

Minutes
Chapel Hill/Orange County Visitors Bureau Board
August 20, 2008

The Chapel Hill/Orange County Visitor's Bureau Board met at The Friday Center
Friday Center Drive in Chapel Hill

Board Members Present: Lee Pavao, Barry Jacobs, Rick Strunk, Frances Dancy, Bob Ward, Rachel Hawkins, Dave Gephart, Linda Convissor, Creston Woods, Mark Sherburne, Jon Wilner, Jim Ward

Members Absent:

Other's Present: Bradley Broadwell, O.C. EDC Director; and Bruce Wlach, Dan Dunlop and Cassie Stox of Jennings Co.

Staff Present: Laurie Paolicelli, Linda Ekeland, and Tina Fuller

CALL TO ORDER

Mr. Lee Pavao, Chair, called the meeting to order at 8:10 a.m.

WELCOME

Chair Pavao welcomed everyone.

APPROVAL OF MINUTES

Chair Pavao requested a motion to approve the June 18th, 2008 minutes. Dave Gephart moved to accept as written, Frances Dancy seconded. With all board members in agreement the motion was carried unanimously.

Budget & Finance

Bob Ward, Finance Committee Chair, gave the financial report for 2007/2008-year end as well as July 2008 noting that we came in under budget for 07/08 and the funds spent and encumbered so far. Executive Director Paolicelli mentioned that the VB is in an enviable position with the fund balance back up at 40% to 50% due to an increase over budget in occupancy receipts. She reminded that the VB pledged to spend down the fund balance and recommended using the funds to help the hotels and Hillsborough and would request a motion to that end later on the meeting. With no other questions or comments, Chair Pavao requested a motion to approve the budget as presented. Frances Dancy motioned to approve and Rick Strunk seconded the motion. All members were in agreement and the motion was carried unanimously.

Executive Directors Report

Executive Director Paolicelli welcomed everyone back after a July hiatus. Paolicelli expressed that the areas growth is indicative to what's going on however we are experiencing growing pains due to erosion in market shares. UNC cannot sustain the community on its own. Paolicelli informed board members of a recent meeting with the hotel GM's and gave the floor to Board member Mark Sherburne for further comment

Sherburne informed board members that the topics of discussion at this meeting were the changes in marketing strategy and (with new faces in the local hotel industry), the need to establish a collaborative effort in keeping business in Orange County. Results of the meeting included discussion on dipping occupancy and demand and a need to think outside the box when scouting new sources of business, including a possible sales arm in a key feeder market, increased advertisements in the group market and new lead systems. The hotel meeting was the first of many more and will serve as a lodging association for Orange County.

On this note, Paolicelli proposed to board members that with the Bureau's fund balance growth, she would like to use part of a \$100,000 appropriation to help the hoteliers by contracting to an outside sales firm or individual to pursue corporate and association business with Sherburne and board member Creston Woods defining the criteria. Woods confirmed that although last year's numbers were better than the previous year, group markets were soft and room nights were down which led to a 2008-2009 budget decrease for Carolina Inn. The Atlanta, Charlotte and DC areas are possible locations that would fit the "drive-in, fly-in" markets.

And to this end, Chair Pavao recommended a motion to move forward on using the VB's funds for this purpose.

Board member Linda Convisser expressed her concern on lack of meeting space. Creston Woods noted that there are several venues on campus that can hold larger groups and are a possibility. Chair Pavao also noted that we would go after groups that would fit our needs.

Board member Barry Jacobs noted that Dukes Alumni, many of who reside in DC, recreate here in Chapel Hill and should be a group to market to.

Board member Rachel Hawkins questioned if any Visitor Bureaus have seen results from with this type of investment. Paolicelli confirmed but noted it would not be overnight. It was also noted that other larger Visitor Bureaus employ national sales reps. Durham and Raleigh are examples.

Brad Broadwell, EDC Director, noted that where the revenue is coming from should be considered when deciding a location.

Board member Jon Wilner questioned to whom are the market shares getting lost to. Paolicelli responded stating that Durham and Raleigh have been more proactive since 9/11 where Raleigh may not be a threat but Durham is definitely a competitor and we

need to be more aggressive now. Paolicelli added that many NC communities saw double digit growth last year, possibly eroding market share, although demand might be a better word than share. Our demand is dropping.

With no more discussion, Chair Pavao again asked for a motion to have staff bring back to next months meeting a detailed plan for the use of the \$100,000 to aid hoteliers.

Dave Gephart motioned to accept the proposal with Bob Ward seconding. All members were in favor and the motion was approved.

Board member Rick Strunk stated that while he is supportive of this proposal, he wanted board members to be aware that he recently made calls for price quotes to six hotels, three in Durham and three in Chapel Hill. Of the six, only three returned his calls, which were the three in Durham. Rachel Hawkins also stated she heard of a similar experience where a request for a group proposal was called in to a Chapel Hill hotel and the caller was told the he/she couldn't afford them.

Board members agreed that hotel collaboration and education is a must. Perhaps this is something the Bureau can assist with; or a discussion among new hotel general manager meetings.

Paolicelli continued her report with the opinion that the Visitor Bureau wears two hats, one for the private sector and one that is politically sensitive. She went on to say that a huge contingency in Hillsborough hasn't fully accepted the brand change from Orange County to Chapel Hill w/ Carrboro and Hillsborough. With that in mind, Paolicelli proposed as the second phase of spending down the fund balance, to rev up the marketing efforts for Hillsborough. Chair Pavao requested a motion to accept, Linda Convissor so moved with Frances Dancy seconding. All members were in favor and the motion was carried out unanimously.

Marketing Report

Marketing Chair Rick Strunk commented to board members that the NCHSAA scheduled a football game far in advance for December 13th, which is to be televised, only to have UNC schedule two basketball games on the same day, which may triple the expenses for NCHSAA if the football game has to be played on Sunday.

After a two-minute break, continuing and leading into the Jennings media report, Strunk reminded board members that the Visitor Bureau pledged to use the requested 1% increase in occupancy taxes to increase marketing and advertising both for individual and group markets. To that end, Rick gave the floor to Bruce Wlach for an overview on how the 1% increase in occupancy tax funds would be appropriated for this budget year.

Board members were informed by Wlach that the key objectives this budget year are to build awareness with the visitor, attract holiday business, continue with the summer campaign efforts, increase meeting business and promote fall sports targeting the audience in the 45+ range with disposable income and the 35+ range with families living in state and nearby states with-in a 150 mi radius and are looking for a relaxing place to

unwind. Wlach then turned the presentation over to his colleague Cassie Stox, who continued informing members on Orange County's market, the challenges we face, our competitors, the marketing approach and proposed/planned marketing mediums.

The floor opened to questions and comments, which entailed on-line vs. print, Google ad words, individual hotel budgets combining with the VB's budget, and other proposed mediums. It was noted that this media plans' time period is September through the end of the fiscal year. At the request of several board members, Jennings will look into adding a more frequent schedule to Southern Living magazine, a publication that several board members thought was a great match for the type of person who buys travel.

NOMINATING REPORT

Chair Pavao gave the floor to Mark Sherburne for the Nominating Report. Sherburne gave a brief history of the background on the Board seats, which consisted of 12. In 2007 a 13th seat (non-voting) was added. In November of 2007, board members approved to add two more non-voting seats, Economic Development and a Marketing-at-Large, and as such a nominating committee was formed to include Jon Wilner and Dave Gephart as well as Mark Sherburne. Sherburne went on to say that Lee Pavao's and Rachel Hawkins' term would be expiring this December. With that in mind the committee will be recommending Greg Overbeck, President of the Chapel Hill Restaurant Group, to represent the Chapel Hill/Carrboro Chamber's seat and Jim Parker of Summit Engineering to represent the Hillsborough/Orange County Chamber's seat. For the Economic Development seat, a board member has recommended James Harris, who is with the Carrboro Economic Development Department. Sherburne also recommended that a non-voting emeritus seat be created for Lee Pavao stating that Pavao's institutional memory and unique perspective is an asset to the board. Sherburne informed members that a formal presentation which would also include discussion surrounding the Downtown Partnership seat as well as the Marketing –at-Large seat would be given at September's Board of Directors meeting.

Jon Wilner added that Mark Sherburne is prepared to lead the Board as Chair beginning January 2009 if all members are in agreement. Again, this would be formally presented at September's meeting.

NEW BUSINESS

Chair Pavao then gave the floor to Jim Ward for an update on the Botanical Garden's Visitors Exhibit Center. Ward informed board members that the expected completion date is spring of 2009 possibly April. Ward explained that the Center is designed as a LEED certified (green) building and is still on track with that proposal, however the designation would not be formally determined until 1-year after the completion date. Ward informed on some of the LEED designs that are being used as well as classrooms, auditorium seating and a conference room. He stated the Center would be 35,000 sq. ft. He also stated that public transportation to the Center is in the works. Additional updates will be given in the future.

Ward also updated board members on discussions surrounding changes to Halloween in Chapel Hill. Ward expressed his concern about the after midnight crowd and intends to publicly state his concern in an upcoming council meeting opposing the \$200,000 budget needed to control that crowd. Ward will be proposing ways to damper the numbers that attend and reduce the time that violence happens whether by curfew or some other means. Ward also stated he did not believe the crowd attending Halloween is a benefit to local businesses or hotels. Ward concluded by asking hotels and hospitality industry members to provide him input and feedback. Jon Wilner commented that although Halloween visitors may not be beneficial to local business on that night, it might be helpful in bringing people back at another time.

Mark Sherburne was given the floor to give an update on East 54. Sherburne informed board members that development is on schedule. Development is a mixture of 6 buildings consisting of retail, office, hotel, and residential space. Phase I of the residential space is sold out with Phase II having 13 of the units sold already. The Hotel will be an A loft brand which is part of the Starwood Hotel group. Sherburne confirmed that the land has been purchased and the franchise secured.

Chair Pavao requested an update from Dave Gephart and Rachel Hawkins on Hillsborough. Hi-lights included that nightlife is up, the new parking deck is empty, the new library is well under way, the Hillsborough Chamber is hosting a chili-salsa cook-off on top of the garage and the Burwell School has a new Director.

Pavao then recognized Jon Wilner for an update on the arts. Wilner informed board members that the Culture Zone Board of Directors applied for a 5013C with the Arts Center acting as a fiscal agent. Culture Zone is experience growing pains with different agenda's on the table for review. Laurie Paolicelli was requested to Chair the Board but respectfully declined due to a full schedule and dedication to the VB's board at this time.

OLD BUSINESS

No old business to report

ADJOURNMENT

With no other business to discuss, Chair Pavao requested a motion to adjourn. Rick Strunk so moved with Frances Dancy seconding. And with all business of the Board completed, Chair Pavao adjourned the meeting at 9:54 a.m.

Minutes Drafted by:
Laurie Paolicelli, Executive Director

Minutes Accepted by:
Lee Pavao, Chair

Date

Date