be aware that there is a process. She said that the Strategic Plan needs to be in place first and from that could commence the process of "drilling down the specifics." Ms. Ewing suggested that a need does not exist to listen to every presentation from everyone who

needs funding. She stated that is the staff's role and the board is supposed to be setting policy.

Discussion ensued regarding setting priorities, especially in light of limited resources. Mr. Chang emphasized that the Strategic Plan for 2011-2013 should be our priority. He stated the we must set priorities and that "the board and the staff need to come together to finish this document." He continued on to say that a collaborative effort between the board members and staff should be made to prioritize within the document subsequent to its completion and from that flows budgets and everything else that results from a group consensus regarding priorities.

Mr. Williams concurred and added that there is also the Community Branding component that needs to be established in the Strategic Plan to ensure that we are fulfilling what we believe HTA should be doing based on HTA's mandate. He said that a solid plan is needed to allow for progress in building the organization and so that everyone is aware of their place as it continues to move forward.

There was a discussion regarding work responsibilities, the timelines for completion, as well as possible future meeting dates. Mr. McCartney expressed concern about the tight timeline for the completion of all tasks and asked the board's guidance with regard to the structuring of priorities.

Ms. Ewing stated that the recovery plan for Japan was the priority; Mr. Williams concurred.

Mr. Chang argued that the Strategic Plan is critical to support all of the actions with which we are tasked. He warned that we could easily be criticized for taking a lot of action without a strategic plan in place to support the actions and the subsequent decisions. He expressed agreement with the need to do the things that have been identified as priorities, but also stated his belief that there should be an adopted plan in place "so that it was in writing, it was endorsed, it was public knowledge that this is exactly what we are going to do."

There was also discussion on whether the motion tasking the Strategic Planning Standing Committee with two (2) tasks should be undone and the tasks given back to the staff. Ms. Ewing commented that the board had already approved the core part of the Strategic Plan, so it does not have to be a priority and that the recovery effort in Japan should be the priority.

Mr. Williams stated that the motion to assign the two (2) tasks to the Strategic Planning Standing Committee stands.

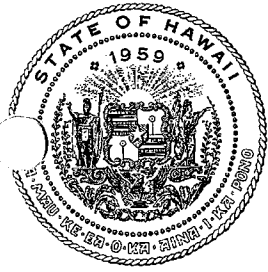
8. Adjournment

The meeting was adjourned at 3:14 p.m.

Recorded:



Staff Recorder



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REGULAR BOARD MEETING HAWAI'I TOURISM AUTHORITY

March 31, 2011

Hawai'i Convention Center, Executive Board Room A
1801 Kalākaua Avenue, Honolulu, Hawaii Tourism Authority

MINUTES OF REGULAR BOARD MEETING

- MEMBERS PRESENT:** Ron Williams (Chair), Douglas Chang, Kelvin Bloom, Patricia Ewing, Kyoko Kimura, Michael Kobayashi, Cha Thompson, Sharon Weiner, Leon Yoshida
- MEMBERS NOT PRESENT:** Vernon Char, Patrick Fitzgerald, Kawaikapuokalani Hewitt
- HTA STAFF PRESENT:** Mike McCartney, Momi Akimseu, Caroline Anderson, Muriel Anderson, Lynn Bautista, Minh-Chau Chun, Cy Feng, Jadie Goo, Robbie Kane, Grace Lee, Lawrence Liu, Daniel Naho'opi'i, Winfred Pong, Roann Rakta, Michael Story, David Uchiyama, Keli'i Wilson
- GUESTS:** Anna Elento-Sneed
- LEGAL COUNSEL:** Deputy Attorney General Gregg Kinkley

1. Call to Order and Pule

Presiding Officer Ron Williams called the meeting to order at 9:34 a.m.

Keli'i Wilson offered a Pule in Hawaiian.

2. Approval of Minutes (March 23, 2011)

Mr. Chang made a motion to approve the minutes of the special board meeting conducted on March 23, 2011. Ms. Thompson seconded the motion, which was unanimously approved without objection.

3. Report of the Chief Executive Officer Relating to the Implementation of the State Tourism Strategic Plan Initiatives

Mr. McCartney provided a brief overview of the Japan tsunami recovery efforts, the legislative session, and the Marketing RFPs.

He shared that the numbers for Japan were down 19.8 percent, but are beginning to show improvement, as the numbers just received showed a slight improvement of 18.1 percent. He stated that we are monitoring the situation closely and that staff has begun to execute the recovery plan that was approved by the board.

He said that the biggest dilemmas at the legislature continue to be taxes and the budget. He believes that “we are in good shape,” but that spending will have to be trimmed everywhere, in a collective effort to balance the budget, no matter the method of funding.

Mr. Williams asked for clarification regarding what constitutes the 18.1 percent number for Japan. Mr. Uchiyama responded that the 18.1 percent reflected the cumulative total month from March 1st.

Mr. Bloom commented that the period of March 1st through the 10th presumably reflected an increase over a year-on-year, so the 18.1 percent is not reflective of the post-event decline. He stated that it is the significant metric that we need to understand, so that it is not mixed in with pre-event numbers.

Mr. Uchiyama provided additional information on the numbers to date. He shared that the most significant drop that was seen was 86 percent on March 11th, because “basically, the planes didn’t fly.” He said that in recent days, the numbers have started to come down, citing 10.0 percent on March 29th and 9.3 percent on March 30th as examples. He stated that while the numbers appear to be tapering off, flights were still cancelled; Delta Airlines have taken themselves out of service to Narita until May 6th; and Japan Airlines will be out from April 4th through April 26th.

Ms. Kimura inquired about the future booking pace and whether Mr. Uchiyama had any information about the Golden Week forecast.

Mr. Uchiyama responded that some anecdotal market intelligence he received indicates that the booking pace for the Osaka area is starting to pick up, as well as the southern part of Japan. He shared that Osaka is reporting more bookings than cancellations, but that the booking pace still needs to be monitored.

Mr. Yoshida added that the majority of the cancellations are in April, and believes that May will not be as bad. He stated that incoming cancellations have ceased for the most part and charters for Golden Week are running with JTB. He shared that “promising numbers” look to be coming in for the Golden Week period, but

the periods before and after that will still pose a challenge. He also shared that the inability to advertise the market at this time also presents some challenges.

Mr. Uchiyama asked the Brand Managers to provide updates on their respective program areas.

Ms. Akimseu reported that staff continues to be actively involved in responding to media requests regarding the tsunami in Japan, communicating the message that we care about our friends and allies there, and that Hawai'i is open for business.

In the area of Safety and Security, she mentioned the debriefing process with the Hawai'i Visitors and Convention Bureau (HVCB) regarding emergency procedures that were implemented in response to the events in Japan, which will entail going over the current procedures, examining the process, and what improvements could be implemented to ensure that we are even better prepared in an emergency situation.

Ms. Wilson shared details on the efforts for the "Aloha for Japan" campaign, where a goal is to have a single campaign from the people of Hawai'i. She explained that we have been able to bring together much of the events under the umbrella of the "Aloha for Japan" campaign. She shared that the first donation from Hawai'i was \$1 million.

In the area of Hawaiian Culture, Ms. Wilson explained that the Council for Native Hawaiian Advancement (CNHA) is assisting the HTA by providing post-award and fundraising workshops to the awardees under the 2011 Living Hawaiian Culture RFP. She explained that the workshops will focus on capacity building to provide these organizations and community groups with the tools they need to grow their programs and be sustainable.

Ms. Wilson provided a status update on the Airports Greetings project. She said that some of the neighbor island greetings should be implemented by April, specifically for Hawai'i Island and Moloka'i.

Mr. Chang asked if the assistance being provided by CNHA was specifically for the 2011 Hawaiian Culture RFP awardees or if it included other programs, such as the County Product Enrichment Program. He also asked if the assistance extended to all the islands.

Ms. Wilson responded that CNHA is currently providing assistance to only those organizations who were awarded funding under the 2011 Hawaiian Culture RFP and confirmed affirmatively that all islands were included.

Ms. Caroline Anderson reported that the international marketing contractors were in town for the Spring Marketing Update. Each contractor also participated in one-on-one meetings with staff regarding product development, Hawaiian culture,

and sports and the most effective ways to promote these events and festivals in their markets. Ms. Anderson mentioned that the contractors are due to return on June 1st to meet with staff and industry stakeholders.

Ms. Anderson shared that the Arts and Culture website is an ongoing project. Staff is working with the arts and culture community to get their events posted on the website to further promote arts and culture throughout the State.

Ms. Anderson also shared that arrival numbers for Europe for the first two (2) months of 2011 are up 13.6 percent, which is ahead of target by 11 percent.

Mr. Story shared that the Oceania market is doing extremely well, especially given the recent floods, fires, and cyclones that have plagued Australia. He said that both markets are ahead of target and that Hawaiian Airlines (HAL) is set to begin daily service on April 6th. He said that if it has a positive affect on arrivals, efforts will be directed toward working with HAL to provide the service through the end of the year, as it is slated to end on August 1st.

Mr. Story reported that a press conference with ESPN and Major League Soccer had been scheduled for the middle of March, but given the tragedies in Japan, it was decided that a press release was a more appropriate method of communicating the details of the soccer event. He shared that it is a multi-confederation soccer tournament that takes professional soccer teams from Australia, Japan, South Korea, and North America and brings them to Hawai'i for a tournament. He said that there is an "enormous soccer base here in Hawai'i," so this presents a fantastic opportunity for the State with regard to media exposure and generating revenue. The tournament is scheduled for February 2012, right after the Pro Bowl. He stated that another press conference is scheduled when the teams are secured.

Ms. Weiner asked if the neighbor islands will be involved in the soccer events.

Mr. Story replied that soccer camps and clinics will be conducted on the neighbor islands and equipment donations and other programs involving the neighbor islands will be instituted throughout the year.

Ms. Kane reported that the Waikīkī Beach Restoration project under the Natural Resources initiative is in place. She shared that the Department of Land and Natural Resources submitted a proposal to use the balance of the proviso funding for repairs at the Manōa Falls Trail and the Diamond Head Linear Park.

She also reported that Bright Light Marketing has been working with HVCB and they have been able to put together a standard database collection system so that all of the festivals and events, including sports and Hawaiian culture, can enter the same information in the same format.

Mr. Naho'opi'i reported that the tables in the February highlights issued on March 29th have been changed to encompass more information. He said that feedback was positive, and that the goal is to be able to issue highlights and reports earlier, which necessitates amending some of the existing processes. He also mentioned that some of the methodology for airseats outlook was being altered to account for changes, such as the cancellations from JAL and Delta Airlines.

Mr. Naho'opi'i shared that staff is also looking into social media monitoring on sites such as Twitter, Facebook, and news postings to see what people in our source markets are saying about Hawai'i as a travel destination.

Ms. Goo reported that in the area of Workforce Development, demand and interest for Chinese language and cultural training continues to grow. She mentioned that Korean language training is tentatively scheduled to begin at Kapi'olani Community College in June.

Ms. Goo provided an update on the charter program for the China market. She stated that staff is working with CYTS and the China office to finalize a plan that will bring 13 additional charters into the State – five (5) for the summer; three (3) for the fall; and five (5) more flights for the 2012 Chinese New Year. She said that the charter programs are pending approval from the General Administration of Civil Aviation of China and the Department of Transportation.

Ms. Goo also shared some details on the upcoming US-China Travel Leadership Summit, which is scheduled to be held on Hawai'i Island from September 25-26, 2011. She said that pre- and post-FAM tours will be conducted on O'ahu and Hawai'i Island. She also mentioned that there will be substantial media coverage in both countries, as approximately 50 provincial tourism directors from China and 40 from the U.S. are expected to be in attendance.

Ms. Lee reported that a Korean reality television show will be filming the entirety of its season, which consists of 16 episodes, in Hawai'i. She also reported that firm dates have not yet been set for the JHTC meeting. Mr. Uchiyama added that everything is still tentative, given what has happened in Japan.

Mr. Uchiyama shared some details from his attendance at the Routes Asia Conference. He reported on several meetings with various airlines from Korea, China, and Oceania regarding efforts to obtain additional flights out of those markets. He mentioned that Asiana Airlines may present a possibility and the airlines in China, particularly China Eastern and Air China, have Hawai'i on all of their radars. He also shared that staff is in the process of sending data for analysis to Café Pacific Airlines, an airline that operates out of Hong Kong and has a significant network out of Southeast Asia.

Mr. Uchiyama shared details on the upcoming Food and Wine Festival – an event that was created by chefs Roy Yamaguchi and Alan Wong. He said that this event presents an opportunity to fill the shoulder period. This initial year will consist of three (3) events, with the intention of growing it and making it a longer event, with expansion into the neighbor islands. He shared that Kapi'olani Community College, its Culinary Institute Program, and the Agricultural Foundation will be the beneficiaries of this event.

4. Action to Approve HTA's Financial Reports for January 2011

Mr. Pong presented HTA's financial reports for January 2011. He acknowledged that efforts to gather more current data for the board are ongoing to enable the reporting of more relevant, up-to-date information, rather than just historical data.

He recounted the amendment to the agenda at the board meeting conducted on March 23, 2011, which was revised to reflect the increase to HTA's budget from \$81.5 million to \$82.7 million to address the recovery strategy as a result of the earthquake and tsunami in Japan.

He reported that the Hawai'i Convention Center continues to perform within budget. He acknowledged that SMG is doing a good job of containing their costs and they are looking at reducing their year-end loss to an amount that is substantially below budget.

Mr. Bloom made a motion to approve the HTA financial report for January 2011. Ms. Ewing seconded the motion, which was unanimously approved without objection.

The meeting was recessed at 10:43 a.m.
The meeting was reconvened at 10:51 a.m.

5. Presentation of Visitor Data

Mr. Naho'opi'i distributed a handout to the board and provided a summary and PowerPoint presentation of Current Visitor Data through February 2011.

Discussion ensued regarding the data presented for Island Distribution at the State level, depicting just air and not including international cruise. Questions were posed regarding the methodology utilized to obtain the visitor arrivals data. Mr. Naho'opi'i offered to produce an additional, revised chart that reflects data on visitor days as well.

Mr. Naho'opi'i reported that February expenditures match the target and that spending over the last two (2) months has surpassed the 2007 levels. He went on to share that the four (4) largest markets – U.S. West, U.S. East, Japan, and

Canada have shown positive increases with double digit growth for two (2) consecutive months.

6. Discussion and/or Action to Approve the Rollover of Unspent CY 2010 Funds by the Leisure and/or Business Destination Marketing Contractors to CY 2011

Mr. Chang made a motion to approve to roll over of HVCB's unexpended budgeted marketing funds for Leisure, in the amount of \$192,717.00 and CMI, in the amount of \$152,877.00. Mr. Bloom seconded the motion, which was unanimously approved without objection.

7. Discussion and/or Action to Amend the FY 11 Budget to Reflect the Receipt of an Interdepartmental Transfer of Funds from the Office of Hawaiian Affairs for Expenditures Related to the Support of the APEC Meetings in 2011

Ms. Weiner made a motion to approve an amendment to the HTA's FY 11 budget by increasing the total budget by \$250,000 from \$82,712,000 to \$82,962,000 to reflect the interdepartmental transfer of funds from the Office of Hawaiian Affairs (OHA) to HTA for expenditures related to the support of APEC 2011 Hawai'i. Ms. Thompson seconded the motion.

Mr. Chang queried whether the monies were going to be given to the APEC committees to expend. Mr. McCartney responded that the monies would be given to the HTA to expend for APEC. Mr. Chang inquired further whether the HTA was going to be contracting the cultural training for APEC. Ms. Muriel Anderson and Ms. Wilson responded that the Native Hawaiian Hospitality Association (NaHHA) would be tasked with that responsibility through a contract with HTA.

Mr. Bloom confirmed that the monies were coming from OHA and being transferred to HTA. He asked if the money would then be given to NaHHA. Mr. McCartney clarified that part of the monies would be used to contract with NaHHA to provide Hawaiian culture training for APEC. Ms. Wilson added that some of the monies would also be used toward the inclusion of Hawaiian culture in the projects and events implemented by the APEC Host Committee. Ms. Wilson stated further that \$200,000 would be used for training and protocol through a contract with NaHHA and that \$50,000 would be directed toward the APEC Host Committee's projects and events.

The motion was unanimously approved without objection.

Ms. Weiner made a motion to go into Executive Session for the purpose of discussing findings and recommendations regarding the issuance of a RFP for External Tourism Marketing Management Services. Ms. Thompson seconded the motion, which was unanimously approved without objection.

The meeting was recessed to go into Executive Session at 11:30 a.m.

The meeting was reconvened at 1:09 p.m.

It was reported that the board discussed confidential material related to the investigative committee's findings and recommendations regarding the issuance of a RFP for External Marketing Management Services and passed the motion approving the issuance of the RFP.

9. Adjournment

The meeting was adjourned at 1:12 p.m.

Recorded:



Staff Recorder