Convention & Visitors Bureau  
Pinehurst, Southern Pines, Aberdeen Area  

Regular Board Meeting  
Thursday, January 17, 2019  

Members Present: Bonnie McPeake, Tom Beddow, Tom Pashley, Kelly Miller, George Little, David Byers, Terra Vuncannon for Caroline Xiong, Pat Corso  

Members Absent: Wayne Vest, Linda Parsons, Caroline Xiong, Frank Quis, Bobbie Rollins  

Staff Present: Phil Werz, Karen Davis, Beverly Stewart  

The meeting was called to order at 4:02 pm by Chairwoman McPeake.  

Chairwoman McPeake asked for approval of the October 18, 2018 minutes. Secretary/Treasurer Beddow moved for a motion to approve the minutes, seconded by Member Little. The motion was passed.  

Mr. Werz announced that Bill Geist of DMOProz was on speakerphone to discuss how his company could help with the Tourism Product Development Fund model. Mr. Geist gave a synopsis of his background of 23 years consulting for Destination Marketing Organizations. DMOProz has worked with Asheville, NC, Fargo, ND, Appleton, WI, along with several others with their Tourism Product Development Funds. Mr. Geist can come here in February to meet with stakeholders to design something perfect for this area and then again in March to report his findings to the Board. Member Pashley asked if a sunset clause could be included. Discussion transpired. Secretary/Treasurer Beddow asked the cost of the proposal and Mr. Werz stated $12,500 plus travel expenses as needed.  

On Dec. 6 the Tourism Product Development Fund Committee felt it best to look into hiring a consultant to guide the board in the event the room occupancy tax is raised and set aside a portion for tourism product development.  

Three bids were solicited and the two best were offered to the committee. The two best were Chris Cavanaugh with Megallan Strategies based in Asheville, NC. The other was Bill Geist of DMOProz in Wisconsin. With Chris being from Asheville, an example of a model of what is wished for here, he had a compelling case. Plus, he served during the formation of the Buncombe County Tourism Development board, an entity that has grown into one of the most successful tourism product development cases in the U.S.  

Mr. Geist is a renowned expert in the world of CVBs/DMOs and is considered the foremost expert in his field. A link to his bio was shared earlier in the week in advance of this board meeting. It was shared, because our Tourism Product Development Fund Committee agreed with the recommendation that if this is to be done correctly, thoroughly and provide a detailed plan for our tourism product development fund, how it will work and how it will be administered from the start, this was the gentleman to enlist to assist us. Discussion transpired.  

Here is how the timeline will work, if the board wishes to proceed. Mr. Geist will arrive here in the Feb. 20th-22nd, 2019, time frame and Mr. Werz will work with him to schedule one-on-one, or
groups meetings with any stakeholders or destination experts and leaders in the community deemed appropriate as part of this process.

Once completed, Mr. Geist will come back for the March 28th board meeting and present his recommendation and all documentation to enact a tourism product development fund based on the increase of our occupancy tax. Of course, the board may have questions and ask Mr. Geist to adjust the approach, but that is to be determined. Once the board is satisfied and has a clear picture and vision for the tourism product development fund, the notion can be entertained to increase the room occupancy tax to 6% with 2% to be used for this fund for future projects. Discussion transpired. Chairwoman McPeake asked for a motion to hire DMOProz to provide consulting work for the Tourism Product Development Fund model, Member Miller moved for the motion, seconded by Member Pashley. The motion was passed.

FINANCIAL REPORT – Secretary/Treasurer Beddow reported:

**Room Tax Collections** - As we begin the first quarter, YTD room occupancy collections through November are up, 9.9% to 2017.

**Expenditures** - Through November, we have maintained a favorable financial position of +$175,326 to budget.


Secretary/Treasurer Beddow entered a motion to approve the financial statements and the statement of financial position as provided. Member Little seconded the motion and it passed.

**Financial Audit** - the Financial Audit for FY17-18 was emailed to you in early December. The audit firm, Martin Starnes, reported a clean audit outcome for the CVB for FY2017-18. Secretary/Treasurer asked if anyone had any questions or comments regarding it.

**Elliott Davis Auditors’ Contract** - the board voted in July to contract with Elliott Davis for the next financial audit. A copy of the contract is in your handouts. The interim audit will take place in May 2019 with the final audit completed by the end of October 2019.

PRESIDENT & CEO REPORTS -

**Request to Hire Ad Agency for Services** – Mr. Werz discussed how some contracts have been cut and more digital, less print will be the future media plan. He distributed a handout showing the three bid amounts from each agency for new creative, website enhancement and social marketing. Mr. Werz recommends The Brandon Agency as he has worked with them before and his opinion is that they truly value their clients, not just growing the quantity of clients. They have worked with the Daytona CVB as one of their DMO clients. Data collection is hugely important to consider, as the CVB should have 100k emails by June 2020. Member Pashley expressed that he is excited to have The Brandon Agency and congratulated Mr. Werz for his negotiating skills. Discussion transpired. Member Pashley moved for a motion to approve, seconded by Vice Chairman Byers.
Short-Term Rental Update – a handout was provided showing the total inventory of AirBNB and VRBO inventory in the destination, pointing out that six (6) area properties use VRBO for local hotels and condo units, but those are paying the occupancy tax.

Mr. Werz updated the board on the next steps and that the Village of Pinehurst may be taking the lead for the other municipalities to follow. Discussion transpired. Chairwoman McPeake asked Mr. Werz to research more regulations to discuss further at a future board meeting.

Village of Pinehurst Welcome Center Contract – a handout was circulated that showed the terms of the contract. Discussion transpired. Mr. Werz recommended approval of the contract to commence on July 1, 2019. Chairwoman McPeake asked Mr. Werz to bring back more data for the next board meeting.

YTD Occupancy Update (July – November)
Total Properties – Overall destination
➢ July: down 3% year over year (61.3%) – ADR up $5 (attributed to not hosting Dixie Youth event July 2018)
➢ August: up 7.1% year over year (64.1%) - ADR up $3.20 ($138.85)
➢ Sept: up 1% year over year (66.5%) - ADR up nearly $4 ($158.14)
➢ Oct: up 11.5% year over year (83.7%) – ADR up $8 ($176.94)
➢ Nov: flat year over year (67.2%) – ADR up a little more than $5.50 ($141.53)
➢ Reflects a 5% increase year over year for these months

Occupancy Tax to date this fiscal year through November, a 9.9% increase in collections with the biggest increase at 24.2% year over year for October, followed by a strong November at 11.7%, better than November 2017.

Total Revenue year over year for July – November period, we are up 9.5% or $2 million from last year ($21,607,601 to $19,726455.03).

The Manor Inn renovation should be completed in late July 2019, Homewood Suites will complete a full renovation this fall and the Hilton Garden Inn is coming spring 2020.

Public Relations
Canadian FAM in November – should see coverage soon in Toronto Sun and Flagstick Magazine and TSN (The Sports Network).

The CVB is vetting media inquiries for March from writers in Korea and Italy.

The CVB is researching a spring FAM for lifestyle, food and beverage and beer.

Southeast Tourism Society recognizes the Top 20 Events in the Southeast every year. Awards were given for the Carthage Buggy Festival and the Cameron Antiques show.

Convention South Award – 2018 Readers Choice award was given to the CVB for the 9th straight year.
Ms. Stewart was awarded the Meeting Planner to watch in 2019. Mr. Werz said after 30 years, she is still the one to watch.

The Administrative Committee permitted a salary increase for Mrs. Toomey and named Ms. Stewart the Executive Vice President of the CVB. Mr. Werz announced she will continue to stay on and not retire as stated last year. He also stated he has never met anyone as well connected as Ms. Stewart.

Quarter 3/Quarter 4 Travel & Opportunities:
➢ PGA Show, Orlando, Jan. 23-24
➢ Media One Digital Forum, Atlanta, January 31-February 1
➢ VisitNC 365 Conference, Wilmington, March 31-April 2
➢ IAGTO Conference, Austin, TX, June 23-26

Meetings & Group Report for October 1 – December 31, 2018:
Ms. Stewart reported that the CVB sales department assisted 18 groups from October 1 to December 31, representing 18,632 possible attendees and 17,799 possible room nights. These groups include request for proposals as well as requests for rates for Rate Charts. FY 2018 - 40 Sales leads issued, representing 50,174 potential room nights.

Groups that booked between October 1 — December 31, 2018: 21 groups/meetings booked in our hotels, motels and resorts from sales leads or request for rates from Oct. 1 to Dec. Sept. 31th. They represented 19,074 attendees and 7,041 est. room nights. FY 2018, 40 groups booked in Moore County representing 36,946 room nights. These include sales generated in prior FY years, but booked in 2018.

Meetings and Tradeshows:
➢ NC Travel & Tourism Leadership Conference — October 29-30, 2018
➢ NC Business Travel Association — November 15-16, 2018
➢ Association Executives of NC Tradeshows — December 13, 2018
➢ NC Defense Business Association Networking — December 18, 2018

2019 IAGTO - North American Conference:
➢ 2016 Hosted the North American Conference at Pinehurst Resort
➢ CVB provided pre/post FAM trips in Moore County incl. accommodations & golf each day
➢ Met with 34 golf tour operators and media during conference
➢ Attended in 2017 in Florida, but not 2018
➢ 2019 NAC in Texas Lake & Hill Country – Mr. Werz and Ms. Stewart to attend

Epicenter Event Rockingham: These area hotels have contracts for the Epicenter event either for ticket packages or staffing: Best Western, Comfort Inn, Hampton Inn & Suites, Homewood Suites, Residence Inn, Springhill Suites, TownPlace Suites, Pine Crest Inn. Pinehurst Resort may host for VIPs and artists.

Meetings & Groups: met with USGA staff to discuss the 2019 US Senior Women's Open and US Amateur. Will provide rooming options for them. Also working with the 2021 USGA Jr. Amateur to secure additional hotel rooms and rates. Site visit in February.

US Teens & US Kids - created and sent rebate contracts for US Teens & US Kids World Championships to area properties. Gathered new content from area hotels for the 2019 US Teen & Kids World Championships CVB web page which is linked directly from US Kids, so participants can find rates and book rooms.
NC Defense Business Association - Events Committee Chairman - booked March membership drive & golf tournament at Pine Needles. Also, working on booking the Fair Barn for the 10th Anniversary Gala and Chairman's event.

Moore County Parks & Recreation - met with Billy Ransom and tournament committee to determine which events to consider bidding when the new recreation center with gyms are complete, i.e. volleyball, wrestling, cheerleading tournaments, etc.

International Network of Golf - met with Mike Jamison, Executive Director, ING, to discuss bidding on their 2020 Annual Meeting. This will be their 30th year anniversary and the area hosted their 10th year and 20th year, so hoping the 30th can be secured.

CVB Connect: the next CVB Connect will be held March 14th at the Hampton Inn & Suites from 4 pm to 5:30 pm. Invitations will be sent in late February. Chris Vonderkall may be a speaker as well as someone from the USGA.

ADVERTISING /MARKETING REPORT

2019 Destination Guide - the 2019 Destination Guides were delivered and a copy is in your handouts. For 2020, the CVB will move production of the Destination Guide in-house. The CVB will also reduce the production amount from 55,000 to about 30,000. Overall cost savings is estimated to be about $70,000-$75,000. The savings will be applied to the media plan to promote the destination. Sales of the Destination Guide will be done in-house with the goal to offset the cost of the printing, making this project self-sustaining.

Compass Media has been dismissed and no longer serves the CVB as an outside agent. Again, this will greatly reduce costs on what was an annual financial drain.

Co-Op Update - it has been determined that the Co-Op program in its current form is no longer viable and in a cost analysis of the project, the CVB has elected to abandon the Co-Op for the 2019-20 budget. However, the goal of the media budget will be to market the entire destination. The dollars saved from bringing the Destination Guide in-house will provide the CVB with almost twice as many dollars to market the destination that what the Co-Op would have provided and allow staff to focus on a variety of other projects.

Despite no Co-Op, the CVB will still offer past partners with opportunities to advertise, at a greatly reduced cost than past advertising rates, to be in the guide, plus, create added value opportunities via social media channels and individual video vignettes which will be used via CVB communication channels and shared with participating partners.

2018-19 Media Plan - in recent weeks, the CVB has cancelled non-Co-Op ad spends with Matador and SpotX – $30,000 each for a total of $60,000 as they were deemed inappropriate and spends that did not match the marketing assets required (video) to be even marginally effective. These funds will be redirected toward digital marketing opportunities in the near future to market the destination (i.e. spring golf packages, getaway weekends and other destination assets) that will book room nights in the near future.
In developing the 2019-20 budget and media plan, the goal is to produce more video, utilize extensively more digital marketing assets and decrease print media commitments.

**Video Production** - with the recent purchase of video production equipment and a software editing system, the CVB has identified an additional revenue stream. Soon, the CVB will produce a video for the North Carolina Extension Service to highlight the Farm to Table movement within the county. The video will feature a chef and how he utilizes products from two farmers in Moore County. The video will be used to promote the destination and the quality dining experiences provided by local restaurants. The CVB will charge $1,000 for the video which will offset the cost of the video equipment and software editing package.

The CVB is producing golf tip videos featuring Donna Andrews for the USGA and Pine Needles to support the 2019 U.S. Senior Women's Open. The tips will conclude with how to purchase tickets and overnight packages and are scheduled to run next week through April on a bi-weekly basis.

**CHAIRMANS REPORT – Chairwoman McPeake reported:**

**NEW BUSINESS:**

Chairwoman McPeake reported that this will be David Byers last meeting as a board member. He will be the new General Manager at the Hilton Garden Inn. Mr. Werz thanked him for his service and presented him with a CVB pullover and a Heritage US flag. Discussion transpired.

Secretary/Treasurer Beddow announced the trip to visit Ft. Bragg has been rescheduled for Friday, April 12, 2019.

Chairwoman McPeake reminded everyone of the next scheduled CVB Board Meeting is scheduled for Thursday, March 28, 2019 at 4pm.

There being no further business to bring before the Board, Chairwoman McPeake asked for a motion to adjourn. Secretary/Treasurer Beddow moved for a motion, seconded by Member Miller. Chairwoman McPeake adjourned the meeting at 5:42pm.

Respectfully submitted,

[Signature]

Thomas Beddow
Secretary/Treasurer

/kdd