



MARKETING STANDING COMMITTEE MEETING
HAWAII TOURISM AUTHORITY
Wednesday August 29, 2018
Hawaii Convention Center
1801 Kalakaua Avenue, Honolulu, Hawaii 96815

MINUTES OF MARKETING STANDING COMMITTEE MEETING

- COMMITTEE MEMBERS PRESENT: Sean P. Dee, Fred Atkins, Sherry Menor-McNamara, George Kam
BOARD MEMBERS PRESENT: Rick Fried, Kyoko Kimura
HTA STAFF PRESENT: Laci Goshi, Caroline Anderson, Chris Sadayasu, Jennifer Chun, Kalani Ka'anā'anā, Naomi Sjoquist
GUESTS: Rep. Onishi, Jason Griffiths, Jose Tafoya, Jay Talwar, Peter Honig (by phone)
LEGAL COUNSEL: Gregg Kinkley

1. Call to Order

Presiding Officer Sean Dee welcomed Kyoko Kimura to the meeting, noting that Ms. Kimura's appointment to the Committee will take place at the Board meeting on August 30, 2018. Mr. Dee then thanked Rep. Onishi for attending the meeting. Chair Dee requested a motion to call the meeting to order. Mr. Kam so moved. Mr. Atkins seconded the motion and the meeting was called to order at 2:42 p.m.

2. Approval of Minutes from the July 26, 2018 HTA Marketing Standing Committee Meeting

Mr. Dee requested for a motion to approve the minutes from the July 26, 2018 Marketing Standing Committee meeting. Mr. Kam so moved. Mr. Atkins seconded the motion, which was approved by all committee members present.

Mr. Dee reported that the Global Tourism Summit registration and planning is progressing on target and the Summit is projected to sell out. Mr. Dee noted that there will be a big push to promote registration in these final months leading up to the Summit.

3. HTA Brand Management Plan and Budget

Mr. Dee announced that the HTA staff requested that the Committee defer discussion on this agenda item to the end of the meeting.

4. Research Presentation

Mr. Dee announced that he asked Jennifer Chun to present briefly on research methods in response questions raised at prior meetings regarding the research that Ascendant has conducted for HTA as well as the recent local resident sentiment survey.

Ms. Chun began by explaining the two-part procedure in place at HTA for reporting. The first part of this procedure is in the pre-award stage. Festivals and events go through an RFP process, which includes estimated impacts on visitor statistics; sports events use the Ascendant scorecard to estimate impacts. The second part of this procedure is the post-event reporting, which includes a contractor program report for all events, Nielsen reports that HTA orders on a handful of events, and an Ascendant sponsorship impact report from Ascendant for sports events.

Ms. Chun added that the resident sentiment survey indicates across all islands that residents agree that tourism allows the HTA to sponsor festivals, activities, and sports events for both residents and visitors.

Ms. Chun then presented the four factors reported in Nielsen reports that HTA examines to determine the visitor impacts of festivals and events: 1) the economic impact; 2) event satisfaction; 3) the tourism impact; and 4) the community impact. Ms. Chun noted that for 2018, HTA has ordered Nielsen reports and reviewed the impacts of 12 events. For 2019, HTA has budgeted for Nielsen reports on 37 separate events to get a more complete picture of the impacts that HTA-sponsored events have on visitors and residents.

Ms. Chun stated that the Nielsen reports demonstrate that the Ironman, followed by the Tournament of Champions, brought the largest economic impact to the State this year.

Mr. Atkins asked if the responses from the surveys are from people who attended the event or the public at large. Ms. Chun explained that the surveys are completed by people attending the event, but added that HTA will be adding some off-event numbers in the future.

Mr. Dee noted that one of HTA's tourism objectives is to try to attract a more quality visitor. Mr. Dee asked whether the numbers in these reports showing that people at the events are staying in the State longer than the duration of the events corresponds to whether those

visitors are high-quality visitors. Ms. Chun explained that the data shows that out-of-state visitors that come for a specific event, such as the Merrie Monarch Festival, stayed longer and likely had higher spending averages than visitors who did not plan their travel around an event.

Ms. Chun then reported that the event satisfaction survey results demonstrate that the Lotte Championship event scored the highest among tourists, but local residents enjoyed the MAMo - Maoli Arts Movement event the best. Ms. Chun noted that the Ironman received high scores from both local residents and tourists.

Ms. Chun then explained that the tourism impact survey measures visitors that travel to Hawai'i for a specific event. The results from that survey demonstrate that for the Ironman, 98% of non-resident survey respondents came to Hawai'i specifically for the Ironman. Ms. Chun also noted that the Merrie Monarch Festival, Lotte Championship, and the Hawai'i Food & Wine Festival brought large numbers of visitors who planned their trips specifically for those events.

Ms. Chun explained that the survey responses contained in the community impact report, which measures resident sentiment towards using Transient Accommodation Tax ("TAT") revenues to pay for events, demonstrates the residents believe such use is reasonable. Ms. Chun reported that the Merrie Monarch Festival rates the highest of these events for residents who believe that local government participation is important for the success of these events. Ms. Chun noted that a large number of respondents support HTA using TAT funds for events and feel that having the government involved in these events as it is very important to them. Ms. Chun also noted that survey respondents agree the HTA-sponsored events and festivals make a positive contribution to the image, appearance and reputation of Hawai'i and are visitor-friendly.

Ms. Chun provided a brief breakdown of the survey results from each of the twelve surveyed events. Ms. Chun added that, with respect to local resident sentiment: 60% believe events help support Hawaiian culture; 87% state that they are likely to return to future events; 87% believe that the event makes a positive contribution to the image, appearance and reputation of Hawai'i; 73% agree that events are Kama'aina friendly; 80% believe events are important to the local community; 87% agree that the events are visitor friendly; 65% believe the events enhance the overall quality of life in Hawai'i; 66% agree that the event is environmentally friendly; and only 17% believe that the events create an inconvenience for local residents.

Ms. Chun then presented the results of Ascendant's research. Ascendant's surveys were sent to visitors in a two-wave, web-based approach. Ms. Chun explained that Ascendant first surveyed attendees for the Ironman World Championship, the Xterra Championships and Trail Run, the Maui Jim Invitational, and the Hawai'i Open. Later, Ascendant sent out a second batch of surveys for the Clippers game, the Honolulu Marathon, the Hawai'i Bowl, the Sentry Tournament of Champions, and the Sony Open.

Ms. Chun stated that Ascendant's research focuses on the travel impact on attendees, Hawai'i's attributes, travel plan impacts, impacts to respondent's perceived favorability of HTA, and

event interest.

Ms. Chun then reported that the Sony Open and the Hawai'i Open had the largest projected attendance of all of the sports events. Ms. Chun noted that Ascendant's research demonstrates that, when people can view an event on TV, the event is seen as more prestigious and Hawai'i is viewed by survey respondents as more accessible.

Ms. Chun reported that the Clippers event reported the highest percentage of viewers who said they planned to visit Hawai'i in the next five years. Ms. Chun then reported detailed travel impact metrics results. In response to questions addressing the impact of sporting events on respondents' desire to travel to Hawai'i, respondents who regularly watch the event on TV responded that they were very interested or interested in visiting Hawai'i. In response to questions addressing the impact of televised sports events on Hawai'i's perceived accessibility, those who watch a sporting event on TV believe that Hawai'i is an accessible destination. In response to questions addressing sports events' impact on Hawai'i's prestige, those surveyed who regularly watched the sporting event on TV felt that Hawai'i was a prestigious destination. In response to questions addressing the impact of sports events on respondents' travel plans, people who regularly watch the sporting event on TV selected Hawai'i as a destination they are planning to travel to in the next three years.

Ms. Chun then reported that the results of the Sport and Event Fan Status Analysis Groups, which Ascendant compiled to review the percentage of sports fans who would be interested in watching an event on television. For the following sports, the following percentage of survey respondents reported that they are 'Passionate' or 'Average' fans of each sport: professional basketball at 58%; college football at 49%; college basketball at 43%; professional tennis at 28%; professional golf at 23%; marathons at 19%; endurance racing at 16%; and triathlons at 16%. Of those fans, the following percentage would be interested in watching the following specific Hawai'i sports events on television: L.A. Clippers at 49%; Hawai'i Bowl at 27%; Ironman World Championships at 26%; Sony Open at 20%; Sentry Tournament of Champions at 18%; Maui Jim Invitational at 18%; Honolulu Marathon at 17%; Hawaii Open at 16%; and XTERRA World Championships at 13%.

Mr. Kam stated that the survey numbers for the Clippers event are very high, but his impression was that actual attendance was very low. Mr. Kam asked how HTA and Ascendant reconcile this difference. Mr. Atkins added that the events surveyed are totally different so HTA needs to be careful in how we compare the Ascendant scores across events. Mr. Atkins noted that when people come to visit Hawai'i, they do not want to sit and watch the XTERRA challenge. Rather, visitors want to play golf and surf.

Mr. Kam stated that Ascendant needs to develop a metric that can accurately assist HTA in determining which events to support with taxpayer dollars. Ms. Chun responded that the data Ascendant collected with regards to the Clippers event is a great example of this metric. For this event, a lot of people want to watch the Clippers on television, but not many want to visit Hawai'i to attend the game.

Mr. Kam agreed but added that Ascendant needs to add another component to their research to measure how to allocate support from HTA's global marketing teams. Mr. Kam added that HTA needs to know how Ascendant's data is vetted through HT USA. Mr. Atkins suggested that HT USA should review Ascendant's data and provide their input to HTA as HTA budgets for future events. Mr. Atkins then asked Ms. Chun to add a question to the post-event surveys asking: "how do we make it better." Ms. Chun agreed and noted that HTA will include that question in the Neilson and HTA post-event surveys.

Ms. Chun added that all event survey results should be reviewed with that event's objective in mind, noting as an example that HTA's objective for the Kōloa Plantation Days event is much different than HTA's objective for the LPGA Lotte Championship.

Ms. Chun then reported on the SMG Survey, explaining that SMG approached HTA after learning that HTA was considering bringing an L.A. Rams preseason game to Hawai'i. Ms. Chun reported that SMG's survey results demonstrate that Hawai'i is a top vacation spot for L.A. Rams fans, which number 4.59 million nation-wide. Ms. Chun noted that in the L.A. market, L.A. Kings fans are more likely to visit Hawai'i than Rams fans, but not by too high a margin. Ms. Chun then reported that, although the Rams rank 10th overall in NFL team popularity among fans wanting to visit Hawai'i, their fans over-index against the general population by the highest amount.

Mr. Fried stated that most of the events surveyed are the same year-over-year but noted his surprise that the tennis events have been so popular given rain problems that the Hawai'i Open has faced at the Patsy T. Mink Central O'ahu Regional Park in recent years. Mr. Fried added that the Hawai'i Open will be held at the Blaisdell Arena this year to attract the top players in the world.

Mr. Dee added that HTA wanted to share all of the data they have collected for 2018 and noted that HTA will be tracking all 37 events scheduled for FY19 (2018-2019). Mr. Dee added that HTA needs to prioritize these events in order to get a maximum value return on their funding investment.

Mr. Kam asked Mr. Talwar if he had anything that he thought HTA needs to add for their research. Mr. Talwar responded that he would connect with Mr. Honig to better understand Ascendant's methodology and work in HTA's objectives to evaluate the data. Mr. Sadayasu added that HTA wants to ensure that they obtain all the data, analyze it, and then budget accordingly.

Mr. Atkins added that like the Clippers event, which scored well in some areas and low in others, HTA needs to identify how those scores align with HTA's goals for that specific event.

Ms. Chun announced that this year HTA will be adding Japanese language surveys for specific events in order to better gather data on the Japan market.

Rep. Onishi asked if there is a measure of which events that Hawai'i residents feel are important to them so that they can participate. Mr. Dee stated that only 12 surveys have been conducted in past years, which makes it difficult to accurately decipher what events are important to residents, but added that HTA plans on gathering data on all 37 events scheduled for upcoming year. Ms. Chun directed Rep. Onishi to page 30 of the report, which shows more of the data regarding questions targeting residents.

Rep. Onishi explained that his point was that the Clippers game provided residents the opportunity to attend an NBA game without traveling to the mainland. Rep. Onishi explained that it is important to try to provide Hawai'i residents with access to some of these kinds of events, which is a factor that HTA needs to take into consideration. Ms. Chun agreed and explained that HTA asks about local resident satisfaction versus tourist satisfaction when they survey attendees' attitudes about events. Mr. Dee then asked if these questions were asked on a per-event basis. Ms. Chun confirmed they are.

Ms. Menor-McNamara asked if HTA has any data regarding the highest support of media impact for local events. Ms. Chun confirmed so.

Mr. Dee thanked Ms. Chun for her presentation.

5. Sports Marketing Update

Mr. Dee acknowledged Peter Honig to update the Committee on the status of HTA's negotiation with the L.A. Rams. Mr. Dee announced that Mr. Honig will make a detailed presentation to the full Board on August 30, 2018.

Mr. Honig reported that negotiations have been productive thanks to the clear direction the Board provided Ascendant. Ascendant has refined the overall event package with the support of the Rams, who have been good partners throughout discussions.

Mr. Honig noted that, at this point, all remaining parties-including the Stadium Authority-are on board with the final terms of the proposal, which will be presented to the Board on August 30. Mr. Honig stated that the Rams and the Stadium Authority understand what is at stake in these discussions.

Mr. Honig then reported that the Rams are willing to meet HTA on common ground with respect to their requested investment amount. Mr. Honig noted that he is aware of some concerns raised by Board members regarding the scheduling of the game towards the end of the pre-season and hotel inventory, but explained that he will follow up with the Rams on these issues.

Mr. Honig concluded by stating his belief that this is an important and impactful event for Hawai'i. Ascendant has gotten the Rams to common ground and negotiations are now waiting

on the Board.

Mr. Honig then introduced Jason Griffiths and Jose Tafoya, both with the L.A. Rams. Mr. Honig thanked Mr. Griffiths and Mr. Tafoya for their tireless work on this project for the past year. Mr. Honig also informed the Committee that Mr. Griffiths and Mr. Tafoya happily agreed to fly from Los Angeles with less than 24 hours' notice to speak with the Committee and the Board.

Mr. Griffiths thanked Mr. Honig for the introduction and began by outlining the progress of negotiations so far, explaining that he understands that the Rams are asking for a significant investment from Hawai'i. Mr. Griffiths noted that he and Mr. Tafoya want to demonstrate how excited the Rams organization is about this event.

Mr. Griffiths explained that it is his team's responsibility to ensure that fans show up to the game. Mr. Griffiths added that the Rams are excited to attract more fans in Hawai'i, especially given the recent movement in the League, most notably with the Chargers and Raiders. Mr. Griffiths added that the Rams want to ensure that the coaches and players participate in meaningful community events while in Hawai'i, noting that the team gives 12,000 hours annually to its Los Angeles community. Mr. Griffiths concluded his presentation by explaining to the Committee that he intends to develop a strategy to turn this game into a long-term investment in Hawai'i rather than just a one-year event.

Mr. Atkins thanked Mr. Griffiths and Mr. Tafoya for traveling to Hawai'i to make their presentation and indicated that HTA would be very interested in seeing how this partnership can be extended beyond one year.

Mr. Ka'anā'anā noted that some of Hawai'i's most underserved communities are located on the west side of O'ahu, some 45 minutes away from the practice facilities, and encouraged the Rams to look at serving those communities while in Hawai'i and not just the communities surrounding Aloha Stadium. Mr. Griffiths thanked Mr. Ka'anā'anā for his suggestion and added that this approach echoes the Rams' approach in Los Angeles as well. Mr. Ka'anā'anā also suggested that the Rams and HTA need to examine the possibility of involving the Polynesian Football Hall of Fame with this event. Mr. Fried then thanked Mr. Griffiths and Mr. Tafoya for coming to the meeting.

Mr. Tafoya expressed his appreciation to HTA for his invitation to the meeting. Mr. Tafoya explained that he has been working in the sports industry for most of his life. When he worked for the Oregon Ducks and saw how Marcus Mariota energized the entire Oregon community, he realized the importance of a sports brand on community pride. Mr. Tafoya explained that the Rams see the team's return to Los Angeles as a homecoming, but added that they really want to expand their brand beyond Los Angeles as well.

Mr. Kam asked if HTA could activate neighbor islands for this event. Mr. Atkins asked how long the team would be staying in Hawai'i. Mr. Griffiths responded that the length of the team's stay is currently being negotiated, but is expected to be approximately five days.

Mr. Kam then suggested that the Rams' alumni travel to the neighbor islands for community events in conjunction with the game. Mr. Kam noted that if the Rams goal is to develop a Rams fan base in Hawai'i, the team may want to spread their message across the State. Mr. Kam also expressed his happiness at hearing that the Rams are interested in continuing this event in Hawai'i for more than one year. Mr. Tafoya expressed his agreement with Mr. Kam's suggestion and explained that the Rams are excited to explore how they can support HTA and vice versa.

Mr. Atkins suggested working with the local youth leagues on the neighbor islands to set up fundraisers that can help support those young athletes' travel to O'ahu for the game. Mr. Atkins also suggested that HTA should examine the possibility of getting support from the counties for at-risk youth to travel to the game as well, noting that this is where the county-State partnership comes into play.

Mr. Dee announced that he circulated a new term sheet and valuation for this request to the Committee members in advance of today's meeting and explained that HTA has come a long way in reducing the investment amount, developing entitlements, and working to develop a year-long program. Mr. Dee added that HTA has been in frequent discussions with the Stadium Authority. He also clarified that the Rams will be responsible for the risk and reward tied to ticket sales. Mr. Griffiths added that all the risk and reward for facilities, such as concessions and parking, goes to the Stadium all the risk and reward for ticket revenue goes to the Rams. Mr. Kam clarified that HTA will not see a direct return on its investment, but the State will get that return on investment through the Stadium Authority.

Ms. Menor-McNamara asked if there was any way to entice Los Angeles residents to fly to Honolulu for the game. Mr. Griffiths responded that, while such a program is not in the term sheet, it would be beneficial to both the Rams and HTA to do so.

Mr. Atkins asked if the game would be held at night or during the day and whether it will be televised. Mr. Griffiths explained that he could not give a concrete answer yet as to the time of the game, but added that the Rams have been picked up for a televised event every year so there is a high likelihood this game will be televised.

Mr. Atkins expressed his hope that the State, the Stadium Authority and the City and County of Honolulu address the parking and traffic impacts that this event will create and suggested that a committee be formed with all stakeholders to ensure that we show the world that Hawai'i can hold a first-class event.

Mr. Dee noted that the Board has this proposal on the August 30 Board meeting agenda and thanked Mr. Griffiths and Mr. Tafoya for coming to Hawai'i, adding that that the Rams have delivered on the Board's request. Mr. Dee noted that, about a year ago, HTA was getting a lot of pushback on their ability to develop a sports strategy and expressed that this negotiation with the Rams proves otherwise.

Mr. Atkins asked if anyone present had any remaining challenges to this proposal so that the Committee can develop responses ahead of the Board meeting. Mr. Kam responded that he did not have any major concerns, but noted that it is important that HTA listen to HT USA and their other global partners. Mr. Kam also expressed his confidence in HTA and the Rams to work together to make this event a success.

Mr. Togashi expressed his appreciation for Mr. Griffiths and Mr. Tafoya flying in from Los Angeles for the Committee meeting. Mr. Togashi then noted that, as the Vice President of Finance for HTA, he has always been upfront about his position. Mr. Togashi explained that he has always cautioned the Board to reflect on whether they are making their decision after considering opportunity costs and what other opportunities that HTA could be supporting with this money. Mr. Togashi also stated that he believes it is important to take a long-term view of HTA's budget. Mr. Togashi concluded by stating that, if the Board decides to accept this proposal, HTA staff will stand behind the Board and assist in implementing the program.

Mr. Dee thanked Mr. Togashi for his input and added that he believes that HTA has sufficiently funded its reserves, but welcomed input from Rep. Onishi. Rep. Onishi stated that he thought the dialogue that HTA has taken in the past months has excellent, explaining that this decision-making process is what the Legislature is looking for from HTA. Legislators want HTA to back up their decisions with the process by which they came to the decision. Rep. Onishi noted that the process HTA has taken in reviewing this proposal makes it a stronger project and added that, if the Board decides to move ahead with this event, he will support that decision.

Mr. Fried asked if the Rams know which of the four preseason games will be played in Hawai'i. Mr. Griffiths indicated that Mr. Honig has asked for the third or fourth game, but added that they were waiting on confirmation from the Rams' leadership team.

3. HTA Brand Management Plan and Budget (deferred)

Mr. Dee then announced that the Committee would return to discussion on Agenda Item 3, deferred earlier in this meeting. Mr. Dee reported that the Board approved the Budget at the last meeting but were also supposed to approve the HTA Brand Management Plan. Mr. Dee asked whether the Board could provide pending approval of a working Brand Management Plan while HTA recruits the new leadership team in order to give the new leadership team time to vet the Plan.

Mr. Togashi offered his apologies for not asking for approval of the Brand Management Plan at the July Board meeting and noted that approval of the Plan is on the agenda for the August Board meeting. Mr. Togashi noted that the Plan was distributed to the Board in June and that an addendum was added after the last Board meeting with specific programs that the Board requested.

Mr. Dee asked that all Committee members review the Plan before the Board meeting on August 30, 2018.

Mr. Atkins asked whether HTA staff is permitted to rearrange Budget allocations within line items or whether HTA needs Marketing Committee or Board approval. Mr. Togashi responded that HTA staff are not able to enter into any contracts not budgeted and over \$250,000.00 without Board approval. Mr. Kinkley added that the Board's accession HTA staff's actions is implicit unless the Board raises objections.

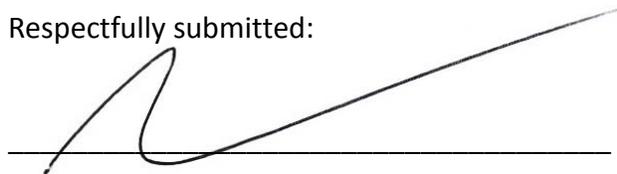
6. Adjournment

Mr. Dee thanked everyone for attending today's Committee meeting and expressed his excitement about the proposal.

Mr. Dee requested a motion to adjourn the meeting. Mr. Kam so moved. Ms. Menor-McNamara seconded the motion, which was unanimously approved by all the Committee members present.

| The meeting was adjourned at 4:06 p.m.

Respectfully submitted:

A handwritten signature in black ink, appearing to be 'J. Garner', written over a horizontal line.

Jacob L. Garner
Recorder