

NEIL ABERCROMBIE
Governor

MIKE MCCARTNEY
President and
Chief Executive Officer

Hawai'i Tourism Authority

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REGULAR BOARD MEETING HAWAI'I TOURISM AUTHORITY

January 27, 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, Vernon Char, Patricia Ewing, Patrick Fitzgerald, Kyoko Kimura, Michael Kobayashi, Cha Thompson, Leon Yoshida, Sharon Weiner

MEMBERS NOT PRESENT: Kelvin Bloom, Kawaikapuokalani Hewitt

GUESTS: Dick Schaff, John Monahan

HTA STAFF PRESENT: Mike McCartney, Momi Akimseu, Caroline Anderson, Muriel Anderson, Lynn Bautista, Minh-Chau Chun, Cy Feng, Jadie Goo, Robbie Kane, Daniel Nahoopii, 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 9:30 a.m.

Keli'i Wilson offered a Pule in Hawaiian.

2. Approval of Minutes (November 22, 2010 and December 22, 2010)

Mr. Williams made a motion to approve the minutes of the board meetings conducted on November 22, 2010 and December 22, 2010. Ms. Ewing 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 and/or the HTA FY 2011 Budget

Mr. Uchiyama reported on a few of the Brand Management program areas. He shared that Ms. Akimseu and her team have been working with media inquiries regarding visitor data and legislative issues. He shared that there have been questions and issues regarding the start of the Legislative session and Ms. Akimseu and her team have been concentrating on addressing those issues as well.

Mr. Uchiyama also reported that Continental Airlines has started new service to Hilo and that Hawaiian Airlines has launched its service from Korea.

Mr. Uchiyama mentioned that Ms. Akimseu is also responsible for the program areas of the Hawai'i Convention Center and CMI. He recounted that at the last board meeting, there were some questions posed with regard to clarification and descriptions of the Key Performance Indicator (KPI) lines that were in the report. He reported that the report has been updated to address the questions raised by the board, staff has met with HVCB, and there are definitions beneath each KPI to clearly define what is being tracked within the MCI market

He reported that the Convention Center has seen quite a bit of short-term booking activity and that we are very focused on in the year, for the year in 2011. On the average, we have been picking up 40,000 room nights in the year for the year, and he is hopeful that pace, aligned with the opportunity that APEC brings to Hawai'i, will help us achieve more than that 40,000. He also reported that in years 2012 and 2013, we are starting to see activity, so momentum and pace are moving forward.

Ms. Wilson shared an update on the Hawaiian Culture program. She reported that there are 29 awardees under the Hawaiian Culture RFP. She shared that we are partnering again with the Council for Native Hawaiian Advancement (CNHA) to provide capacity building support for the RFP awardees. CNHA will work with each of the awardees and how they can progress toward being more sustainable; how they can obtain more funding for their programs; and how to organize themselves for future success.

Ms. Wilson also reported that she is working with Ms. Goo and Ms. Lee in the area of Workforce Development. They are looking at how to streamline some of the Hawaiian cultural training for the industry, from the Academy of Hospitality and Tourism (AOHT), to the University of Hawai'i TIM School (UH TIM), to the current industry. She mentioned that we have a lot of training programs out there right now and staff is collaborating on how to bring all those programs together into something that is consistent, from our youth, to the high school and college levels, and into the current industry.

Ms. Wilson reported further that she is working with members of the Brand Management team on how to better link some of our programs, such as Hawaiian Culture, Product Development, and other projects in which staff is involved, to our marketing partners so that they can better market some of things that we support here.

Mr. Chang remarked that there is an effort from the King Kamehameha Celebration Commission to be more of a state umbrella and inquired as to whether there was any change on the horizon for the Aloha Festivals to follow suit.

Ms. Wilson replied that the Aloha Festivals have indicated that they are working towards becoming an umbrella organization again and would like to bring together all of the organizations that have separate contracts with HTA to hold events on their respective islands. The HTA will continue the individual support until such time the Aloha Festivals is equipped to bring all the groups back under one umbrella. There is hope that this will happen in the next couple of years.

Mr. Williams asked Ms. Wilson if she was satisfied with the quality of proposals that were received this year.

Ms. Wilson answered affirmatively, but added that there is always room for improvement.

Ms. Ewing asked about the timeline on the Hawaiian language greeting project.

Ms. Wilson responded that she is currently working with airport representatives to enhance the airport experience for our kama'āina and our visitors, and that some improvements will be implemented in February.

Ms. Goo reported on the inaugural direct charter flight from China that arrived on January 30th. This represented a significant milestone in staff's efforts toward developing the China market and those efforts continue with China wholesalers and airlines to encourage them to extend those charter flights into regularly scheduled direct air services.

Ms. Goo also reported on the area of Workforce Development, sharing that she attended the 1st annual conference of the Maui AOHT. It was a day-long conference, which included mock interviews with actual Human Resources representatives from the industry and a presentation by the Native Hawaiian Hospitality Association. Ms. Goo shared that two (2) schools on Hawai'i island are now offering their students a hospitality education program that is similar to the program offered by AOHT.

Mr. Uchiyama mentioned that Ms. Goo has also met with representatives from the community colleges, UH TIM, and AOHT directors to try and develop a more cohesive curriculum to enable students at the high school level to earn credits for work done in high school and apply them toward their degree in Tourism.

Ms. Weiner asked what is being done about preparing our workforce for Chinese tourism in general.

Mr. Uchiyama replied that he has been involved in talks with Kapi'olani Community College about putting together programs for both the Chinese and Korean markets, as well as the host culture. He said that the industry feels that a five (5)-day training program is too long, so the

course was condensed down to one (1) day. A discussion ensued regarding how much can be accomplished in a one (1)-day course, and whether or not it will give us the impact we need in understanding the cultural protocol and other elements involved when a new market comes in. He concluded by saying that more work has to be done with the industry to allow for greater collaboration.

Mr. Story reported that Oceania was tracking strong and ended the year the same way, with a record numbers increase of 26 percent year over year. He mentioned the flooding that has been affecting Australia and while we do not believe there will be a tremendous impact on the arrivals, we will continue to monitor the situation.

Mr. Story also reported that sports received quite a bit of press in December and January, which is great, as we are a mecca of elite athletes for this time of year. We have had tremendous impact and some of the highest ratings that we've had for some of our events. He mentioned the Pro Bowl and the effects of the date change are being monitored. When those results are in, he will report back to the board.

Ms. Kane provided updates on her program areas of Natural Resources and Product Development. She reported that various contracts are moving along and that the Natural Resource awardees have returned revised documents required for their contract.

Ms. Kane mentioned two (2) upcoming events, in case board members wanted to save the dates: the Certified Festival and Event Executive (CFEE) program is scheduled for March 2-4 and the Festivals seminar, which is scheduled to be held in the month of May, but a specific date has yet to be confirmed, depending on speaker availability.

Ms. Kane reported that she and Mr. Uchiyama have been meeting with two (2) different groups who are doing the new shoulder period major festivals that are being developed. Hawai'i Music Month, which includes the Mele Mei Program with the Hawai'i Academy of Recording Artists group. Within that program is the Na Hōkū Hanohano music festival event and the awards program that will culminate the month of May, so the emphasis is on Hawaiian music for that entire month. Ms. Kane also reported that she and Mr. Uchiyama are working with the Hawai'i Farm Bureau Federation on a Food and Wine Festival to address the Fall shoulder period.

Mr. Chang asked if these events are statewide initiatives or O'ahu-centric.

Ms. Kane replied that Music month will feature all of the different events statewide, but the Na Hōkū Hanohano festival will be on O'ahu. The Food and Wine Festival is starting with Waikīkī for its first year, but will feature culinary events that happen throughout the state.

Ms. Caroline Anderson reported that preliminary numbers in the European market show an increase in visitor arrivals and that total visitor expenditures are up. She also mentioned that effective February 1st, AVIAREPS Tourism, our current representatives, have subcontracted with AVIACIRCLE, a subsidiary in the UK market, who will be representing us there.

Ms. Anderson spoke about the upcoming Spring Marketing Update, which is scheduled to take place during the first week of March. The marketing contractors will be in town and internal and stakeholder meetings will be held on the first two (2) days, followed by the Spring Marketing Update to the public on March 2nd at the Convention Center. Updates will be held On Maui on March 3rd and on Hawai'i island on March 4th.

Mr. Uchiyama provided updates on the other markets. He reported that HVCB has completed its blitzes for the year and good growth continues in the markets where the saturation programs have been conducted. The start up of Hawaiian Airlines' service in Japan continues to bring exposure about the accessibility of Hawai'i from central Tokyo. He reports that in Korea, the start up of service is also gaining momentum and we are seeing a lot of interest.

Mr. Uchiyama spoke about how educational tourism has become a big component and all markets have expressed interest, Japan in particular. He said that a lot of information was rounded up at the beginning of the year and it was disseminated to their respective product development staffs, so they would have more information as they are building their programs. He reported that he also met with representatives from the University of Hawai'i at Hilo, where a lot of programs are already established, so we are trying to garner some global exposure for them.

Mr. Uchiyama shared information about the "Heritage Sites of Hawai'i" project, which was started a year ago. He reported that to date, signs have been put through to 20 locations throughout the State. This effort is tentatively titled the "Heritage Series Program." Mr. Uchiyama expressed the belief that this program is going to evolve into another attractive experience for people to enjoy.

Ms. Muriel Anderson provided an update on APEC. She reported that the website is now up and running and contains information on APEC as well as an Outreach Program that was recently approved by the Host Committee. The website provides the ability for people to register online and submit a speaker request or register to be a volunteer. The current timeline reflects that workforce development and training are due to commence in April.

Ms. Anderson shared another major component of the marketing plan, which is social networking. Ms. Ann Boticelli of Kamehameha Schools is heading the effort and working closely with the Director of Operations to ensure that the website is kept up to date, and that posts on Facebook and tweets on Twitter are in line with their goals.

Ms. Anderson asked Mr. Randy Tanaka of SMG if he had anything further to contribute to the update on APEC. Mr. Tanaka provided current information on accommodations and mentioned that the top five (5) preferred hotels for the Leaders Groups are all "tapped out" and no longer taking any reservations. Replying to a query from Mr. Yoshida regarding the existence of a housing authority appointed for APEC, Mr. Tanaka confirmed that there is one, and that given the complex processes involved in providing accommodations for the APEC attendees, a housing authority is required so that efforts can be centralized. Mr.

Tanaka reported to the board about his upcoming trip to Washington DC, in which he will be meeting with the embassies. He stated that the next 30 days are critical for us.

Mr. McCartney recognized the wonderful job that Ms. Anderson and Mr. Tanaka have been doing and thanked them for all of their hard work. He said that he has had positive feedback from the State Department and the Secret Service, who are very pleased with the efforts of the Host Committee. While there is still much to be done, they are doing a really good job on our behalf.

Mr. McCartney mentioned that another major event taking place right before APEC is the U.S. China Travel Summit. The 6th Annual summit will be held in Hawai'i on September 25th, which will be attended by the Chair of China Travel, as well as ministers from every province and key leaders from U.S. Travel.

The meeting was recessed at 10:30 a.m.

The meeting was reconvened at 10:38 a.m.

4. Action to Approve HTA's Financial Reports for October and November 2010

Mr. Pong presented HTA's financial reports for the months of October and November 2010, reporting that HTA is currently spending according to budget and that the Convention Center continues to perform within its budget.

Mr. Chang referenced the budget variance column in the HTA appropriation balance for the month of November and asked why it seems that about \$24 million looks to be neither committed or contracted.

Mr. Pong acknowledged that some steps need to be taken to reflect those as commitments on the statement.

A discussion ensued regarding the definition of "commitment" and whether it has the same definition in accounting terms versus a "real world" definition. Mr. McCartney cautioned that we should all be operating under the same understanding of the definition of "commitment" because it's not money that is available for another purpose.

Staff recommended a motion to approve the financial reports for October and November 2010.

Mr. Williams made a motion to approve HTA's Financial Reports for October and November 2010. The motion was seconded and was unanimously approved without objection.

5. Discussion and/or Action to Delegate Authority to Staff to Negotiate SMG's Contract for the Operation, Maintenance and Marketing of the Hawai'i Convention Center

Mr. Char reported that the Budget and Audit Standing Committee met with representatives of SMG to discuss an extension to their current contract. After a full meeting, it was determined

that the Budget and Audit Standing Committee would recommend that staff be authorized to negotiate an extension to SMG's contract. A specific period of time was not defined, but one of the critical issues is that SMG's contract expires on June 30, 2011, and there are ongoing matters such as APEC, along with a number of related contracts that need to be signed, and events that will take place after June 30th that will be impacted. There have already been discussions with Mr. Pong regarding parameters and thoughts for negotiations, and to expedite the process, the committee recommends that staff be authorized to negotiate a contract extension with SMG. Staff will keep the Budget and Audit Standing Committee apprised and Mr. Char stated that he has asked to participate in some of those meetings.

Mr. Char introduced Mr. Dick Schaff, the Senior Regional Vice President for SMG. Mr. Schaff has been involved in the management of the Convention Center since its inception and said that he and the SMG staff are more than privileged to come to the table and participate in negotiations related to the extension of the SMG contract.

Mr. Char encouraged the board to accept the motion to allow staff to negotiate an extension to SMG's contract. He stated that action needs to be taken today and said that the members of the Budget and Audit Standing Committee will have oversight.

Mr. Chang requested clarity on the current structure of the SMG contract; the first contract covers the operations of the Convention Center and the second contract, which is a supplemental executed in 2003, addresses the marketing of the Convention Center

Mr. Char responded that his motion was intended to cover both components.

Mr. Chang inquired as to whether there are parameters to converting the contracts into a single agreement, or is the direction to keep them separate?

Mr. Char replied that there has not been any specificity regarding that issue, nor has a distinction been made and the determination of that is dependent upon the term of the contract extension.

Mr. Char made a motion to move into executive session for the purpose of consulting with legal counsel regarding the negotiations of the extension of the Convention Center contract. Ms. Ewing seconded the motion, which was unanimously approved without objection.

The meeting was recessed to go into executive session at 10:49 a.m.

The meeting was reconvened at 11:01 a.m.

6. Discussion and/or Action to Approve HTA Targets for Calendar Years 2011 to 2013 Within the HTA Strategic Plan

Additional handouts were provided to the board that included targets that were being proposed by staff.

Ms. Kimura recounted that in 2009, the targets were set for the years 2011, 2012, and 2013, but after receiving a new forecast late last year, the board expressed concern and requested that the Strategic Planning Standing Committee revisit the targets for 2011 and 2012. Armed with the data that was analyzed by the staff, the committee met and discussed the best scenarios for setting the targets for the next two (2) years. In 2009, there was a desire to shift the focus off of arrivals and toward spending because 2010 was positioned as a crisis year, but the State Tourism Strategic Plan (TSP) is focused more on spending, rather than arrivals, so we wanted to return to that strategy as soon as possible.

Mr. Pong offered some background information to the board, that the Strategic Planning Standing Committee also reviewed the HTA Strategic Plan and attempted to revise the objectives for CY11, and they offered various, possible discussion points for objectives for CY11 that will be aligned with the targets that are being proposed by staff.

Ms. Kimura stated that we still want to come back to the State TSP, which focuses more on spending. But to achieve the goals we established in 2009 by the end of 2012, which is \$13 billion in expenditures, it looks like it is going to take another three (3) years. Ms. Kimura then referenced the additional handouts that were provided to the board as containing the recommendations of the targets for the next three (3) years.

Ms Weiner queried whether anyone has given any thought to the full carrying capacity of the state in terms of arrivals, given that we have reached 7.6 million, which is the high point. She noted that this could be a topic for future discussion because when we reach a point that the destination realizes its full carrying capacity, we are going to have to start looking at revenues. She commented that it is grist for a longer discussion and that she thinks the community would want us to be talking about the full carrying capacity of the destination.

Ms. Weiner wished to advocate for a couple of things regarding the targets. She noted flipping arrivals and expenditures. She said that expenditures is still the top line, but arrivals is the way to get to expenditures, so she does not believe there is a competition there. It is ultimately expenditures, and increasing arrivals is a way of increasing expenditures. She also mentioned that she would like to see some focus on high spending visitors. She commented that if there is going to be an increase in PPPD spending, then something needs to be included in the objectives that reflect the qualitative and quantitative aspects of what we are trying to do.

Mr. Chang wanted to clarify further to Ms. Weiner's point that what the board is going to be asking this committee to do is to consider approval of these targets, not of the strategies or the objectives that are listed. He commented that this will hopefully be an exercise that will be addressed at a very near future meeting together where the matter can be further flushed out.

Ms Weiner commented that she thinks what Mr. Chang is saying is that these objectives are not really objectives, but rather, tactical strategies that really should be vetted by the Marketing Standing Committee. Given that, what the board should be approving is not how we get there, but that these are the goals.

Ms. Kimura mentioned that the Strategic Planning Standing Committee is recommending a full board retreat next month to review those philosophical positions and targets and goals for the next three (3) years.

Mr. Williams concurred and stated that part of the retreat would be to look at the organization and the second part of the retreat would be strategic planning.

Mr. Chang added that the strategic planning aspect of the retreat would involve discussion about how, strategically, we are going to achieve our targets; how we are going to achieve the flushing out of PPPD spending; what message do we convey to the staff, to the board, to our marketing contractors; and how we go about aligning ourselves.

Ms. Weiner commented that she thinks it is a good idea, but also pointed out that we have marketing contractors who already have their plans in place for 2011, so while we may be able to tweak some little things, the real impact would be on future years. She confirmed her understanding with Mr. Uchiyama, who concurred with her statement, adding that maybe there could be some effect on the second half of the year if there were some strategic initiatives that were developed in February.

Mr. Williams shared that it is his desire to ensure that we are all on the same page with regard to our thinking, what reports we should have and what data we should have, and having a capacity could be part of the initiatives as well, so that we know what we should be going for.

Ms. Weiner said that we need to decide what's short-term and what's longer term. She reiterated her request to flip expenditures. She stated that we are not here to bring bodies to the State. We are here to bring money to the State. And no matter what, arrivals are a way to bring money to the State. Otherwise, we can't really justify the existence of this Authority.

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

Ms. Weiner asked if the understanding with regard to the targets is that they would be reviewed every year. She asked whether the board was being asked to approve CY 2011 or CY11, CY12, and CY13. She commented that we are going to make adjustments to them, so she suggested that CY11 be approved as a given and CY212 and CY13 as proposed, subject to adjustment. She stated that she agrees with the thinking, but wants to ensure that everyone is clear about what is being approved, that CY12 and CY13 aren't set in stone and are subject to amendment.

Ms. Kimura commented that these targets will be probably be needed for the RFPs for the next marketing contractors.

The motion to adopt the targets for years 2011, 2012, and 2013 was unanimously approved without objection.

8. Discussion and/or Action to Approve Amendments to the Bylaws Regarding the Establishment and/or Appointment of Members for Standing Committees
(This Agenda item was discussed out of order)

An amended Staff Report to the Board was distributed to the board that included amendments to the Staff Report in the board book that was previously provided to the board and comments by the Attorney General after the board books were distributed to the board members.

Mr. Pong presented staff's recommendation to the board to consider two (2) proposed amendments to the HTA Bylaws regarding the composition of standing committee members by including the respective chairs of the various standing committees to be ex-officio members of a standing committee.

Discussion commenced amongst the board members regarding the proposed amendments to the bylaws and how the rule would be implemented.

In response to discussion regarding the requirement in the Sunshine Law that the total number of members in a standing committee shall not exceed six (6) and that if there are seven (7) board members present, the meeting ceases to be a committee meeting and is now a board meeting, Mr. Kinkley stated two (2) things: If a joint board and committee meeting is agendized due to uncertainty regarding the number of attendees from the board, and seven (7) people show up, then the committee meeting goes away and the only option is to conduct a board meeting. However, he also stated that every one of the decisions being contemplated and discussed by the board members is incumbent upon the board, not the committee. The committee is simply a device to help the board, so there is no vice a priori in having the board look at everything. It is really only a matter of saving time and resources and not having to worry about quorum.

Mr. Williams stated that his intent was that all the standing committees would have a lot of work to do within their respective committees, without worrying about whether or not another committee can be trusted. He said that part of this is that we have to trust that each committee has done its homework to ensure that the board is provided with the best information for the decisions that need to be made.

Mr. Pong presented the second proposal by staff to consider an amendment to section 4.2 of the bylaws that would redescribe what is currently the Marketing Committee into the Destination Brand Management Standing Committee.

Mr. Char expressed concern that a four (4)-person committee and two (2) ex-officios will have the ability and interest in covering basically everything before the HTA. He is cautious about the redesignation of the Marketing Standing Committee to the Destination Brand Management Standing Committee and questions the intentions of the Chair and the Marketing Standing Committee to have in-depth discussions on sectors that have not been previously delegated to this committee.

Mr. Char went on to suggest that the board approve the amendments to Section 4.1 of the bylaws and table the decision regarding the amendments to Section 4.2, or pass both with the understanding that the matter of amending Section 4.2 would be revisited at the Board Retreat.

Mr. Williams expressed his desire to pass both amendments today with the understanding that both issues would be revisited at length during the Board Retreat.

Mr. Chang countered that if the board is going to consider changing it in 30 days, what is the danger in not taking action today on this and allowing for the full discussion in 30 days?

Mr. Williams responded that the only reason he would continue to push to pass the amendments today is because it's already been set up from the staff perspective and he believes that it is solid.

Ms. Thompson made a motion to amend Article 4 of the bylaws to include amendments to section 4.1 and 4.2 as proposed by staff in the amended staff report. Ms. Ewing seconded the motion, which was approved by the following members voting in favor of the motion: Ron Williams, Vernon Char, Patricia Ewing, Patrick Fitzgerald, Kyoko Kimura, Michael Kobayashi, Sharon Weiner, and Leon Yoshida

Mr. Chang opposed the motion.

7. Discussion and/or Action to Delegate Authority to the Marketing Standing Committee to Approve Expenditures From the Opportunity Fund
(This Agenda item was discussed out of order)

Mr. Char reported that the Budget and Audit Standing Committee did not support the motion of the expenditure of \$3 million for discretion with the Marketing Committee. The committee members felt that because the scope of those funds were for other than what was previously denominated as marketing, then those funds should come back to the full board for a meeting.

Ms. Weiner made a motion to delegate authority to the Marketing Standing Committee to approve expenditures from the Opportunity Fund. Mr. Yoshida seconded the motion.

Ms. Weiner asked Mr. Fitzgerald to share some of the discussion that took place at the Budget and Audit Standing Committee.

Mr. Fitzgerald shared that the committee members discussed the matter of giving full discretion to the Destination Brand Management Committee to expend the \$3 million and whether it was more appropriate for that to be decided at the board level.

Mr. Kobayashi shared that the decision of the committee was unanimous.

Mr. Williams stated that he would like to withdraw this motion with the intent of conducting a more in-depth discussion at the Board Retreat.

The board members asked staff whether there are specific things toward which the money would be directed and if there are any urgent matters that require a decision from the board today to approve the expenditure of the \$3 million.

Mr. McCartney and Mr. Uchiyama responded that there are marketing saturation programs that need to be funded, specifically the ones that are planned for March and June.

Ms. Weiner asked Mr. McCartney to summarize the issue regarding the expenditure of monies for the saturation blitzes. Mr. McCartney replied that he thinks the board should take action and approve these two (2) programs sooner rather than later, because staff thinks they are critical. He stated that we need to keep the momentum that exists in the market today and the market saturation programs are the tools we have that enable us to keep that momentum.

Mr. Chang suggested amending the agenda since staff has the information and he is willing to have the discussion now.

Mr. Kinkley stated for the record that eight (8) affirmative votes are required to amend the agenda, and as nine (9) board members are present, then it's allowed. He stated further that one (1) prong of this matter is that it's not of reasonably major importance, that the delegation of this matter to a committee previously indicates that it is the board's sense that it is not of major importance in the statutory sense and affecting a significant number of persons. Mr. Kinkley believes that the statutory language is more targeted to privileges, immunities, and rights of citizens and not about a budget item.

Ms. Weiner made a motion to withdraw the prior motion, which was Agenda Item No. 7, and to modify the agenda to add an Executive Committee session to discuss the allocation of approximately \$3 million to three (3) marketing programs about which we need a decision immediately. The motion was seconded by Mr. Yoshida and unanimously approved without objection.

The meeting was recessed at 12:15 p.m.
The meeting was reconvened at 12:31 p.m.

Discussion and/or Action to Authorize Expenditures From the Opportunity Fund.

Ms. Weiner made a motion to go into Executive Session to discuss information that is necessary to protect Hawai'i's competitive advantage. The motion was seconded by Mr. Yoshida and unanimously approved.

The meeting was recessed to go into Executive Session at 12:32 p.m.
The meeting was reconvened at 12:52 p.m.

It was reported that the board discussed matters in Executive Session that related to saturation blitzes.

9. Discussion and/or Action to Adopt Procedures Related to the Conduct of HTA Business and Regarding Ethics in Public Contracting, Fiduciary Duties of Members of the Board of Directors, and Procurement Procedures.

Mr. Pong presented policies and procedures for board consideration that were previously discussed at the board level, during the board meeting on November 22, 2010. Subsequent to that meeting, the written policies and procedures were not presented in a manner that was properly reflective of all the revisions that were made. As a result, the board requested that the policies and procedures be presented to the Marketing RFP Investigative Committee for further review and consideration. That has since been accomplished and the policies and procedures were presented to the Marketing Standing Committee members.

Staff is presenting it again to the board for approval. As part of the staff recommendation, approval is subject to any final legal review by the Attorney General.

Mr. Chang made a motion to adopt the policies and procedures, subject to any final legal review by the Attorney General. Ms. Ewing seconded that motion, which was unanimously approved without objection.

10. Presentation of Visitor Data

Mr. Nahoopii provided some updates on projects being worked on by the Tourism Research team. The inventory report was posted for 2010, which is a once a year census of properties. The team is also participating in a China Travel Trade Barometer, which is a booking poll with the wholesalers and travel agents in China. It is a survey being supported by the Office of Travel and Tourism industries, and it will help us get a quarterly idea of the booking pace, as well as identify some issues regarding what are becoming barrier questions to booking to Hawai'i, or travel to Hawai'i from China.

Mr. Nahoopii distributed a handout to the board and provided a summary and PowerPoint Presentation of visitor data through December 2010. At this time, Ms. Thompson requested to be excused from the meeting due to a prior commitment that was shared with Mr. Williams prior to the beginning of the meeting. Mr. Nahoopii's presentation was halted due to a loss of quorum.


11. Report of the Standing Committees: Budget and Audit Standing Committee; Strategic Planning Standing Committee; and Marketing Standing Committee

There was no discussion of this Agenda item due to a loss of quorum.

12. Adjournment

The meeting was adjourned at 1:11pm

Recorded:



Staff Recorder