



KA HĀLĀWAI KŪMAU A KE KŌMIKE ALOWELO
KE'ENA KULEANA HO'OKIPA O HAWAII'

**BRANDING STANDING COMMITTEE MEETING
HAWAII' TOURISM AUTHORITY**

HĀLĀWAI KELEKA'A'IKE
VIRTUAL MEETING

Po'akolu, 27 Malaki 2024, 10:00 a.m.
Wednesday, March 27, 2024 at 10:00 a.m.

E ho'olele 'iwa'ia ka hālāwai ma o ka Zoom. Meeting will be live streaming via Zoom.

<https://us06web.zoom.us/j/86360051628>

E noi 'ia paha 'oe e kāinoa me kou inoa a leka uila paha. E 'olu'olu, e ho'okomo i kou inoa piha akā hiki nō iā 'oe ke ho'ohana i ka inoa kapakapa e like me kou makemake.

You may be asked to enter your name or email. The Board requests that you enter your full name, but you may use a pseudonym or other identifier if you wish to remain anonymous.

Kelepona / Call In: 1 253 205 0468
Helu Hālāwai / Webinar ID: 863 6005 1628

Hiki i ka lehulehu ke hō'ike mana'o ma o ka palapala a i 'ole ma o ka waha. E kau palena 'ia ka hō'ike mana'o waha (ma ke kino a i 'ole ma o ka Zoom) he 'elima minuke ka lō'hi no kēlā me kēia kumuhana. E kāinoa no ka hō'ike mana'o waha ma ke pākaukau ho'okipa ma ka lumi hālāwai. E kāinoa no ka hō'ike mana'o waha ma o ka Zoom ma o ke pihi "Q&A."

Members of the public may provide written or oral testimony on agenda items. Oral testimony (in-person or via Zoom) will be limited to five minutes for each testifier per agenda item. Signup for oral testimony via Zoom will be accepted through the Q&A feature on Zoom.

E ho'ohui 'ia nā palapala hō'ike mana'o i hiki ma ka pū'olo hālāwai. E leka uila 'ia nā palapala iā Carole Hagihara-Loo ma carole@gohta.net, a i 'ole, e lawe kino 'ia i ke ke'ena. No nā palapala hō'ike mana'o i hō'ea mai ma hope o ka pa'a o ka pū'olo hālāwai (he 48 hola ma mua o ka hālāwai), e kāka'ahi 'ia nā kope i ke kōmike a e mākaukau no ka 'ike 'ia e ke anaina ma ka hālāwai.

Written testimony received ahead of the preparation of the committee packet will be included in the packet. Email written testimony to Carole Hagihara-Loo at Carole@gohta.net or hand-deliver or send via postal mail to the Hawaii' Tourism Authority office, 1801 Kalākaua Avenue, 1st Floor, Honolulu, Hawaii' 96815. Written testimony received after the issuance of the committee packet (48 hours ahead of the meeting) will be distributed to the committee and available for public inspection at the meeting.

AGENDA

1. *Ho'omaka a Wehena*
Call to Order and Opening Protocol

2. *Kikolā*
Roll Call to Announce Name of Participating Board Members and to Identify Who Else is Present with Board Member if Location is Nonpublic

3. *'Āpono Mo'olelo Hālāwai*
Approval of Minutes of the November 20, 2023 Branding Standing Committee Meeting

4. *Hō'ike'ike a Kūkā no ka Nūhou a ka Hawai'i Tourism China*
Presentation and/or Discussion on HTC's China Market Updates

5. *Hō'ike'ike a Kūkā no ka Ho'olaha Hou a ka Hawai'i Tourism USA*
Presentation and/or Discussion on HTUSA's New Campaign

6. *Hō'ike'ike a Kūkā no ka Papahana Ho'okele Hikiāloa no ke Kūkulu Hokona*
Presentation and/or Discussion on Planning for Long-term Tourism Marketing Strategy

7. *Ho'oku'u*
Adjournment

*** *Aha Ho'okō: Ua hiki i ka Papa Alaka'i ke mālama i kekahi hālāwai kūhelu i kū i ka Hawai'i Revised Statutes (HRS) § 92-4. E mālama 'ia kēia hālāwai kūhelu nei ma lalo o ka § 92-5 (a)(4), § 92-5 (a)(8) and §201B-4(a)(2) no ka pono o ko ka Papa Alaka'i kūkā a ho'oholo 'ana i nā nīnūnē a nīnau i pili i ko ka Papa Alaka'i kuleana me ko ka Papa Alaka'i loio. He hālāwai kūhelu kēia i 'ole paulele 'ia ka 'ikepili a i mea ho'i e mālama kūpono ai i ko Hawai'i 'ano, he wahi i kipa mau 'ia e nā malihini.*

*** **Executive Session:** The Board may conduct an executive session closed to the public pursuant to Hawai'i Revised Statutes (HRS) § 92-4. The executive session will be conducted pursuant to HRS § 92-5 (a) (2), § 92-5 (a)(4), § 92-5 (a)(8) and §201B-4(a)(2) for the purpose of consulting with the board's attorney on questions and issues pertaining to the board's powers, duties, privileges, immunities, and liabilities; to consider hiring and evaluation of officers or employees, where consideration of matters affecting privacy will be involved; and to discuss information that must be kept confidential to protect Hawai'i's competitive advantage as a visitor destination.

Inā he lawelawe a mea like paha e pono ai ke kīnānā, e ho'oka'a'ike aku me Carole Hagihara-Loo ma (808)-973-2289 a ma ka leka uila e like me ka wikiwiki i hiki, 'a'ole ho'i a ma 'ō aku o ka 'ehā lā ma mua o ka hālāwai. Inā 'ike 'ia he noi i ka lā ma mua o ka hālāwai, e ho'ā'o mākou e 'imi i ka lawelawe a mea like paha, 'a'ole na'e ho'i e hiki ke ho'ohiki 'ia ke kō o ua noi lā. Ua noa pū kēia ho'olaha ma nā kino 'oko'a e like me ka mea pono.

If you need an auxiliary aid/service or other accommodation due to a disability, contact Carole Hagihara-Loo at (808) 973-2289 or carole@gohta.net as soon as possible, preferably no later than 2 days prior to the meeting. **Requests made as early as possible have a greater likelihood of being fulfilled.** Upon request, this notice is available in alternative/**accessible** formats.

E like nō me ka 'ōlelo o ke Kānāwai Hawai'i i ho'oholo 'ia māhele 92-32.7, e mālama ana ke Ke'ena Kuleana Ho'okipa o Hawai'i i kekahi wahi e hiki ai ka po'e o ka lehulehu ke noho a komo pū ma nā hālāwai ma o ka ho'ohana 'ana i ka 'enehana pāpaho (ICT). Aia ana kēia 'enehana pāpaho ma ka papahale mua o ka lumi ho'okipa i mua o ke Ke'ena Kuleana Ho'okipa o Hawai'i ma ka Hale 'Aha. 'O 1801 Kalākaua Avenue, Honolulu, Hawai'i, 96815 ka helu wahi.

In accordance with HRS section 92-3.7, the Hawai'i Tourism Authority will establish a remote viewing area for members of the public and board members to view and participate in meetings held using interactive conference technology (ICT). The ICT audiovisual connection will be located on the 1st Floor in the Lobby area fronting the Hawaii Tourism Authority at the Hawai'i Convention Center at 1801 Kalākaua Avenue, Honolulu, Hawai'i, 96815.

3

Approval of Minutes of the November 20, 2023 Branding Standing Committee Meeting



**BRANDING STANDING COMMITTEE MEETING
HAWAII TOURISM AUTHORITY
Monday, November 20, 2023, at 9:00 a.m.**

Virtual Meeting

MINUTES OF THE BRANDING STANDING COMMITTEE MEETING

MEMBERS PRESENT:	Mufi Hannemann (Chair), David Arakawa, Dylan Ching, Blaine Miyasato, Sherry Menor-McNamara
MEMBERS NOT PRESENT:	Sig Zane (Vice-Chair)
HTA STAFF PRESENT:	Daniel Nāho'opi'i, Kalani Ka'anā'anā, Isaac Choy, Maka Casson-Fisher, Carole Hagihara
GUESTS:	John Monahan, Jay Talwar, Teri Orton, John Reyes, Ross Willkom
LEGAL COUNSEL:	John Cole

1. Call to Order and Opening Protocol

Chair Hannemann called the meeting to order at 9:11 a.m.

2. Roll Call to Announce Name of Participating Board Members and to Identify Who Else is Present with Board Member if Location is Nonpublic

Mr. Casson-Fisher did the roll call, and members were confirmed in attendance by themselves.

3. Approval of Minutes

a. Approval of Minutes of the September 15, 2023 Branding Standing Committee Meeting

Ms. Menor-McNamara made a motion to approve the minutes, and Mr. Arakawa seconded. The motion passed unanimously.

b. Approval of Minutes of the October 23, 2023 Branding Standing Committee Meeting

Mr. Arakawa made a motion to approve the minutes, and Mr. Miyasato seconded. The motion passed unanimously.

4. Presentation, Discussion and/or Action on Select FY24 Program, Contract, and Budget Reallocations Related to Funding Incremental Marketing Programs in CY24

Chair Hannemann called on Mr. Ka'anā'anā, who explained that the meeting would focus on the Program Cuts highlighted in yellow as displayed on the screen, which can be found on page 29 of the meeting packet. These items fell within the purview of the Branding Standing Committee. The committee will examine the amounts previously prioritized for incremental funding for the financial year 2024. He pointed out that the committee would be considering two questions: firstly, whether the amounts were appropriate given the current market conditions, and secondly, whether there were considerations that would mitigate or adjust the need and lead to a cost reduction. In addition, the committee would consider whether to base their decisions on the cash flow predicted for FY24.

Mr. Ka'anā'anā explained that the comment section in the spreadsheet showed the amount needed in FY24, and the committee was to decide whether these amounts would be used going forward.

He pointed out that a delay in decision-making had resulted in delayed implementation of the Canada's Maui Recovery Plan. This might mean that a lower amount would be needed because, by this time, the festive season was near, and many cooperative marketing partners were already sold out, so a different tactic might be needed. At the request of Chair Hannemann, Mr. Ka'anā'anā elaborated on this issue. He stated that it might save about half the previously budgeted amount for the present winter season.

Chair Hannemann reminded the committee that the Canada and U.S. markets were essential to Maui's recovery.

Mr. Ka'anā'anā explained that other markets were a little different. The market recovery plan for Japan had been intended for Calendar Year 2024, so implementation would only begin in January, making adjustments in implementation or timing unnecessary. He mentioned two schools of thought regarding the Japan market. While some stakeholders believed that the unfavorable dollar-yen exchange rate and fuel surcharges were reasons to

pull back on Japan marketing, others held the contrary opinion that now was the best time to increase investment in Japan.

Chair Hannemann stated that the governor was buoyant about his recent trip to Japan, during which he met with several major travel partners. It would be advisable to seek feedback from the governor and Dir. Tokioka before making any changes in the Japan marketing budget.

For the U.S. Maui recovery program #2, the Board had prioritized an incremental \$2.5 million. Mr. Ka'anā'anā stated that data about bookings and occupancy indicated that now was the right time for this investment in the U.S. market. The U.S. was still the primary market for Maui and the entire state, so this incremental investment was appropriate. The amount slated for FY24, \$14.35 million, was well below the \$22 million that would have been recommended in light of prior years' budgets.

Regarding MCI, Mr. Ka'anā'anā informed the committee that the purpose of the additional funds was to finance an additional seller along with their financial support.

Mr. Miyasato asked about the \$2.6 million for the U.S. Maui recovery program #1, and Mr. Choy replied that this money had already been disbursed from the General Fund.

Mr. Miyasato asked about the return on investment (ROI) concerning these incremental funds. Mr. Monahan and Mr. Talwar replied that although there were positive signs, momentum had slowly developed. Heavy celebrity social media pressure had been to discourage visits to Maui, and the marketing team had tried to reverse this. The HTA staff had attended a community meeting at Maui Ocean Center and had heard the people speaking about their pain and challenges. But many Maui residents cited their need to get back to work. The HTA had created social media to allow the perspective of the Maui people to be heard. This campaign had kicked in solidly during the past month. As yet, it was too soon to be definite about the response, but it seemed to be positive. It was still too early to obtain solid data about business recovery.

Chair Hannemann urged the team to continue working hard because results from the campaign were needed sooner rather than later. The previous media campaign had a detrimental effect on tourism. Mr. Monahan replied that results were important, but it would take time for the impact of the present campaign to take place. Chair Hannemann expressed the hope that data would be presented in subsequent meetings, and Mr. Monahan promised to comply. Mr. Talwar informed the committee that a coordinated public relations campaign using Maui people and the CNHA Kilohana initiative had flooded the

airwaves of New York and Los Angeles. The funds allocated for this effort had now been completely expended.

Canada Maui recovery program #1 was to begin in October. Information had been received that the Canada timeshares on Maui would be 90% occupied by Thanksgiving. According to the Canada marketing team, most Canadian visitors stayed in timeshare and shopped at Costco, which led to questions about the impact on visitor revenue of the recovery campaign targeted at timeshares. Mr. Ka'anā'anā responded that timing was an issue, and three Board meetings had led to a delay in the implementation of the budget. Boxing Day still had an opportunity, and it was important to implement the program quickly to get results for the current festive season and the first quarter of the following year. Mr. Miyasato reminded the committee of the importance of being vigilant about how their funds were spent.

Speaking about Japan's recovery program #1, Mr. Miyasato stated his belief that the Japan market was a relationship market and would not be driven by changes in exchange rates. He believed that the governor must have seen this during his recent visit. The Japanese government had put many resources into stimulating travel outside Japan. While taking part in a recent delegation to Japan, Mr. Miyasato noted that the Japanese government was conducting a passport acquisition plan, paying almost half the cost of getting a passport. Only 18% of Japanese people possess a passport, and the present passport campaign presents an opportunity for Hawai'i tourism. The Japanese booking window was three months, so traffic for March and beyond was being stimulated.

In response to questions from Ms. Menor-McNamara, Mr. Ka'anā'anā stated that the U.S. Maui marketing program #2 was to begin in January 2024 and to run across the calendar year. Identification of funding for this program was to be specified in the present meeting. \$2.6 million for the U.S. Maui program #1 had already been expended. The HVCB had not yet spelled out a detailed BMP for program #2, but its orientation was likely to be similar to the orientation of program #1. Mr. Talwar explained that the intention was to look at tactics that had been effective so far, even though there might be some changes based on market developments in three months. Currently, the plan is to examine the airlines' response to the marketing campaign. Certain airlines had diverted some planes to Europe, so the emphasis would be on how to affect demand in key gateway markets. Mr. Monahan stated that the modified plan was to follow a saturation model. The original request was \$10 million for a campaign to hit three major West Coast markets. The revised program would be dramatically reduced and centered mainly on the California market.

Mr. Arakawa asked whether pricing and availability of hotel rooms was an equally important market factor as the price and availability of “lift.” Mr. Talwar responded that the present reduction in airfares was a good short-term marketing incentive, but it was bad in the long term because it decreased yield. When airlines noted that yield was dropping, they shifted resources to other higher-yield routes. Hawaiian Airlines was reliable, but other airlines could move their assets to other markets. The effect of the present situation on the airlines was to lose a number of non-stop flights, and in particular, there were fewer non-stop flights to neighboring islands, meaning that visitors had to take connecting flights out of Honolulu. Regarding room inventory and rates, the market was still soft, but the team would continue to monitor this situation.

Mr. Ka’anā’anā directed the committee's attention to four items identified as non-controversial cuts, resulting in a total saving of \$1,096,000. These were Air Route Development Consulting, Global Support Services, Campaign Effectiveness Evaluation Contract, and PGA/LPGA.

Air Route Development Consulting was discussed during the full board meeting when targets for FY24 were set. The logic behind cutting this item was that focusing on core market recovery programs would cause the airlines to respond to the resulting market uptick. It would be better to divert funds to marketing programs that would generate demand and thus encourage “lift” to return. Delaying the Air Route Development Consulting program was an appropriate cut since a contractor had not yet been designated, and the program had not started.

Mr. Ka’anā’anā explained that the cut in Global Support Services would postpone one-time enhancements to the GoHawaii.com website slated for 2024. In its existing form, the website still functioned and attracted good engagement. It needed updating since the last update was in 2016, but given the present budget challenges, the update could be delayed.

The Campaign Effectiveness Program was a third-party study to assess the effectiveness of marketing on return of investment (ROI) in terms of incremental trips generated, incremental expenditure by visitors, and incremental tax revenue. It was recommended to postpone this program until the following year, with a saving of \$47,000 out of the total \$151,000 allocated for this line item and the Festivals & Events Evaluation line item.

It had been hoped to preserve support for PGA and LPGA events as much as possible, but \$257,500 support for Mitsubishi on Hawai’i Island was to be removed. Other budget savings of \$52,500 would give a total saving of \$310,000. PGA support would still be provided at a reduced level. For the LPGA, support for the Lotte championship was reduced by \$136,865

from \$250,000 . Some support would still be provided to LPGA but not at the level that was originally budgeted.

Mr. Miyasato enquired whether cutting the Air Route Development Consulting program implied that the HTA would not attend route conferences. Mr. Ka'anā'anā informed him that the HTA would continue to be represented at Routes America and World Routes where possible. If necessary, another means of funding this representation would be sought.

Mr. Miyasato was concerned that suspending funding for the Lotte championship would damage the relationship between Hawai'i and Lotte. Mr. Ka'anā'anā responded that the support was to be reduced from \$250,000 to \$113,000, but he could not predict how Lotte would perceive this cut. The South Korean market had performed well, and the Lotte championship was helpful to that market, but on the other hand, the HTA could not damage itself to preserve this relationship. Ms. Menor-McNamara asked why this cut was necessary when the players performed well. Mr. Ka'anā'anā. replied that there were no "sacred cows" in this pattern of budget savings. Items had been removed from other departments, not just branding, to meet the budget target.

Chair Hannemann asked if support for Lotte could be preserved by eliminating Mitsubishi support and modifying Sentry and Sony tournaments. Mr. Arakawa stated that these suggestions had been supported by the Budget Committee and suggested that Lotte might be preserved by considering cash flow. He recommended that when contracts were to be increased, the funding source for cash flow should be considered from the start. Mr. Ka'anā'anā had received an update that the Lotte tournament would be moved from April to November. If this were the case, the program would fall within FY25. However, this change of date was yet to be confirmed with LPGA. The support which had been budgeted for the LPGA was \$250,000.

Mr. Ching asked to review the line items for surfing and the University of Hawai'i athletics. He was also concerned about the reduction in support for LPGA events. He pointed out that sponsorship of sports events was one aspect of tourism that Hawai'i residents appreciated and attended well. Mr. Ka'anā'anā pointed out that sponsorship of surfing and the University of Hawai'i athletics championships were new items that had recently been inserted into the budget, so nothing was being cut.

Chair Hannemann asked about the total amount budgeted for support of sports events. He was informed that the greatest sponsorship was \$500,000 over three years for Big West, the most significant partnership with the University of Hawai'i athletics, enabling them to bring the volleyball tournament to Hawai'i. Smaller amounts of support were given to activations

and enhancements of pre-game activities. The amount allocated to sport sponsorship was \$166,000 per year for Big West, \$150,000 for the Diamond Head Classic, and \$150,000 for the Hawai'i Bowl, totaling about half a million dollars a year for the University of Hawai'i sport.

Mr. Choy commented that using cash flow to reduce expenses assumed that the following year's budget would be able to cover the cash flow for the subsequent fiscal year. The original budget request had been \$69 million, which had already been cut to \$60 million. Much of the branding budget consisted of multi-year contracts, meaning the reliance on cash flow would entail repeating this exercise in subsequent years to cut various programs. Secondly, it was likely that the budget would be cut again next year, and it would be a mistake to try to cover this deficit with cash flow from the following year's budget given that there was a current funding deficit of four million dollars. Thirdly, most of the expenditure was for campaigns which would not be effective if funds were not allocated in July 2024. Mr. Ka'anā'anā affirmed Mr. Choy's argument, reminding the committee that even if some expenditures were pushed ahead into FY25, funds would probably not be available until September, leaving a gap in provision between the end of July and September.

Mr. Miyasato observed that this budget had initially been presented as FY25 budget, to which some incremental items had been added due to the Maui fires and market conditions. The Board had approved the budget subject to funding. This committee was now looking at individual items line by line in preparation for the November 30 Board meeting. The budget had been approved without this input because of timing issues and it would still have to be modified line by line by the full Board.

Mr. Arakawa confirmed that \$60 million had been specified in Form B in the Board packet and was to be discussed in the Budget and Finance Committee. He asked Mr. Choy whether the \$2.6m U.S. Maui recovery program #1 would be reimbursed by FEMA, and if so, whether some of the other highlighted items could also be reimbursed by FEMA because they were also emergency expenditures. Mr. Choy responded that this was indeed possible, but not as probable as the reimbursement of the \$2.6 million. This \$2.6 million could be drawn from the \$5 million Tourism Emergency Fund. It was also to be noted that FEMA would reimburse 75% of expenditure, not 100%, as well as the fact that reimbursement would take some time to be implemented.

Mr. Ka'anā'anā and Mr. Choy summarized the adjustments which had been made and stated that these would be presented to the full Board as recommendations of the Branding Standing Committee. The Canada Maui recovery marketing program #1 was to be maintained at \$1.5 million, and it was expected that West Maui timeshares would be back

to 90% of pre-COVID levels by Thanksgiving. It was pointed out that the Canada market was more driven by timeshare than any other market. Mr. Miyasato commented that if this were the case, he would support reducing the Canada Maui Recovery marketing program #1 from \$1.5 million to \$750,000.

Mr. Ka'anā'anā stated that they would be back on track if projected expenditure could be reduced by \$4 million. He reminded the committee that the Conference Board of Canada was one of the primary sources of visitor data. According to its November 1 report, arrivals were down by 12% in relation to 2019. Chair Hannemann suggested that maintaining the Canadian program at its projected level would avoid creating fear in other marketing areas, which had increments that they might be the next to suffer budget cuts.

Mr. Ching expressed the hope that cuts in support of the PGA could be avoided by making cuts in other areas. When the suggested cuts were summed, the remaining deficit was \$394,365, and the hope was that this could be made up from cash flow. It was suggested that if the Mitsubishi PGA were to be cut, then cuts to PGA and LPGA could be avoided. If indeed, Lotte were to be rescheduled for November, there would be no problem. The only cut to PGA support would be Mitsubishi, giving an updated funding deficit of \$394,000.

Mr. Arakawa reminded the committee that there was a deficit of four million dollars. A budget of \$64 million had been submitted for FY24 and \$60 million granted, and a budget of \$69 million had been submitted for FY25, of which \$60 million was approved. The Budget Committee intended to look into all areas of spending, not only branding.

Mr. Miyasato pointed out that if the \$5 million Tourism Emergency Fund were used to offset \$2.6 million U.S. Maui recovery program #1, the remaining funding deficit would be \$394,365.

Mr. Ka'anā'anā stated that based on the branding plans and information about cash flow from the HTA staff, about \$1.35 million would be needed over the next three months for the first part of the following calendar year. This would enable the difference of \$394,000 to be made up. Chair Hannemann reminded them that the staff assumed that \$2.6 million would come from the Tourism Emergency Fund, and thus, there would be no cuts to either PGA or LPGA for CY24.

Mr. Choy observed that the November date for Lotte would solve the problem of cash flow and budget since it would be in FY25. It was necessary to look at all areas for savings because they had submitted a budget of \$64 million to the governor in June but were allocated \$60 million. \$69 million had been requested for FY24, but only \$60 million was approved. They would need about \$1.35 million in the first half of CY24, and this could

probably be made up from cash flow, assuming that the Finance Committee would approve the use of \$2.6 million from the Tourism Emergency Fund.

Chair Hannemann made a motion to approve the incremental budget request and the program cuts, except for the PGA and LPGA tournaments. The motion was seconded by Mr. Ching and carried unanimously.

5. Presentation, Discussion and/or Action on Exploring Naming Rights for the Hawai'i Convention Center

Chair Hannemann called for Mr. Willkom, who informed the committee that a discussion had occurred between the HTA and ASM Global about naming rights for the conference center. He explained that naming rights were contracts over a fixed duration between two parties, one selling the rights and the other buying the rights. The SimpliFi Arena at Stan Sheriff Center was a local example of this.

Mr. Willkom presented a list of advantages and disadvantages involved in selling naming rights. ASM Global had a team which was dedicated to brokering this type of deal. The main advantage would be an influx of cash from \$500,000 to \$750,000 annually. In addition, there was increased brand awareness in the view of customers resulting from the connection with a trusted brand and the possibility of creating additional partnership areas.

The disadvantage of conferring naming rights was that one would be tied to a brand or organization for the term of the contract, so a drop in the reputation of the sponsor would negatively affect the brand and might discourage future hosts if the sponsoring brand were not aligned to the aims of the host or were a competitor. Additional costs might also be incurred, such as updating signage and increased leverage on various aspects of the facility.

At the moment, the HCC was forbidden from selling naming rights by State laws HRS 445-112 and HRS 102-1(#3), which outlined when and where outdoor advertising devices were permitted on public property and prohibited advertising displays on public property.

The committee was informed that there were two ways to resolve the situation. In the case of the Stan Sheriff Center, the facility had been redesignated as not being part of central government. Alternatively, a legislative change to the current statutes would enable the naming rights of the convention center to be sold. The existing statutes were printed in the committee meeting packet. House Bill 1285 related to the naming rights for the Aloha Stadium and would entail a change in the law before the stadium could search for customers.

Chair Hannemann asked Ms. Orton for comments. She thanked Mr. Willkom for his outline. She reminded everyone that selling naming rights to the HCC would be a great revenue opportunity and a means of financing a projected digital signage enhancement project. The sale of naming rights would also allow exhibitors or meeting planners to sell advertising space within their meeting areas during their events.

ASM Global had hired Superlative, which conducted market research into a possible market for purchasing naming rights in Hawai'i. Their feedback was that companies would pay between \$500,000 and \$750,000 per year and rent internal digital signage between \$350,000 and \$400,000 yearly. This would amount to a new revenue stream of about \$1 million annually. However, after discussions with Mr. Choy and the HTA attorney, it was clear that discussions could not continue unless a workaround was devised or the law was changed.

Chair Hannemann responded that being open to any opportunity to increase the revenue stream was important. He asked whether the rooftop repairs which were in progress would affect the naming rights. Ms. Orton replied that this would not be an issue. She pointed out that ASM Global had an entire division which arranged contracts for convention centers and arenas. On the other hand, some facilities had somewhat negative experiences where the naming sponsor had intentions that were out of line with the interests and aims of the facility's owner. Ms. Orton pointed out that it was essential for the organization to retain control over the position and content of signage.

Chair Hannemann asked whether such a move would add to the appeal of the HCC and noted that naming facilities after sponsors appeared to be common in the sports world. If they could select an appropriate company, this would be a good opportunity to offset the cost of replacing existing digital signage and adding more, with an estimated cost of between \$5 million and \$6 million dollars. Digital signage in all meeting rooms would elevate customers' experience.

Ms. Orton stated that this notion had been broached about eight years ago but was not attractive to the Board then. She would support such a move if there were appropriate conditions and parameters to control content during events. Contract negotiations would specify the percentage of exposure in terms of location and content.

Mr. Miyasato commented that the advantages of such a move were obvious, but he felt that the timing was not ideal. With their audience aware that funding for the rooftop repair had become a debacle, it would not be the best time to look for sponsors for naming rights. He

advised that it would be preferable to complete the roof repair before embarking on selling naming rights.

Chair Hannemann was very much in favor of the sale of naming rights for the HCC and would consult with some key stakeholders regarding possible changes in the legislation. However, he reiterated Mr. Miyasato's opinion that this was not the best time for such a move. He thanked Mr. Willkom for his outline but stated that getting feedback and acting in line with the law was important. He would be in touch with ASM Global for further information.

6. Adjournment

Mr. Miyasato made a motion to adjourn. This was seconded by Mr. Arakawa and passed unanimously. The meeting was adjourned at 10:32 a.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Sheillane Reyes". The signature is written in black ink and is positioned above a horizontal line.

Sheillane Reyes

Recorder