



## **NORTH CAROLINA TRAVEL & TOURISM BOARD**

### **MEETING MINUTES**

February 7, 2017

**BOARD MEMBERS PRESENT:** Rolf Blizzard, Christopher Chung, Secretary Anthony Copeland, Joel Griffin, Caleb Miles, Vinay Patel, Tammy O'Kelley

**BOARD MEMBERS VOTING BY PROXY:** Jessica Roberts

**BOARD MEMBERS PRESENT AND ASSIGNED VOTES BY PROXY CONSTITUTES A VOTING QUORUM.**

**BOARD MEMBERS ABSENT:** Kevin Baker, Sabrina Bengel, Robert Danos, Rich Geiger, Charles Jeter, Pat McElraft, Norman Sanderson, Paula Wilber

**LIAISONS, STAFF AND GUESTS PRESENT:** Amanda Baker, Jane Duncan, Guy Gaster, Scott Gilmore, Dana Grimstead, Bryan Gupton, Jim Hobbs, Catherine Locke, Brooks Luquire, Andre Nabors, Hayes Norris, Nick Parker, Kathy Prickett, Mark Shore, Eleanor Talley, Marlise Taylor, Cyndi Tomblin, Wit Tuttell, Kathy Voss, Heidi Walters, Kara Weishaar

Tammy O'Kelley, Chairperson, called the meeting to order at 2:06pm.

#### **WELCOME**

O'Kelley welcomed Board members and guests to the North Carolina Department of Commerce, and read aloud the Ethics Statement in accordance with Executive Order No. 35.

#### **MINUTES APPROVED**

O'Kelly asked for approval of minutes from the December meeting. Rolf Blizzard asked for a correction, as he recused himself from the Inner Banks motion and asked that this be reflected on the record. With that correction, Blizzard made a motion to approve the December meeting minutes, seconded by Caleb Miles; and the minutes were unanimously approved.

#### **COMMENTS FROM THE CHAIR**

O'Kelley reiterated the job of tourism to grow the economy and create opportunities for tourism in North Carolina, and make the state better regardless of administrative and staffing change. The tourism industry generated \$21.9 billion-dollar industry in direct visitor spending in 2015. It contributes more than 211,000 jobs for North Carolinians with a payroll of \$5.3 billion dollars; and State tax relief of \$1.1 billion and local taxes for communities across North Carolina of \$660 million. Tourism is an impactful industry for the state, and it is important for it to stay top of mind for the administration.

O'Kelley introduced the Secretary-Elect Anthony Copeland, NC Department of Commerce. Copeland was nominated to the post of Secretary of Commerce in January 2017 by Governor Roy Cooper, marking a return to the agency for the experienced business executive. Earlier in his career, Copeland served as an

Assistant Commerce of Secretary, leading the recruitment of nearly \$12 billion in investment and the creation of nearly 100,000 jobs. In this capacity, he worked with numerous international companies in China, Japan, Europe, South Korea, and Israel, as well as a variety of domestic companies. From 1992 to 2003, Copeland served as executive vice president, secretary and general counsel of BTI, a competitive telecommunications company, where he led the senior executive team that secured \$500 million in equity financing and planned, financed and installed more than 5,000 miles of fiber optic cable in the Carolinas and along the eastern seaboard. A native of Hertford in the northeastern part of the state, Copeland is a graduate of Duke University and the Western Michigan University School of Law.

#### **COMMENTS FROM THE SECRETARY**

Secretary-Elect Copeland welcomed everyone and thanked them for attending the meeting. He will focus on economic development, and jobs through expanding the industry located in your county whether abroad or domestically. Travel and Tourism is a vital component of what commerce is doing and he looks forward to working with our industry. North Carolina has three vital assets: brain power, universities, and quality of life across the state. Copeland looks forward to working with the Board to expand that impact. He asked that all represented organizations with established legislative priorities to send copies of those documents to him to reference during the long session.

#### **NOMINATING COMMITTEE UPDATE**

Rolf Blizzard, Chair of the Nominating Committee, related there is not a recommendation at this time. The committee is still in the process of making a recommendation, and will report again on its efforts in May. For now, while the state is in the midst of a transition of power, the committee feels it would be in the best interests of the Board to allow the Governor and his staff time to make their appointments and become better familiarized with the EDPNC and its tourism functions.

#### **COMMENTS FROM THE CHAIR**

O'Kelley noted that in the December meeting there was question about whether there was a quorum, and therefore, she requested the Board ratify the vote to place the funding for Inner Banks Retirement program on hold. Rolf Blizzard requested to be recused. Vinay Patel motioned for the record, seconded by Joel Griffin; and the request was unanimously approved.

#### **LEGISLATIVE AND INDUSTRY REPORTS**

Kathy Voss, Legislative Assistant to Senator Norman Sanderson, reported on his behalf that he was unable to attend the meeting due to a session being called.

Caleb Miles, NC Travel Industry Association, announced their annual legislative reception would be held March 1, 2017, at the Museum of Natural Sciences in Raleigh.

Joel Griffin, NC Restaurant and Lodging Association, announced they recently held their annual meeting, board meeting, and "Taste of North Carolina" event showcasing the restaurant and lodging industry. Senator Gunn was the legislator of the year from Burlington/Randolph. Their issues remain the same year after year: protection of occupancy tax and school calendar. They hope there is some opportunity this year to find some changes to the ABC regulations for restauranteurs and hotel facilities.

Rolf Blizzard, NC Travel & Tourism Coalition, reported that occupancy tax, school calendar, and state tourism marketing funds remain the focus of the coalition, as well as HB2.

#### **COMMENTS FROM THE CHAIR**

O'Kelley distributed a copy of an NC Sports Association letter that was released yesterday. She noted that it would be helpful if the Board would show support to the NCSA's efforts to save the NCAA championship games from leaving the state for six years as the economic impact is not in the best interests of the state's travel and tourism industry. O'Kelley suggested that the Board might support the association's effort with a letter directly to Senate Pro Tempore Berger and Speaker Tim Moore, requesting their support in keeping the NCAA championships in North Carolina. O'Kelley made this request in a form of a motion. Rolf Blizzard made a motion to approve this request, seconded by Vinay Patel. Discussion was held.

Caleb Miles, NCTIA, asked to abstain from the vote, as he would not like to speak for the organization without conferring with them as they had not yet taken a position on the matter.

Wit Tuttell, Visit North Carolina, stated that Visit NC did provide input on the letter and regularly works with the association, as Sports NC is a partnership between the NCAS and Visit NC. Visit NC staff attends various sports trade shows and has been at events where they have witnessed the direct impact of HB2 on the industry. Tuttell felt the letter was an accurate statement of the situation at hand.

Patel & Griffin, NCRLA, stated the organization has spent a great deal of effort behind scenes on this issue, and agreed a letter from the Board might provide additional guidance to Berger and Moore.

Rolf Blizzard, NC Travel & Tourism Coalition, agreed the perception has damaged the industry, regardless of personal opinions or support on either side.

O'Kelley stated she will pen letter with assistance from Ken Eudy. The letter will be copied to Board members. The motion was unanimously approved by the voting members.

#### **LEGISLATIVE AND INDUSTRY REPORTS (CONTINUED)**

Bryan Gupton, NC Visitor Services, provided an update and overview of his department, noting that budgets are under review. The mission of Visitor Services is to provide information about travel to and within North Carolina to visitors and potential visitors, that includes the welcome centers, tourism call center, and fulfillment center and the warehouse with the goal to have more people stay longer and spend more money. In 2018, they will celebrate the 50<sup>th</sup> anniversary of providing visitor services to travelers to and within North Carolina. There are nine welcome center locations across the state where interstates come into North Carolina. The welcome center budget of \$2,050,996 is primarily composed of payroll, with all other expenses being relatively small. Visitor Services invests and pays for people which is their best resource. The brick and mortar expenses are funded by NCDOT. Visitation to the state's welcome centers was flat in 2016, but has increased nearly four percent thus far in 2017. The welcome centers are open to the public 361 days a year.

O'Kelley, Economic Development and Standards Commission, stated there is no update on activities at this time. The next meeting is scheduled for Monday, February 13, 2017, at 2pm. O'Kelley will share updates from the Commission at the May meeting.

## **EDPNC UPDATE**

Christopher Chung reported 2016 was a good year across all EDPNC business units. Priorities for 2017 include: looking to make an additional pass at ASAE should headwinds be removed; continuing to connect small business and existing industry support business sectors with the Tourism Research Assistance Centers, held throughout the year; and continued focus on overseas business offices. India remains the top market of choice to attract global business expansion. Expansion into India would be funded by the EDPNC's private fundraising efforts. The EDPNC board is working to identify the board member appointee to the Travel and Tourism board. The appointee will be elected at the next EDPNC meeting. Chung invited Board members to attend the open house on Wednesday, March 15, and the annual dinner aimed for board, dinner and partner groups on Thursday, April 20 at the NCSU Reynolds Coliseum.

## **VISIT NC UPDATE**

Wit Tuttell, Executive Director, presented an update on the recent accomplishments and results, as well as the future goals and strategies for Visit North Carolina.

Visit NC 365, the annual conference on tourism, will be held March 19-21, 2017, at the Greenville Convention Center, Greenville, NC. Keynote speakers include: Luke Williams on disruptive marketing; Andrew Davis on "Brandscaping;" and Melissa Agnes on creating a crisis culture within your organization. Board members are welcome to attend at a discounted board rate. Details have been emailed to members, and are included in today's board packets. Please contact Dana Grimstead for further details or to register for the conference.

Commercial Lodging Reports for 2016 indicated that demand is up 5.1%; with the US up 1.7%; and the south Atlantic up 2.3%, placing North Carolina ahead of our competitive set. Supply in NC is increasing as well. Lodging demand over the last ten years is up 22%, whereas, inventory is up 13%. Demand over supply is encouraging.

Competitive states are increasingly raising the funding in their tourism marketing budgets. NC's budget for this fiscal year is \$12.2 million. Should everything remain the same FY 2016-17, Visit NC stands to lose \$1 million, and take a cut of the EDPNC nonrecurring budget cut. This change would drop the budget below that of Kentucky and Georgia.

VisitNC.com was up 11% with nearly 2 million downstream traffic referrals to partner sites. A user intercept study on the site was recently completed in preparation of the VisitNC.com revamp at the end of this year.

Visit NC offered an emergency relief support program, offering free advertising space to 20 partners impacted by floods and wildfires. They continue to work with NC Commerce on the Golden Leaf report for recovery efforts.

Heidi Walters provided an update on the international program. Ten years ago, we invested twice as much money in our international markets, enabling us to work with trade and media and go directly to consumers. After the budget was reduced in 2009, we cut the direct-to-consumer program. This year we've invested in Brand USA providing us the opportunity to once again market directly to consumers and put North Carolina back in the conversation. These multi-program promotions are carried out in Canada, Germany, UK, and China. The Canadian market promotion resulted in 2,000 room nights within a 60-day

period. The UK market promotion resulted in 611 room nights within a 60-day period. In Germany, we produced for the first time in many years a German language guide. Visit NC also partnered with Travel South (at a tenth of the value) for weekly posts on WeChat, connecting directly with the Chinese market.

Guy Gaster provided an update on Film NC. There was \$140 million in direct spending by productions in 2016, boosted by a project in Wilmington called Bolden. Bolden spent close to \$100 million in the eight years they were here. Film NC recently returned from Sundance Film Festival, partnering with Cucalorus in Wilmington, and RiverRun in Winston-Salem to host alums and screenwriters to talk about new and upcoming projects while influencing them to consider North Carolina. Shots Fired, the events series for FOX and filmed in the greater Charlotte area, screened two episodes at Sundance that were very well received. This series starts at the end of March. It was originally to be set in Tennessee, but once they chose the filming location they changed it to be set in NC. The Dirty Dancing TV remake will air in May. The Good Behavior series just wrapped up filming in Wilmington. Gaster expects Good Behavior to return to Wilmington at the end of April. There is \$16 million remaining in the film budget, with the largest hurdle to landing projects being HB2.

Tuttell continued that the spring target market campaign will reflect the fall campaign, which was one of the first fall campaigns ever, and increased site traffic by 72% in the markets where the commercial ran. Visit NC plans to run the spring campaign in Atlanta, DC, and Nashville, three markets that have been strong performers in the past. TV, digital, and PR will be optimized against each other to provide the best metrics for these campaigns. The co-op regional print bundle was a significant success for partner signups. That is anticipated to start running this spring. Nativo native content will begin running this spring and includes: Outer Banks, Leland and Swain County partners. Contracting with Rhythm One, Visit NC will begin a spring digital influencer campaign. Additional co-ops will be shared at the conference in March.

The Canadian Media Mission will be held in April with seven partners. New York Media Mission is April 20<sup>th</sup>, and plans are underway for that with registration opening today. The DC Media Mission is scheduled for May 2, and provides any partner who signed up last year the first right of refusal to attend. The inaugural Beer and Marketing Tourism Conference, a nationwide conference, will be held in Asheville at the end of March. Visit NC will host several media familiarization tours associated with the conference. Additionally, the North American Travel Journalist Association will be held in Chapel Hill this spring.

American Bus Association will be held in Charlotte in January 2018. Visit NC will help to host the 2018 event. TRAC is very popular among partners with five scheduled in 2017. Visit NC will head to Dunn next week. After participating in TRAC, these partners stick with the Visit NC program and are highly engaged. Visit NC participated in several consumer tradeshows in the DC, New York, Columbus, and Long Island markets to combat the HB2 headwinds. Retire NC has two new communities joining the certified retirement program.

## **GENERAL DISCUSSION**

O'Kelley suggest EDPNC provide an update on the transition from Governor McCrory to Cooper, and its effects on EDPNC.

Chung stated that EDPNC is a contractor to the Department of Commerce and it is important that they continue to provide services to the department, and ensure they are satisfied with the results. EDPNC staff continues to focus on results (the only things we can control), and have had good interaction with Gov. Cooper and the DOC staff. Behind the scenes, the interactions are encouraging. He does not believe

their partners want to see another period of uncertainty and disruption for their economic development and recruitment efforts.

O'Kelley agreed that another disruption would not be good for Visit NC either, and if there is a desire to adjust the structure, she would encourage a plan be developed leaning on those with expertise in the areas of economic development, recruitment, and tourism. Lynn Minges, NCRLA, would be a good prospect in advising on tourism structure and how it can best benefit the state.

Vinay Patel suggested there is no reason to upend anything and start again if its achieving its mission.

Caleb Miles states that Visit NC has not changed much with the change, but there is still an uncertainty in what EDPNC does. It is incumbent upon the Travel & Tourism board to discuss the results of EDPNC. Miles suggests we distribute the EDPNC success to all tourism partners.

#### **ADJOURNMENT**

The next Board meeting is planned for May 9, 2017, at 10 am at the North Carolina Museum of History, Longleaf Pine classroom. The meeting was adjourned at 4:01pm.