

## **THE CORPORATION FOR TRAVEL PROMOTION**

### **MEETING OF THE BOARD OF DIRECTORS**

February 2, 2011

A meeting of the Board of Directors (the “**Directors**”) of The Corporation for Travel Promotion (the “**Corporation**”) was held by conference call commencing at 2:15 p.m. EST. The following members of the Board were present at the Meeting:

Stephen J. Cloobek, Chairman  
Caroline Beteta, Vice Chair  
George Fertitta, Vice Chair  
Daniel Halpern  
Tom Klein  
David Lim  
Mark Schwab  
Diane Shober  
Lynda S. Zengerle

Roy Yamaguchi and Al Weiss were not in attendance. Also in attendance were Rob Gluck and Melissa Mitchell of the firm High Lantern Group, and Robyn Mandel, Esq. of the law firm Katten Muchin Rosenman LLP. Joel Secundy and Helen Marano representing the Department of Commerce also participated in the call. Melissa Mitchell served as secretary of the meeting. Stephen J. Cloobek, the Chairman, called the meeting to order with a quorum present.

#### **I. Chairman’s Update**

- A. Chairman Stephen Cloobek reported that the search for a CEO is underway and going smoothly. The goal is for a CEO to be in place by the next Board meeting.
- B. The collection of funds by the Department of Homeland Security since January 20 totals \$42 million – \$30 million of which shall be for the benefit of the Corporation.
- C. Financially, the Corporation is constantly monitoring its revenue stream and keeping its expenses to a minimum.
- D. RFPs for outside accountants and legal teams are or will soon be in the field.
- E. The Board has created a governance process, which includes a committee structure that will be discussed later in the meeting.
- F. Members of the Board are working on a strategic planning framework, which is a 5-year plan for the brand, marketing messaging, industry relations, in-kind policy, future meeting schedule and launch at PowWow in May.

#### **II. Executive Director Search**

- A. Tom Klein, head of the Search Committee, reported that SpencerStuart has been leading the search, along with the Search Committee of the Board. The Committee will be interviewing candidates the second week of February. The selection process is still open to candidates that come directly to the Board, but they will be directed to go through the process with SpencerStuart. All candidates will be considered, although all will not necessarily receive an interview. The goal is to identify a final candidate in March.

### III. 501(c)(6) Status

- A. Chairman Cloobeck reported that the Board had a special meeting to formally amend the bylaws to indicate that the Corporation would be filing for 501(c)(6) status, rather than 501(c)(3) as previously indicated.

### IV. Committees and Governance

- A. Chairman Cloobeck asked High Lantern Group to publish on the web site the draft governance structure document, which is attached hereto as Exhibit A.
- B. Since the Board has been functioning in administrative roles, the structure was created to clarify how the Corporation will be managed. The committees will liaise with the administrative team of the Corporation including the CEO.
- C. Chairman Cloobeck asked for nominations for the Audit and Finance Committee, which will include:
  - 1. Daniel Halpern, Chair
  - 2. Mark Schwab
  - 3. Tom Klein
  - 4. Stephen Cloobeck
- D. Robyn Mandel pointed out that this committee is a subcommittee of the full Audit Committee, which is composed of all Directors.
- E. Vice Chair Caroline Beteta suggested that someone from the industry but not on the Board also serve on the Audit Committee in an advisory role.
- F. Chairman Cloobeck said the Committee will take that recommendation and report on it at the next Board meeting. Tom Klein recommended seeking someone who is not on the Board to serve in a CFO role.
- G. Daniel Halpern, as Chair of the Audit Committee, said he will work with his Committee to reach out to the industry to find the right person for that role.
- H. Chairman Cloobeck asked for nominations for the Marketing Committee, which includes:
  - 1. George Fertitta, Chair
  - 2. Caroline Beteta
  - 3. Al Weiss
  - 4. Diane Shober
  - 5. David Lim
- I. George Fertitta, as Chair of the Marketing Committee, reported outside involvement from the industry is welcome. He indicated the Committee is already off to a good start. Caroline Beteta agreed and suggested the Committee come back to the Board with a full framework and suggestions for achieving balance on this committee with the appropriate expertise in place.
- J. Chairman Cloobeck agreed and asked that all committees seek an appropriate number of industry advisors to serve in a non-voting capacity.
- K. Chairman Cloobeck asked for nominations for the Legal Committee, which will include:
  - 1. Lynda Zengerle, Chair
  - 2. Caroline Beteta
  - 3. Roy Yamaguchi (nominated in absentia)
- L. Chairman Cloobeck asked for nominations for the Governance Committee, which will include:
  - 1. Caroline Beteta, Chair (in capacity of Vice Chair)
  - 2. Tom Klein
  - 3. Stephen Cloobeck

- M. Chairman Cloobek also asked for nominations for the In-Kind Policy Subcommittee, which will be a Subcommittee of Governance, and which will include:
  - 1. Diane Shober, Chair of In-Kind Subcommittee
  - 2. David Lim
- N. Chairman Cloobek asked for nominations for the Fundraising and Development (Industry Matching Funds) Committee. Vice Chair Beteta pointed out this committee will focus on a plan around the cash vs. in-kind match, to scale over a three to five year period. The committee will include:
  - 1. Al Weiss, Chair (nominated in absentia)
  - 2. Daniel Halpern
  - 3. Mark Schwab
- O. Chairman Cloobek asked for a motion that this shall be the governance of the Board moving forward, and it was.

**RESOLVED**, that the activities of the Corporation shall be handled by several committees and that each Director shall participate in, or serve as chairman of, at least one committee as listed on the organizational chart attached as Exhibit A;

**FURTHER RESOLVED**, that each committee shall include members of the travel and tourism industry to serve in an advisory and non-voting capacity to supplement and add to the committees' expertise;

**FURTHER RESOLVED**, that the Chairman of each Committee and such other persons as the Chairman of each Committee shall designate are hereby authorized, empowered and directed, in the name and on behalf of the Corporation to execute documents relevant to the Committee's tasks and in connection therewith, to take such additional steps and actions as may be deemed necessary to consummate tasks, which are the responsibility of each such committee.

#### **V. PowWow Plan**

- A. George Fertitta reported that U.S. Travel Association graciously offered the Corporation the opportunity to present at a luncheon at PowWow in May in San Francisco. This will provide an opportunity to showcase the Corporation's progress to the international audience at large.

#### **VI. Strategic Planning Framework**

- A. Vice Chair Fertitta reported on the stated vision of the Corporation, including its mission and has been working with Vice Chair Beteta to create a strategic planning framework based on background research to guide the future strategy of the Corporation.
- B. Vice Chair Beteta reported on the framework plans, as including both annual and five-year strategic plans. These plans are not just driving straight to tactics and execution, but focused on the bigger strategy to present to elected officials and other external audiences.
- C. She reported that the research metrics, existing and future, will help to uncover all areas where the Corporation can achieve return on investment, through increased market share, volume, spending, job creation, tax revenue, etc. The more qualitative research will include benchmarking brand positioning and how the Corporation can create and seek better engagement going forward. Other research will include communication channels against target markets and how to organize administratively around budget parameters.

- D. Vice Chair Fertitta said this process has helped get a jump on the audit of what research exists today. The Commerce Department has been helpful with their limited resources. One of the Corporation's early expenditures will be looking at research needs. For example, perceptions and barriers will be evaluated to ensure the Corporation is successful and achieves the highest possible return on investment.
- E. Chairman Cloobek said there has been a lot of progress in this area to help assist the CEO and administration when they are hired.

#### **VII. Legal and Accounting RFPs**

- A. Daniel Halpern reported that there was some confusion with regard to government accounting requirements that made the Corporation's audit procedures unique since the Corporation's monies must pass through the government. He is working with the Commerce Department to better understand the needed filings, specifically the OMB A-133 filing. CPA firms have been consulted, and they are helping to understand the federal government requirements that apply to the Corporation.
- B. The legal RFPs will be going out within the week. There will be one for general legal representation and one for representation in the advocacy and consulting space.
- C. The return date for proposals will be the end of the month.
- D. Chairman Cloobek said that with the new committee governance, recommendations based on proposals should go through the corresponding committees. Halpern concurred.

**RESOLVED**, that the Directors have agreed that Daniel Halpern would compile Request for Proposals (RFPs) from accounting and law firms; and that Daniel Halpern, with the appropriate committee(s) of Directors, shall review submissions for such RFPs and present to the Board of Directors recommendations for which firms to hire to provide the relevant services to the Corporation, at which time the Board of Directors shall vote to hire such firms.

#### **VIII. Mission for Visa Policy and Reform**

- A. Lynda Zengerle reported that she and Mark Schwab attended the Travel and Tourism Advisory Board (TTAB) meeting at the Commerce Department and their visa policy presentation could help direct the Corporation, even though the Corporation is not a lobbying organization. Ideas discussed included creating more consulates and waiving in person interviews where security is not threatened.
- B. Mark Schwab added that the subcommittee had a lot of good background data including wait times for visas and made clear, financially responsible recommendations. These recommendations would be in support of what the Corporation is doing, which is driving travel to the U.S. They also had good data on cost per consular officer and other data that can improve return on capital. The subcommittee included recommendations for improving the process at ports of entry as well.
- C. Joel Secundy, representing the Commerce Department, gave background on the TTAB, chaired by Rossi Ralenkotter of the Las Vegas Convention and Visitors Authority. The travel facilitation subcommittee referred to here is chaired by Hubert Joly of Carlson Companies. Its role is to issue recommendations to the Secretary of Commerce. Undersecretary Francisco Sanchez at that meeting encouraged cooperation and collaboration between the TTAB and the Corporation.
- D. Mark Schwab said that the TTAB discussed how to formalize the relationship with the Corporation but no decisions had been made.

- E. He reported that they heard about Global Entry, a biometric system to expedite U.S. citizens through ports of entry, but not specific efforts to promote the program. There were discussions to expand the program to countries with similar systems. The Corporation should consider how to make the program more known.
- F. Lynda Zengerle said a TTAB recommendation was reimbursement through ESTA as an incentive for those who have to pay the ESTA fee. She, Chairman Cloobek and Joel Secundy agreed expanding Global Entry should be a priority.
- G. Chairman Cloobek suggested that the TTAB could lobby these issues on behalf of the Corporation and the Corporation's Legal Subcommittee could lead the efforts.

#### **IX. In-Kind Policy**

- A. Diane Shober reported on the development of the Corporation's in-kind evaluation, including conversations with Canadian Tourism Commission and VISIT FLORIDA, in consultation with IRS definitions. High Lantern Group has worked to evaluate information from these organizations to create the very beginning of a policy for the Corporation. She recommended forming a Board committee to have more detailed conversations with these organizations to help finalize a policy. She agreed to head the committee. David Lim agreed to join this committee.
- B. Vice Chair Beteta reported that this committee should be a subcommittee of the Governance Committee, although it overlaps with both Governance and Fundraising.
- C. Robyn Mandel, as legal counsel, asked for clarification. Directors agreed responsibilities straddled both Governance and Fundraising, but since this policy, once in place and down the road, would be driven by staff, there would not be a need for a separate full committee.
- D. Vice Chair Beteta suggested the subcommittee for building the in-kind policy should be chaired by Diane Shober, to which she agreed. Robyn Mandel said that Al Weiss could still serve as chair of the Fundraising and Development (Industry Matching Funds) Committee. All Directors agreed that In-Kind Policy Committee would be a subcommittee of the Governance Committee, chaired by Diane Shober with David Lim as a member of the subcommittee.

#### **X. High Lantern Group (HLG) Contract Addendum**

- A. Chairman Cloobek stated the Board had agreed to review HLG's original contract since they have extended three times the hours agreed to at the outset, mostly due to a lack of staff for the Corporation. HLG submitted an addendum to the Board.
- B. Vice Chair Fertitta said the representation is fair with regard to the compensation versus manpower. The blended rate is fair, and they have been extraordinarily helpful in getting the Corporation up and running. Vice Chair Beteta agreed. Daniel Halpern agreed they have done a good job helping with accounting RFPs, for example, and other tasks outside their scope of work.
- C. Chairman Cloobek informed the public that the in-kind contribution to the Corporation offered by HLG is \$140,000 for the duration of the contract.
- D. Chairman Cloobek asked for a motion, which was unanimously approved and therefore, it is.

**RESOLVED**, that the Addendum to High Lantern Group's contract for their expanded scope of work is hereby approved.

## **XI. March Board Meeting**

- A. Chairman Cloobek said the next meeting is proposed for Washington, DC on March 9 and that details would be posted on the web site. He also said that an RSVP would be required to attend the meeting in person.

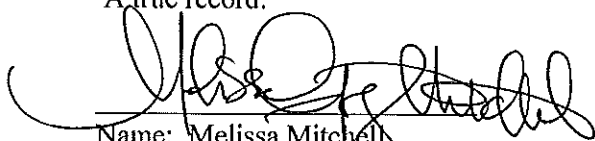
## **XII. Public Questions and Comments**

- A. Steve Russell asked Lynda Zengerle if the State Department representatives at the TTAB meeting gave specifics for hiring more consular offices. Lynda stated that physical space is an issue, but if more officers can fit in existing facilities, then it would be a win-win situation. She said it seems to be a consideration at this stage, but not a done deal.
- B. Monty Mesa from the Guam Visitors Bureau asked if revenues for the Corporation would be promoting just the 50 states or also the territories. Chairman Cloobek said it would include states and territories. Further, Mr. Mesa asked if funds for Guam entrance were also being accepted from Visa Waiver countries. Joel Secundy clarified that the Travel Promotion Act recognizes the states and District of Columbia, but not the territories. However, the Secretary and Chairman have been discussing this issue. This shows a difference in the legislative and executive branch. Chairman Cloobek said the Board's intent is to be more inclusive rather than exclusive. Monty Mesa suggested creating representation on Corporation committees extending beyond the 50 states, to which Chairman Cloobek said that expertise from territories and neighbors as well in advisory groups would be welcome.
- C. Tom Berrigan asked if the Corporation has considered a name or brand change. Chairman Cloobek said the Corporation is now operating under the name given in statute but that it is under consideration. When it is determined what the new name/brand will be, the Corporation will inform the public.
- D. Andy Ingraham asked how promoting the efforts of the organization are being handled. Vice Chair Fertitta said outside consultants including advertising agencies and communications consultants will be needed for global messaging, but when a CEO is in place, then those decisions can be made, but that is at least a month away. Mr. Ingraham further asked if research into the multi-cultural market would be conducted. Vice Chair Fertitta said there would be a major research effort in conjunction with the Department of Commerce considering all market segments, including the multi-cultural market.
- E. Amy Landraft asked when the web site would be live. Chairman Cloobek said the corporate web site [www.corporationfortravelpromotion.com](http://www.corporationfortravelpromotion.com) is live and hosts information about the Board, including Board members, meeting notices and minutes. She also asked about how the Corporation would work with the U.S. Travel Association. Fertitta said the U.S. Travel Association was a separate entity and that the Corporation's focus is solely international marketing.
- F. Joel Secundy commented that Secretary of Commerce Locke was looking forward to attending the Board's next meeting in Washington, DC. He and Undersecretary Sanchez are happy with the quick progress of the Corporation. They believe the work of the Corporation will help the President fulfill his mission to double exports in the next five years.
- G. Victoria Stars asked about industry participation in the Corporation's advisory committees. Chairman Cloobek said to contact HLG by way of the web site or an email to [info@corporationfortravelpromotion.com](mailto:info@corporationfortravelpromotion.com) would ensure those requests got to the Board.

**XIII. Adjourn**

The meeting formally adjourned at 3:23 p.m. EST.

A true record.



Name: Melissa Mitchell  
Acting Secretary of the meeting