

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

June 16, 2011

Hawai'i Convention Center, Executive Board Room A  
1801 Kalākaua Avenue, Honolulu, Hawai'i 96815

### MINUTES OF SPECIAL BOARD MEETING

**MEMBERS PRESENT:** Ron Williams (Chair), Douglas Chang, Vernon Char, Patricia Ewing, Patrick Fitzgerald, Michael Kobayashi, Aaron Salā, Cha Thompson, Sharon Weiner, Leon Yoshida

**MEMBERS NOT PRESENT:** Kelvin Bloom, Craig Nakamura

**HTA STAFF PRESENT:** Mike McCartney, Momi Akimseu, Caroline Anderson, Muriel Anderson, Jon Baron, Lynn Bautista, Minh-Chau Chun, Cy Feng, Jadie Goo, Grace Lee, Lawrence Liu, Daniel Naho'opi'i, Winfred Pong, Roann Rakta, Michael Story, Marc Togashi, David Uchiyama, Keli'i Wilson

**GUESTS:** Kyoko Kimura

**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 Regular Board Meeting Minutes (May 19, 2011)

Mr. Chang made a motion to approve the minutes of the board meeting conducted on May 19, 2011. Ms. Ewing seconded the motion.

Mr. Pong requested a correction to the minutes. He noted that Ms. Kimura was not present at the May 19<sup>th</sup> meeting and that Mr. Char was in attendance.

The motion to approve the minutes of May 19, 2011, as amended by Mr. Pong, was unanimously approved by consensus.

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

Mr. McCartney offered to provide a brief overview of staff's activities and field any questions the board members may have. He stated that a full CEO Report would be presented to the board at the June 30<sup>th</sup> board meeting.

He shared that the Administration is aware that we are putting forth our best efforts toward raising as much revenue as possible for the State.

He recognized Mr. Uchiyama and his Brand Managers for their efforts regarding China Eastern and thanked them for all of their hard work.

**4. Presentation of Visitor Statistics and/or Data**

Mr. Naho'opi'i distributed a handout and provided a PowerPoint presentation on Current Visitor Data for April 2011.

He reported that for the month of April 2011, visitor growth in Kaua'i was strong and is also up year-over-year, but compared to the island distribution targets that we wanted to have, growth needs to be a bit stronger in order to catch up.

He noted that total MCI visitors increased by 49% due to some conventions in town; however, there were less group tours, due in part to the lack of Japanese visitors, but he also pointed out that there were losses in group tours in the other markets as well.

He explained that island targets for year-over-year are positive on all islands in terms of arrivals to each island; however, the desire is to reach the agreed upon distribution by island and O'ahu is a bit behind. He stated that the distribution is a bit heavier on Maui and that Kaua'i is still lagging slightly behind. He shared that O'ahu and Hawai'i Island are affected mainly by the Japanese distribution.

He reported that overall expenditures are up about 20% for April and year-to-date total spending is at the 2007 level.

He reported that Canada exhibited strong, double digit growth and arrivals from the U.S. West rose 10%, while arrivals from the U.S. East were stable, as compared to April of last year. He noted that there was a decrease in arrivals by cruise ship, but year-to-date cruise ship arrivals remain strong.

He said that less visitors went on group tours and package trips in April 2011, as compared to last year, and that FIT travel in the past four (4) months is the type of travel that showed consistent growth.

Mr. Chang requested a forecast for the next board meeting and commented that the indications are all very positive, as spending and arrivals are over 2% and the Daily Spend is 2.3% over our targets. He queried whether the current forecast models would be able to predict if this trend will continue, if we will see increases, or if we are going to lose some ground from where we are right now.

Mr. Uchiyama replied that a breakdown was done by market and everything is trending ahead. He shared that the total forecast for year-end is up over target, both in arrivals and expenditures. Revised as of May 19<sup>th</sup>, total arrivals were projected to be up by 5.4%, coming in at approximately \$7.4 million, and expenditures were projected to be up at \$12.6 billion. He reported that we are seeing positive trend in all markets and he thinks that we are going to see positive activity for the second half of the year from Japan, based on what is happening there.

Mr. Uchiyama added that it is good to note that considering what is happening worldwide, there is actual momentum for Hawai'i in the marketplace.

**5. Action to Approve HTA's Financial Reports for March 2011**

Prior to presenting the financial report for March 2011, Mr. Pong pointed out that a handout of a preliminary financial report for April 2011 had been passed out to the board.

He reported that the biggest expenditures for March were \$3 million for Leisure Destination Marketing and \$2 million for the Pro Bowl. He shared that \$7.967 million has been collected in TAT revenues, which is approximately \$670,000 less than projected.

He said that we are continuing to perform within budget for the Convention Center Enterprise Special Fund (CCESF). He noted that an amount of \$4.4 million was in unencumbered reserve and that \$2 million was deducted from the CCESF to support the General Fund, by operation of law. He stated that actual collections for March totaled \$3.1 million.

Mr. Char made a motion to approve the HTA's financial reports for March 2011. Ms. Ewing seconded the motion, which was unanimously approved without objection.

**6. Discussion and/or Action to Adopt a Resolution Authorizing Designated Staff to Execute Fiscal Documents Authorizing the Deposit and/or Disbursement of Funds on behalf of the HTA**

Mr. Pong noted a correction to item number 3 under "Facts" on the Staff Report to the Board and stated that Mr. Uchiyama's name was inadvertently omitted from the list of staff members being proposed to act as Fiscal Officers for the HTA.

Mr. Pong explained that authorization is being requested to add Mr. Marc Togashi, in his role as the new Fiscal Manager, to the list of staff authorized to make deposits, sign checks, and participate in managing the HTA's accounts at Bank of Hawai'i. He further explained that in an effort to keep the amount of authorized staff to a minimum, Ms. Muriel Anderson would no longer be one of the designated staff.

Ms. Weiner made a motion to authorize Mr. McCartney, Mr. Uchiyama, Mr. Pong, Ms. Stella Montero, and Mr. Togashi as designated staff to execute fiscal documents authorizing the deposit and/or disbursement of funds on behalf of the HTA. Ms. Thompson seconded the motion, which was unanimously approved without objection.

The meeting was recessed at 10:40 a.m.

The meeting was reconvened at 10:59 a.m.

**7. Discussion and/or Action to Approve Amendments to HTA Bylaws Related to Committees and/or Other Internal Operating Directives, Policies and Procedures**

A discussion was initiated regarding proposed amendments to the HTA's bylaws that include the establishment of a Committee of the Whole, which would be responsible for the development of strategic planning initiatives and fiscal year budgets; the deletion of ex-officio officers; the establishment of an Audit Standing Committee to develop internal audit controls and procedures; the deletion of the Budget and Audit Standing Committee, the Destination Brand Management Standing Committee, and the Strategic Planning Standing Committee; and the clarification of the appointment of Fiscal Account Officers to include the position of Budget/Fiscal Officer, which was inadvertently omitted.

Mr. Pong explained that a Committee of the Whole would function under the same requirements as a board meeting that is subject to the Sunshine Law and all requirements pertaining to quorum and the posting of public notices.

Ms. Weiner made a motion to accept the staff's recommendations with regard to the proposed changes to the bylaws of the HTA. Mr. Fitzgerald seconded the motion.

Ms. Weiner commented that the Committee of the Whole is really a board meeting and queried whether a Committee of the Whole is really necessary.

Mr. Kinkley responded that there is a legal difference between the two. He explained that a Committee of the Whole has the capability of rendering its final decision as a recommendation, which provides the board with the opportunity to revisit it at a regularly scheduled board meeting.

Mr. Williams stated that the intent of having a Committee of the Whole is not to create any redundancies, but to address the desire expressed by members of the board to be more involved in discussions, vetting, and final decision making that would normally be addressed in separate committees, and in a matter that is consistent with the Sunshine Law.

Mr. Chang commented that committees can be created and deleted as appropriate, relative to what is happening with the board and the staff at the time. He said that the motivator for the discussion regarding the formation of a Committee of the Whole is the board's desire for more participation and involvement. He stated that the easiest way to facilitate that is to eliminate the committees and to put everything on an agenda for the full board's consideration and approval.

Ms. Weiner proposed an amendment to the current motion and made a revised motion to eliminate Section 4.2 and Section 4.4 of Article V, Committees of the HTA Bylaws. Mr. Chang seconded the motion.

Ms. Thompson asked for clarification of the amended motion. Ms. Weiner responded that the amended motion eliminates the Destination Brand Management Standing Committee under Section 4.2 and the concept of a Committee of the Whole under Section 4.4.

After a discussion regarding what specific amendments and deletions were being proposed to the bylaws, Ms. Weiner rescinded both the original and amended motion with guidance from Mr. Kinkley.

Mr. Chang pointed out that a section of the bylaws that was not included in the Staff Report to the Board contained an inaccuracy. He noted in Section 5.1, Executive Director, where it states that the compensation of the Executive Director is set by the Governor, when it is actually set by the HTA Board of Directors. Ms. Weiner added that the title of "Executive Director" is also inaccurate.

A discussion ensued regarding other inconsistencies in Section 5.1, which prompted Mr. Chang to inquire if the amendments proposed in the staff report, along with these additional revisions, must be decided at this particular board meeting.

He suggested that the document could be further refined to include all of the amendments that have been discussed, and at such time, it could be presented to the board again for discussion and approval.

Mr. Williams concurred and said that there was no urgency to approve the amendments to the bylaws at this meeting.

Mr. McCartney suggested that the revisions be restated for the sake of clarity and to ensure that staff is able to accurately capture all of the proposed changes.

Mr. Chang stated that Sections 3.4, 4.2, and 4.4 would be eliminated; Sections 3.1, 4.3, and 6.4 would be amended as noted in the Staff Report to the Board; and Section 5.1 would be amended to correct inaccuracies and to add language that is consistent with the language in the HTA statute.

## **8. Discussion and/or Action to Approve Revisions to the HTA Strategic Plan**

Ms. Akimseu presented an update to the HTA Strategic Plan, which includes the Community Branding component and the HTA Organizational Directives. She recounted that the initial plan was put into place to communicate the HTA's plans and goals to the visitors, the community, and the visitor industry. She pointed out that the plan has now been amended to reflect the addition of year 2013 and to communicate the HTA's efforts regarding the tragedy in Japan. She added that the amended plan contains a better tie-in to Brand Management and what the HTA is doing in this area. She shared that it will help us to budget and set our priorities, especially in light of our cap of \$69 million in FY 2012.

Mr. Chang made a reference to the second bullet on page four, under Marketing Directives. He commented that if references are going to be made to targets and Key Performance Indicators, then those documents should be permanent attachments to the plan.

Mr. Chang also mentioned that he does not believe the amended plan helps with regard to prioritizing funding, especially given the reduced budget for FY 2012.

Mr. Uchiyama stated that the amended plan goes much deeper into what the HTA is trying to achieve, and it is based on the mindset that in the long-run, if we are going to increase expenditures, we have to increase the value of the overall experience in the destination as well. He explained that the value is not based on the dollars spent for a hotel room or airfare, but instead, the overall experience the visitor gets from being in Hawai'i. He said that this plan gives you an idea, from a sustainable standpoint, where we are going to have to start making some investments.

Mr. Williams stated that the bottom line is purpose – our purpose and the overall purpose of the plan. He said that must be established first to ensure that we are all on the same page and working toward the same goals.

The meeting was recessed at 12:23 p.m.  
The meeting was reconvened at 12:48 p.m.

**9. Discussion and/or Action to Approve HTA Tourism Special Fund FY 12 Budget for General and Administrative Expenses, Access, Market Saturation Initiatives, and Transitional Marketing Contract Expenditures**

There was a general discussion regarding the need to incur expenditures for FY 2012 for the expenditure categories of General and Administrative, Access, Market Saturation Initiatives and Transitional Marketing Contractors.

Mr. Pong noted that an amended staff report was passed out to the board that reflects some expenditures that are required to be expended beginning July 1, 2011.

Mr. Char asked Mr. Williams if it was possible to discuss the staff's funding requests sequentially, rather than as a whole. Mr. Williams concurred.

Mr. Char made a motion to approve the staff's recommendation regarding expenditures under the General and Administrative expense category. Mr. Chang seconded the motion, which was unanimously approved without objection.

Mr. Uchiyama presented staff's request for \$6 million in the Access initiative to implement airline cooperative initiatives. He noted that the \$6 million that is being proposed for FY 2012 is in line with last year's funding and explained that it will support the positioning of the destination and creating demand. He also said that it would be used to support the airlines, to help sustain their flights here, and to cultivate new flights. He mentioned that meetings have been held with Southwest Airlines and that we may start to see build up in 2012 for their entry into the market in late 2012 or early 2013.

Mr. Chang expressed concern over issuing a blanket approval of \$6 million for Access, as he feels that there is not adequate information.

After some discussion, it was determined that more information is needed before any decisions could be made on the remaining expenditures categories of Access, Marketing Saturation Initiatives, and Transitional Marketing Contractors. Further discussion was deferred until the next board meeting in July.

Mr. Chang offered that if the board needs to reconsider a dollar amount for Access to keep the momentum going, he would be willing to do so.

Mr. Uchiyama replied that an approval of \$2.5 million today would allow programs that have already been established continue to move ahead.

Mr. McCartney asked Mr. Uchiyama to provide a breakdown of the \$2.5 million for the board.

Mr. Uchiyama provided the following breakdown for the board, but also noted that he did not have specifics for all of the programs at this time: \$200,000 for Korea; \$20,000 for Wholesaler programs in Oceania; \$150,000 for Strategic Airlines, in anticipation of start-up service; \$100,000 toward the development of the European market; \$90,000 in Wholesaler programs in China, with an additional \$350,000 to support the China Eastern start-up; \$800,000 for the Hawai'i Visitors and Convention Bureau for programs with tour operators, OTAs, and airline wholesalers; and \$120,000.00 for Japan. He explained that he did not have a number for Asiana just yet and that the funding amount for Strategic Airlines is tentative as well, but that the costs for both are factored into the \$2.5 million.

Mr. Chang made a motion to approve staff's request of \$2.5 million in Access funding for FY 2012. Ms. Ewing seconded the motion, which was unanimously approved without objection.

The meeting was recessed to go into Executive Session at 1:35 p.m.  
The meeting reconvened at 2:13 p.m.

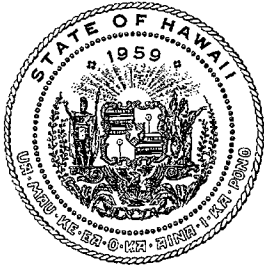
**12. Adjournment**

The meeting was adjourned at 2:14 p.m.

Recorded:

  
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Staff Recorder





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## REGULAR BOARD MEETING HAWAI'I TOURISM AUTHORITY

June 30, 2011

Hawai'i Convention Center, Executive Board Room A  
1801 Kalākaua Avenue, Honolulu, Hawai'i 96815

### MINUTES OF REGULAR BOARD MEETING

**MEMBERS PRESENT:** Ron Williams (Chair), Douglas Chang, Kelvin Bloom, Vernon Char, Patricia Ewing, Patrick Fitzgerald, Michael Kobayashi, Craig Nakamura, Aaron Salā, Cha Thompson, Leon Yoshida

**MEMBERS NOT PRESENT:** Sharon Weiner

**HTA STAFF PRESENT:** Mike McCartney, Caroline Anderson, Muriel Anderson, Jon Baron, Lynn Bautista, Minh-Chau Chun, Cy Feng, Jadie Goo, Grace Lee, Lawrence Liu, Daniel Naho'opi'i, Winfred Pong, Roann Rakta, Angela Rodriguez, Marc Togashi, David Uchiyama, Keli'i Wilson

**GUESTS:** Chris Kam, John Monahan, Darlene Morikawa, Bobbie Okamoto, and Jay Talwar

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

Mr. McCartney presented the board with a 90-day plan that detailed the seven (7) major program items on which staff is working and distributed a tracking sheet that he said will be updated as progress is made, to further provide the board with information about staff's activities. He also passed out a memo that was compiled by staff and addressed some of the questions that were raised at the last board meeting. He explained that this will provide a "catalog" of where we are and what has been done. He noted that this is a new procedure he would like to implement, to enable staff to do a better job of tracking everything and to ensure that we address all requests for information, questions, and/or concerns that are raised at board meetings.

Mr. McCartney also discussed some major activities that are taking place over the next six (6) months: APEC; the US-China Travel Summit; the Food and Wine Festival; the JHTC Fall meeting; new airlift programs; a Neighbor Island board meeting and retreat, tentatively scheduled for September; staff training programs that are taking place; new systems development; and designing the RFPs for the Convention Center and North America. He also reported that over the past five (5) months, we achieved \$5 billion in visitor spending, with visitors spending an average of \$10.00 more a day, per day, every day this year, as compared to last year. He also shared that visitor arrivals are still up seven percent (7%), which is consistent with our goals and our plan.

Mr. McCartney asked Ms. M. Anderson and Ms. Goo to provide updates on APEC and the US-China Travel Summit and asked Ms. Wilson to provide an update on the plan to realign the program budget.

Ms. Anderson shared that multi-level training has begun for APEC. She said that people will be trained as leads; others will be trained as volunteers in the areas of hospitality, Hawaiian culture, and in different areas such as the airports, to include all the airport employees and possibly some members of the Transportation and Security Administration. She added that there will also be task training that is specific to what the volunteers will be doing in all of the different areas conducted by the APEC Host Committee members and later, by staff from the Department of State who are responsible for specific areas.

Mr. Yoshida asked if there was any information available on traffic, such as road closures.

Ms. Anderson responded that information will be forthcoming, but shared that security has been on board since August and the Secret Service has been working with all of the emergency responders. She said that there will be a visit by the head of security in mid-July and perhaps at that time, more information will be available regarding things such as road closures. Ms. Anderson revealed that they are hesitant to release information so far in advance, as things are constantly changing, especially with an event of this magnitude.

Ms. Thompson asked if a schedule was available of the highest dignitaries and diplomats who are coming in and inquired as to what kind of reception or greeting they will have at the airport that represents the host people.

Ms. Anderson responded that there is a Hawaiian Culture Committee that is also working very closely with the Department of State, but information about it is not forthcoming at this point. She also shared that a group from Washington DC was in town a few weeks ago to go over the entire program, which included site visits to the various venues and commercial facilities, as well as the airports.

Ms. Anderson also shared that the Department of State has been “very, very sensitive” to the culture. She said that part of the logo itself is symbolic of the hibiscus, the State flower. She shared that at one of the meetings, she met with one of the contractors hired to do the designing and set-up of all the meetings and said that he wants to ensure that everything is culturally appropriate and sensitive to the sense of place.

Ms. Goo provided an update on the US-China Travel Leaders Summit. She shared that the main purposes for the summit are peer-to-peer relationship building between China and the US travel leaders; discussion and research sharing on travel needs and issues between the two countries; discussion of cooperative opportunities and mutual support; and the sister-city and the state relationship signing at the Summit. She clarified that the actual summit will be held in Kona on Hawai‘i Island, on September 25-26, and there will be a pre-Summit FAM trip on O‘ahu on September 23-24. She said that the details on the Summit agenda and tours are still being finalized, but she will share that information once all the details have been provided. She said that 23 US delegates are tentatively confirmed to attend and it is anticipated that approximately 30-40 Chinese delegates are traveling to Hawai‘i for the Summit. She noted that the timing of the Summit is perfect, as the first direct, regularly scheduled service from China is slated to begin on August 9<sup>th</sup>. She said that the scheduling of the Summit in September definitely helped to build the momentum and elevate our visibility in the China market.

Ms. Wilson provided a summary of how the Brand Management team is taking a holistic approach when looking at how community programs and festivals are selected and how they can be aligned with the marketing partners.

She explained that they have been looking at the types of programs that have been funded in the past, as well as the criteria used, and that they are discussing new strategies and looking at ways in which existing processes can be improved. She said that one of the goals is to create some synergy between programs and to better align them with each market, based on their respective needs.

She noted that nothing has been finalized and that staff has been meeting weekly to discuss plans for the next months and for over the next few years. She shared that the RFPs for the community programs should be released around August or September, so that contracts can be in place by January. She mentioned that the team will present their recommendations to the board in the coming months.

Mr. Chang commented that at the last meeting, the strategic planning was not quite finished and he stated that a lot of what Ms. Wilson presented “appears to dovetail into some strategic direction.” He asked, “Where are we and how do these mesh together to ultimately lead to a budget plan?”

Ms. Wilson replied that once staff is able to get a better sense of how all the programs relate to each other, they will be able to get a better view on how to put a budget together.

Mr. McCartney added that staff is looking at the Strategic Plan, analyzing existing programs, and integrating them to make sure that we can be more efficient at the results. He stated that the plan is part of the discussion and that it will be presented to the board.

Mr. Chang asked if the plan was adopted by the board. Mr. McCartney confirmed that the plan was adopted, save for the Community Branding portion, which is what staff is currently working on. He said that when the budget is presented to the board, adjustments can be made if the connection between the programs and the plan cannot be determined.

Mr. Chang stated that he is concerned that this work is being done in the absence of a strategic plan.

Mr. McCartney reaffirmed that we do have a strategic plan and that the one element that has yet to evolve is the Community Branding piece. He said that the rest of the Strategic Plan has been adopted by the board.

Mr. Uchiyama stated that at the last meeting, the board was presented with what staff had built to date, and that the board was to take a look at it to ensure that staff was on the right path. He said that a general outline was provided, but staff is still working on drilling down to the actual execution and procedures that would populate the previously supplied overview. He explained that we are into the second phase of getting the details on how it is going to get executed, so the document that was previously distributed to the board was intended to provide overview and get feedback.

Mr. Williams requested that a review of the Strategic Plan be put on the agenda as an action item for the next board meeting.

Mr. McCartney said that a presentation of Version No. 1 of the budget would be presented to the board on July 20<sup>th</sup>, which would then provide the board with an opportunity to see how the plan and the budget are aligned, to provide feedback, and to make any changes to the Strategic Plan, if necessary.

Mr. Williams responded that the Community Branding section of the Strategic Plan needs to be adopted to ensure that the strategy is being followed and that the board also understands what we adopted to be the strategy.

Mr. Chang recounted that at the last meeting, specific changes to the plan were discussed. He queried whether there have been any updates to the document since the last meeting. He stated that there was significant discussion, comment, and recommendations made and asked if the plan reflects any of what was discussed at the last meeting, so that the board could review it in preparation for its adoption.

Mr. Uchiyama responded that he did not believe the changes have been incorporated into the document and that staff's main focus has been on getting the Community Branding portion up to speed.

**5. Update on HTA Recovery Strategy**  
(This Agenda item was discussed out of order)

Mr. Uchiyama presented a PowerPoint of the 2011 HTA Recovery Strategy Update, which covered the initial plan and what progress and changes have occurred to date.

He provided a recap of what the plan was back in March, where our goals were to stabilize the market and still hit our target of \$12.03 billion for 2011. Efforts were made to establish the appropriate timing to re-stimulate the Japanese market, in observance of "Jishuku," which is the self-imposed restraint from the market.

He reported that the initial phase of the recover strategy involved analyzing historic trends from past crises and the impact of the fall off of business, which was quite substantial. He said that we estimated again where we were going to end up after the first six (6) months and we were looking at 154,000 lost in arrivals, with about 113,000 from Japan alone. He explained further that we would lose about \$250.5 million because of that impact.

He said that we went out into the market - into Dallas, Denver, and Phoenix - to impact secondary cities, which were selected after looking at available seat inventory, current load factor, and the potential of growth from the existing load factor to the available seats still in the market.

He stated that in all of the markets, some overall flattening is being seen for North America. When the flattening was looked into in April and May, we started to see increases in air fares, fuel or oil costs started to rise, and there were increases to product pricing as well. He explained that what occurs also is that people begin to look for alternative accommodations, so that condominium usage increases over previous months, which is a natural trend that happens whenever there is an upswing in the market.

He shared that there was concern as to when would be an appropriate time to re-enter the Japan market without offending them. A lot of people joined in to help the effort, and the "Aloha for Japan" campaign had a big impact on the market in terms of their appreciation toward Hawai'i. The market was further supported through things such as brochures and we began to see long-stay packaging come into the market because people wanted to stay longer in Hawai'i.

Mr. Bloom asked Mr. Uchiyama to speak to the continued concern about the decline in Airlift in North America and of not seeing the improvement that has been anticipated for this year.

Mr. Uchiyama responded that we are seeing a flattening right now in North America, but there is some activity with carriers such as Allegiant, who is anticipating opening up for sales in December 2012 or the beginning of 2013, with service to commence during the Memorial Day weekend of May 2013.

**7. Discussion and/or Action to Approve Amendments to HTA Bylaws Related to Committees and/or Other Internal Operating Directives, Policies and Procedures**  
(This Agenda item was discussed out of order)

Mr. Pong presented the following proposed amendments to the HTA's Bylaws: deletion of a section in Article III, recognizing ex-officio officers; the establishment of an Audit Standing Committee with the responsibility to develop internal audit controls and procedures and the deletion of the Destination Brand Management Committee, the Budget and Audit Standing Committee, and the Strategic Planning Standing Committee in Article IV; the revision of the title of "Executive Director" to its current statutory designation as "President and Chief Executive Officer" in Article V; and the amendment to clarify the appointment of Fiscal Accounts Officers on behalf of the HTA in Article VI.

Mr. Bloom made a motion to approve the amendments to the HTA Bylaws related to Committees and/or Other Internal Operating Directives, Policies and Procedures.  
Mr. Char seconded the motion.

Mr. Chang asked how a board meeting schedule would be affected if these amendments are adopted. He stated that there is still work to be done, even though there were times when there was a duplication of effort because a matter would be vetted in one of the standing committee meetings and then presented to the board. He queried whether meeting twice a month would be necessary in order to get the work done.

Mr. McCartney responded that the strategy and plan that aligns with this amendment is that another board meeting would be added around major functions such as developing the Strategic Plan or the budget. He explained that the addition of the board meetings would be seasonal and that future cycles would see two (2) meetings in a month to work on the Strategic Plan and the budget, and then it would revert back to the regular schedule of monthly board meetings.

Mr. Chang stated that another significant task that was handled by the Destination Branding Standing Committee was the review of all of the Annual Tourism Marketing Plans (ATMP), which happened over a span of four to five meetings.

Mr. McCartney acknowledged that review of the ATMPs would also require two meetings in a month.

Mr. Chang responded that as long as the board understands what that means, as one of the issues continues to be the ability to meet quorum. He said that because we are adding board meetings to the schedule, the board needs to be willing to commit to an increased schedule of meetings in order for us to conduct business.

Ms. Ewing offered that some board members were on multiple committees, which meant that they were flying to O'ahu multiple times in a month, so she does not believe the addition of board meetings would be an issue.

The motion was unanimously approved without objection.

**3. Action to Approval HTA's Financial Reports for April 2011**  
(This Agenda item was discussed out of order)

Mr. Pong presented HTA's financial report for April 2011. He reported that as of April, approximately 93% of our total budget has been contracted and committed, and as of April 30, approximately \$6.1 million dollars is available. He noted that we spending according to budget.

He stated that our April expenses exceeded income by approximately \$5 million due to expenses incurred by Leisure contracts totaling approximately \$2.3 million.

He reported that our April collections for the Transient Accommodation Tax Revenue (TAT) was reported at \$8 million, which reflects a positive variance over our forecast of approximately \$1.56 million. He also shared that the Department of Taxation has provided preliminary information on projections for the month of May, totaling \$8.7 million.

He noted that the Hawai'i Convention Center continues to perform within budget. He reported that income exceeded expenses by approximately \$4 million for the month of April and that \$3.7 million in TAT Revenues was collected. He reported that preliminary information on May projections from the Department of Transportation was approximated at \$4.1 million, compared to our forecast of \$2.6 million.

Mr. Char made a motion to approve the HTA's financial reports for April 2011.  
Ms. Ewing seconded the motion.

Mr. Char asked how much carryover there would be into the next fiscal year. Mr. Pong responded that approximately \$2.7 million would be carried over. Mr. Char clarified that it would be in addition to the unencumbered reserve of \$4.3 million. Mr. Pong responded affirmatively.

Mr. Char also asked how much carryover there would be from the Convention Center Enterprise Special Fund. Mr. Pong responded that approximately \$4.1 million would be carried over.

The motion was unanimously approved without objection.

**6. Discussion and/or Action to Carry Over from Fiscal Year 2011 to Fiscal Year 2012 SMG's Unexpended Funds in the Marketing Flexibility Fund and in the Sales and Marketing Budget**

Mr. Pong presented a request to carry over from Fiscal Year 2011 to Fiscal Year 2012, the unexpended funds in the Marketing Flexibility Fund in the amount of \$1,440,000.00, which includes approximately \$140,000.00 of accumulated interest, and the unexpended funds from Sales and Marketing expenses in the amount of approximately \$300,000.00, which includes approximately \$130,000.00 of accumulated interest. The total amount to be rolled over from Sales and Marketing is approximately \$430,000.00.

Mr. Bloom made a motion to approve the carryover of SMG's unexpended funds in the Marketing Flexibility Fund and in the Sales and Marketing Budget from Fiscal Year 2011 to Fiscal Year 2012. Mr. Fitzgerald seconded the motion.

Mr. Pong explained that the reasons there were amounts to be rolled over from the Sales and Marketing budget arose from some staffing vacancies that were not filled immediately; some Asia promotions that were delayed from June to July; and some decreased costs for meals, entertainment, site visits, and other miscellaneous administrative expenses.

There was a general discussion regarding the amounts to be rolled over and Mr. Chang and Ms. Thompson both clarified that the rollover amounts from both funds included accumulated interest. Mr. Williams suggested that the motion for Agenda item no. 6 be tabled, as Mr. Pong explained that another Agenda item to be discussed in Executive Session would allow for support of the current motion.

A discussion was conducted in Executive Session that included information that addressed the board's questions regarding the rollover amounts.

Mr. Chang restated the motion to approve the carryover SMG's unexpended funds in the Marketing Flexibility Fund and in the Sales and Marketing Budget from Fiscal Year 2011 to Fiscal Year 2012, which was unanimously approved without objection.

The meeting was recessed to go into Executive Session at 11:13 a.m.  
The meeting was reconvened at 2:11 p.m.

**4. Presentation of Visitor Statistics/Data**

Mr. Williams stated that Mr. Naho'opi'i had provided information to the board prior to the meeting and called for any questions.



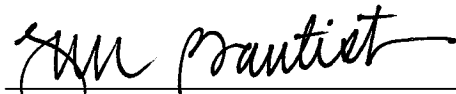
Mr. Bloom requested that the order of data in the year-to-year comparative tables be amended to reflect the Current Period, Previous Period, and Variance to provide for some consistency.

Mr. Naho‘opi‘i mentioned that he has the Competitive Data Set Lodging Information for April, as well as information on some other Research projects such as the Visitor Satisfaction Survey and the Marketing Effectiveness Study.

**11. Adjournment**

The meeting was adjourned at 2:16 p.m.

Recorded:

  
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Staff Recorder