MARKETING STANDING COMMITTEE MEETING
HAWAI‘I TOURISM AUTHORITY
Tuesday October 23, 2018
Hawai‘i Convention Center
1801 Kalākaua Avenue, Honolulu, Hawai‘i 96815

MINUTES OF MARKETING STANDING COMMITTEE MEETING

COMMITTEE MEMBERS PRESENT: Sean P. Dee (Chair), Fred Atkins, George Kam, Kyoko Kimura, Kelly Sanders

COMMITTEE MEMBERS NOT PRESENT: Sherry Menor-McNamara

BOARD MEMBER PRESENT: Rick Fried

HTA STAFF PRESENT: Marc Togashi, Charlene Chan, Jadie Goo, Kalani Ka’anā’anā, Laci Goshi, Caroline Anderson, Chris Sadayasu, Jennifer Chun, Naomi Sjoquist, Talon Kishi, Joseph Patoskie, Minh-Chau Chun

GUESTS: John Monahan

LEGAL COUNSEL: Gregg Kinkley

1. Call to Order

At 2:04 p.m., Presiding Officer Sean Dee requested a motion to call the meeting to order. George Kam so moved. Kelly Sanders seconded the motion and the meeting was called to order at 2:04 p.m. Mr. Dee announced that agenda would be taken out of order, and that the 2019 U.S. Conference of Mayors (USCM) update would be heard first.

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

Mr. Dee requested a motion to approve the minutes from the August 29, 2018 Marketing Standing Committee meeting. Mr. Kam so moved. Mr. Sanders seconded the motion, which was approved by all Committee members present.

3. 2019 U.S. Conference of Mayors Update
Mr. Dee recognized Charlene Chan to present on Mayor Kirk Caldwell’s request for $500,000 in funding for Honolulu to host the 2019 USCM. In accord with the report included in the meeting packet, Ms. Chan noted the projected economic benefits of the USMC that were generated using four different models: 1) DBEDT Model, 2) DI Event Impact Calculator, 3) Simpleview CRM, and 4) USCM Estimate.

John Monahan provided background information on the first three economic impact models, stating that the Simpleview CRM is the model most often used in assessing single-property events, because it includes ancillary factors that provide a better indicator of how spending is generated throughout the area. He noted that the Simpleview CRM estimated that the USCM would generate $5.8 million in direct visitor spending and a total of $10.4 million in total spending. Mr. Fried asked why there was such a large disparity between the estimates for taxes generated, and Mr. Monahan responded that the DBEDT Model and the DI Impact Calculator do not take into account as many factors as the Simpleview and USCM estimates.

Ms. Chan noted that USCM has, in the past, attracted large corporate sponsors that send representatives and that the USCM was planning on holding a rooftop event at the Hawai‘i Convention Center (HCC). She added that there was also potential for a symposium on climate change to be held at HCC the day before the USCM begins. Mr. Monahan stated that approximately 30% of the attendees are individuals not directly related to the mayors and their staff.

Fred Atkins asked how the event came about and whether the mayor lobbied for it. Mr. Monahan stated that he heard about it after the Mayor’s Office approached HVCB’s Oahu Executive Director about fundraising. Mr. Atkins then asked whether this was the type of event that HVCB would have lobbied for. Mr. Monahan responded that he did not think it was a large enough event. Mr. Atkins asked whether HCC could contribute to the proposed funding instead of HTA contributing the entire amount.

Marc Togashi stated that the proposed funding up to the $500,000 request would come from the AEG budget. Mr. Atkins then asked how much was in the budget. Mr. Togashi responded that proposed funding would come from previously accumulated unspent money from the sales and marketing budget, from a previous years and calendar year 2018. He stated that there is projected to be from $1 million to $1.1 million available in unspent funds to be rolled over into the 2019 budget.

Mr. Atkins asked whether the proposed funding was hard dollars or whether it included “in-kind.” Mr. Togashi said that the amount of in-kind was nominal so it was predominantly hard dollars. He added that the proposed funding included hosting a dinner event at HCC valued at $275,000. Mr. Sanders clarified that HCC would be providing the USCM with a dinner valued at $275,000 and $225,000 in hard money. Mr. Togashi confirmed.

Ms. Kimura asked whether the rest of the $4.5 million required for the event (based on Mayor Caldwell’s presentation) had been secured yet. Mr. Fried said that he had spoken to Mayor
Caldwell who gave the example of the $1 million contribution by Boston’s tourism agency when Boston hosted the USCM and said that the Mayor told him that he would be better prepared to ask for contributions from the rest of the community if HTA made a contribution first.

Mr. Monahan noted that it may be difficult for the Mayor to request funding from the rest of the visitor industry because all the events were taking place at one hotel. Mr. Sanders proposed that, rather than providing more hard cash, HTA could provide more support by hosting USCM events at HCC. Mr. Fried noted that this is a prestigious event that would be good to have in Hawai‘i. Jade Goo added that there is additional marketing value to consider because of the international sister city mayors that are on the invitee list.

Mr. Dee thanked Mr. Monahan for providing estimates on the value of the event. He added that Committee member Ben Rafter could not attend, but supports the event if there is return on investment (ROI).

Mr. Monahan then discussed the potential public relations value of the event, stating that it was 50/50 whether the coverage would be positive or negative. He noted that during the recession, Honolulu had hosted an event that was portrayed as a “boondoggle” in the press, and that it had led to significant cancellations.

Mr. Dee expressed concern that there had not been more collaboration in the planning process and that HCC had not been factored in more strongly, but that he believed that this was a high-profile event that presented a good marketing opportunity. He stated that he believes that if HTA or HCC provides funding for USCM, that some of that money should come back to the state by way of HCC. He suggested getting a detailed schedule so that it could be determined whether some of the events could be held at HCC.

Mr. Monahan recommended that HTA set standards for benchmark ROIs for outside groups making sales and then asking for funding. Ms. Chan said that the new leadership could take on the task of setting those types of parameters to set a template or guideline. Mr. Dee added that events can be cancelled and if Hilton Hawaiian Village is going to be the sole beneficiary of room revenue and catering, and HCC is not, then there should be more discussion before the Committee recommends funding $500,000.

Mr. Togashi stated that Teri Orton, of AEG, expressed support for the event. He elaborated on the source of funding, stating that it would come specifically from AEG’s Sales and Marketing Flexibility Fund which is used to provide support and incentives to prospective clients. Mr. Dee stated that he felt that that was an appropriate source from a taxpayer perspective and did not detract from other major market contractors or the overall market fund for stimulating tourism. Mr. Atkins agreed but expressed concerns over the optics of the event. He also asked what percentage of the incentive budget the proposed $500,000 represented.

Mr. Dee asked for a report at the Board Meeting on AEG’s perspective on this event and a financial report of what amount this contribution represents compared to the total Sales and
Marketing Flexibility Fund. Mr. Togashi stated that the total sales and marketing budget for FY 2019 is $6.1 million. He added that he believed that AEG’s funding of this event did not require a motion, because AEG had funding for destination support and incentives and it was therefore within AEG’s parameters, but that the Committee could make a motion nonetheless. Mr. Atkins stated that he would support making a motion. Mr. Kam asked clarifying questions. Mr. Atkins stated that he believed it was important to provide the Mayor with an answer at the Board Meeting so that he could move forward on fundraising. Mr. Dee stated that he would work with Mr. Togashi to draft language to present at the next Board meeting based on this discussion.

4. L.A. Clippers Update

Mr. Dee acknowledged Ms. Chan to update the Committee on the status of HTA’s negotiation with the L.A. Clippers. Ms. Chan introduced Caroline Anderson, who is managing the Clippers contract, to provide an overview of the 2017-2018 Clippers event. Ms. Anderson stated that the Clippers fulfilled all of their obligations except a “Meet and Greet” event. Mr. Dee asked whether that event had a make-good provision or whether that event had significant value. Ms. Anderson clarified that the event was an opportunity for HTA staff and the Board, not consumers, to meet the players. Mr. Dee noted that this year the Clippers did not play a game with an NBA team, which had been the intent of the original agreement. Mr. Fried stated that he had attended the game played with the Sydney Kings and met a representative from the Clippers who had expressed enthusiasm about playing in Hawai’i and regret that they had not been able to bring an NBA team for the preseason game.

Mr. Atkins asked whether there were any statistics from the last “Hawai’i Night” with the Clippers. Ms. Anderson that for 2018, HTA paid approximately $70,000 for Hawai’i Night which included paying for entertainment, the halau, lei, foam hands, hats, and other merchandise. Ms. Chan stated that, in addition to Hawai’i Night there was also a sweepstakes. Mr. Togashi stated that there are additional assets being acquired in the 2019 contract.

Ms. Chan said that the Sydney Kings game was well-attended and the event at Jarrett Middle School was well-received and had a positive impact on the community. Moving on to the 2019 contract negotiations, Ms. Chan explained that there was supposed to be an escalation in contract from $650,000 to $675,000 but it is being held at $650,000. She stated that the Clippers need confirmation of the contract by the Board Meeting, because the Clippers want to confirm the scheduling of two preseason games with the Houston Rockets. She explained that the 2019 proposal would carry over all the assets from the 2018 contract but the marketing assets would be during the current season, the preseason, and the 2019 season. She added that they would also do three community events instead of two, two Hawai’i Nights that they would fund (rather than HTA), and twenty 30-second video vignettes highlighting the players’ personalities with the backdrop of Hawai’i, to be played on Fox Sports. She explained that one of the trade-offs was that Hawai’i would not be getting as many branded digital billboards and stanchions.
Mr. Dee asked whether the L.A. Clippers contract was budgeted and Mr. Togashi responded that it was budgeted in the strategic sports fund and would require Board approval.

Mr. Atkins asked what the response from Ascendent was. Ms. Chan said that this deal had to be negotiated quickly, so there was not opportunity for significant input from Ascendent. Mr. Dee stated that Peter Honig has resigned from Ascendent and the Ascendent contract is concluding at the end of October. He added that Ascendent had recommended and vetted these deals. Returning to the Hawai‘i Night events, he expressed that the events should be reviewed by Kalani Ka’anā’anā and be up to at least the same standards as the HTA-funded Hawai‘i Nights. Mr. Atkins recommended that, if the deal included tickets to games, to use those tickets to take prospective clients in the L.A. area. Ms. Chan said that tickets were something that they took into consideration in the negotiation.

Mr. Dee thanked the team for their work on the Clippers contract, and expressed support for the negotiated deal.

3. L.A. Rams Update

Mr. Dee introduced Mr. Togashi and Chris Sadayasu to provide an update on negotiations of the L.A. Rams contract. Mr. Togashi stated that the contract was in the final stages of negotiations. Mr. Sadayasu discussed the changes made to the term sheet over the past several months. Some items included in the deal are a youth clinic on the West Side of Oahu, HTA will be one of the signage sponsors for the preseason game, and a meet-and-greet after the game. Mr. Dee noted that one challenge during negotiations is the lack of assets at Aloha Stadium, including signage, inventory, the field, and premium seats. Ms. Chan said that she has been connected with a representative from the Rams Foundation, which is focused on children, and once the deal is cemented there will be more discussion regarding the nature of the community events.

Mr. Dee stated that the Board has already given approval up to $2 million, with the condition being that the deal has to be favorable to the Stadium. Mr. Togashi stated that the main goal of today’s discussion was to update the Marketing Committee and Mr. Dee confirmed that he would iterate that at the Board meeting. Mr. Dee added that they would not sign until the Stadium has agreed.

Mr. Atkins asked about the Rams’ proposed Hawai‘i Night that is coming up on November 11, and questioned how that was moving forward without a finalized contract. Mr. Togashi stated that the staff had reservations about holding an event like Hawai‘i Night, which would require significant resources. Mr. Kam asked for clarification as to whether HTA’s contributions to Hawai‘i Night would be in addition to the $2 million in the contract and Ms. Chan confirmed that it would be an additional cost. Mr. Atkins asked whether Hawai‘i Night could be postponed and asked for Mr. Monahan’s input. Mr. Monahan stated that he does not believe there is significant value in the event. Mr. Togashi said that they had asked the Rams if it was possible to have a Hawai‘i Night at a later date but the Rams had not been amenable to that.
Ms. Chan added that if there were to be a Hawai‘i Night, that it would have to be tasteful and on-brand. Mr. Monahan recommended immediately contacting a Rams representative to ask for a cost estimate for the elements of the Hawai‘i Night proposed by the Rams on November 11.

Mr. Kam asked what the proposed date was for the Rams preseason game. Ms. Chan said that there is no firm date yet. Mr. Sanders stated that it had been recommended that the game be during the third or fourth week in August as those were off-peak weeks. Mr. Togashi said that the Stadium Authority had stated that the third week is not an option because that is the week of the University of Hawai‘i football game, but they were looking at a period between August 7th through the 21st, 2019. Mr. Dee recommended that the Committee hold back on further discussing the issue until it receives further word from the Stadium Authority.

Pursuant to Hawai‘i Revised Statutes § 92-4, at 3:40 Mr. Dee asked for a motion for the meeting to move into Executive Session to discuss agenda Item 6, Sports Marketing Strategy. Mr. Kam moved and Mr. Sanders seconded the motion, which was approved by all Committee members present. At 3:52 p.m., Executive Session was concluded.

4. Adjournment

At 3:53 p.m. Mr. Kam moved to adjourn the meeting and Mr. Sanders seconded the motion. The motion was approved by all Committee members present.

The meeting was adjourned at 3:53 p.m.

Respectfully submitted:

Janjeera S. Hail
Recorder