
Buncombe County Tourism Development Authority
Asheville Area Chamber of Commerce Boardroom

Board Meeting Minutes
Wednesday, August 31, 2016

- Present (Voting):** Paula Wilber, Chair; Jim Muth, Vice Chair; Leah Ashburn, Chip Craig, John Ellis, Gary Froeba, Himanshu Karvir, John Lockett, John McKibbon
- Absent (Voting):** None
- Present (Ex-Officio):** Buncombe County Commissioner Joe Belcher
Asheville City Councilwoman Julie Mayfield
- Absent (Ex-Officio):** None
- BC Finance:** Jennifer Durrett
- Advertising Agency:** No one was present from the Peter Mayer Advertising Agency
- CVB Staff:** Stephanie Brown, Glenn Cox, Pat Kappes, Dianna Pierce, Jonna Reiff, Tom Roberson
- CVB Staff Absent:** Marla Tambellini
- Guests:** Kit Cramer, Asheville Area Chamber of Commerce
Chris Cavanaugh, Magellan Strategy Group
Demp Bradford, Asheville Buncombe Regional Sports Commission
Bob McMurray, Black Mountain–Swannanoa Chamber of Commerce
Tom Ruff, Biltmore
Ron Storto, Biltmore Farms, LLC
Jane Anderson, Asheville Independent Restaurant Association
Lew Bleiweis, Asheville Regional Airport
Andrew Celwyn, Herbiary
Sage Turner, French Broad Co-op
Mike Cronin, Asheville Citizen-Times
Virginia Daffron, Mountain Xpress
Maria Pilos, Johnson Price Sprinkle
Richard Roby, Retired Attorney

Executive Summary of Meeting Minutes

- Chairwoman Wilber called the meeting to order at 10:05 a.m.
- Minutes from the July 27, 2016 BCTDA meeting were approved with a 9-0 vote.
- The July 2016 financial reports were reviewed and approved with a 9-0 vote.

- A budget ordinance to close out multi-year budgets for four TPDF projects, in the amount of \$531,104, was approved with a 9-0 vote.
- Under the Executive Director report, July Visitor Index and Quick List numbers were reviewed; Ms. Brown highlighted Asheville's inclusion in Bon Appetit Magazine; and details were provided regarding the BCTDA's Annual Meeting.
- In a 9-0 vote, the BCTDA approved the Friends of the WNC Nature Center's request for a TPDF contract extension, which was requested due to the lack of responses received to the construction bid issued by the City of Asheville.
- Chris Cavanaugh presented recommendations from the BCTDA's Fiduciary Task Force to include the creation of an independent destination marketing organization. In a 9-0 vote, the board voted to accept the recommendations and hold a public comment hearing before finalizing the vote at the September 28 board meeting.
- Reports from Asheville City Councilwoman Julie Mayfield and Buncombe County Commissioner Joe Belcher were heard.
- Under Miscellaneous Business, Ms. Cramer said she is proud of the success the CVB has reached as a department of the Chamber and she invited board members to attend the upcoming Metro Economy Outlook. Mr. McMurray announced the building of a new Hampton Inn in Black Mountain.
- The meeting adjourned at 11:41 a.m.

Call of BCTDA Meeting to Order

Chairwoman Wilber called the regular meeting of the Buncombe County Tourism Development Authority (BCTDA) to order at 10:05 a.m. and welcomed everyone. She said she appreciated everyone's cooperation for the change in meeting time to accommodate those who wanted to attend the Chamber's Legislative Wrap-Up event which, she noted, had a great turn-out from elected officials. The visitors in attendance introduced themselves.

Approval of Meeting Minutes

Mr. Ellis made a motion to approve the July 27, 2016 regular meeting minutes as presented. Mr. McKibbon seconded the motion. There was no discussion and with all in favor, the motion carried 9-0.

The minutes are on file with the Asheville Convention & Visitors Bureau.

Financial Reports

July 2016 Financial Reports

Ms. Durrett reviewed the July financial reports. She noted that revenue received in July is actually for June hotel sales and is accrued back to FY 2015-16. She answered questions related to the reasons behind this specific accounting practice.

Occupancy tax revenue received in July for June sales totaled \$1,389,199. July expenditures totaled \$404,203. YTD expenditures exceeded revenue by \$395,691 due to occupancy tax receipts being credited back to the prior fiscal year. July expenditures for Tourism Administration: \$1,648; Professional Services: \$187,778; General Tourism: \$153,964; Net Media: \$10,181; Meetings and Conventions: \$27,075; Convention Services: \$0; Marketing/Public Relations: \$21,046; International: \$5,652; Public Affairs:

\$0; Event Grants Program: \$0. There is currently \$2,444,779 in undedicated dollars in the Tourism Product Development Fund (TPDF).

Ms. Durrett said Gould Killian's auditors are currently on site and the final FY 2015-16 financial statements will be presented with the audit no later than the October BCTDA meeting. She then reported on properties delinquent on paying occupancy taxes and answered all related questions.

Councilwoman Mayfield said she would like to see a notation included in the financial statements indicating projected revenue available in the TPDF fund annually, in addition to the already provided figure of what is currently available. A brief discussion took place centering on the complexities involved with projecting TPDF dollars, along with the likely confusion of sharing such figures publicly since projections would not reflect commitments dedicated via the Strategic Priority List and Major Works Pathway funding tools or fluctuations in occupancy tax receipts. Ms. Brown noted the directive from the board was to have the finance committee make a recommendation regarding this request, which she suggested could be brought to them after the audit and year-end processes are complete.

Mr. Karvir made a motion to approve the July 2016 financial reports as presented. Mr. Froeba seconded the motion. There was no discussion and with all in favor, the motion carried 9-0.

The financial reports are on file with the Asheville Convention & Visitors Bureau.

TPDF Project Ordinance

Ms. Durrett asked the board to turn to the TPDF budget ordinance provided in the board books. Since TPDF project budgets span multiple fiscal years during planning and construction phases, it is necessary to close out the budget for completed projects at the end of each fiscal year. The ordinance being presented today totals \$531,104 and will close out the budgets for grants awarded to RiverLink (\$25,000), The Smoky Mountain Center (\$100,000), The Collider (\$300,000), and Wayfinding Maintenance (\$106,104).

Mr. Ellis made a motion to approve the Tourism Product Development Fund budget ordinance as presented in the amount of \$531,104 to close out the aforementioned TPDF project budgets. Mr. Craig seconded the motion. There was no discussion and with all in favor, the motion carried 9-0.

Chairwoman Wilber will sign the ordinance and it will be kept on file with the Buncombe County Finance Department and Asheville Convention & Visitors Bureau.

Executive Director Report

Ms. Brown said she was pleased to announce that Asheville was included in a prestigious list of foodie destinations and restaurants featured on the cover of Bon Appetit Magazine. She passed around a copy of the September 2016 issue for board members to review.

Next, Ms. Brown said the North Carolina Economic Development Partnership coordinated a special piece that appeared in Newsweek, written by a writer who came in from London. In the article, tourism was highlighted as an economic driver and she and Jack Cecil were included as leaders in innovation. The article can be found at: https://issuu.com/elitereports8/docs/north_carolina_for_newsweek.

July CVB Staff Recap

The July CVB Staff Recap was not reviewed at this meeting, however, was provided to the board and is on file with the Asheville Convention & Visitors Bureau.

Upcoming Events

Ms. Brown encouraged everyone to mark their calendars for Wednesday, September 28, and plan to attend the BCTDA Annual Meeting from 3:00-6:00 p.m. at Lioncrest at Biltmore. She said George Zimmermann with Longwoods International USA, Inc., will be the keynote speaker and share key insights on how destination promotion contributes to economic development and sustainability as he presents "Tourism Promotion: An Economic Engine." The William A.V. Cecil Award and the BCTDA's 2015-16 Annual Report will also be presented. Ms. Brown added Mr. Zimmermann will facilitate a roundtable discussion at the BCTDA's monthly meeting that morning, and a VIP reception honoring outgoing Buncombe County Commission Chairman David Gantt will be held in the afternoon. She thanked Chairwoman Wilber and Biltmore for hosting the meeting.

July Visitor Index

Ms. Pierce reviewed the numbers found in the Group Sales & Services section of the July Index, provided insight on the variances, and answered all related questions. Chairwoman Wilber congratulated the sales team and the industry at large for finishing out a great 2015-16 fiscal year.

The July Visitor Index is on file with the Asheville Convention & Visitors Bureau and is posted on AshevilleCVB.com.

July Quick List

Ms. Brown reviewed the numbers from the July Quick List and reiterated the CVB's objective of executing the BCTDA's robust marketing plan to generate enough demand to absorb the increased supply in hotel rooms. A brief discussion took place centering on the impact new properties are having on existing hotels with Ms. Brown answering all related questions. Ms. Brown also noted she received a report from Airbnb and offered to share it with the board.

Chairwoman Wilber thanked Ms. Brown for the report.

Friends of the WNC Nature Center TPDF Grant Update

Ms. Kappes said the WNC Nature Center is a City of Asheville-owned asset that received a \$313,000 TPDF grant in 2015 for redevelopment of the facility's front entrance. She said that due to the lack of response to the posted bid, the City needs to reissue the bid in October, which will delay the project by about six months. Ms. Kappes referred to a letter provided in the board books from Kelly Christianson, Executive

Director of Friends of the WNC Nature Center, representing the official request for the contract extension. A brief conversation centering on the specifics of the request took place and Ms. Kappes answered all related questions.

Ms. Ashburn made a motion to amend the WNC Nature Center's TPDF contract to set the project commencement date in February 2017, with completion occurring by June 2018. Mr. McKibbin seconded the motion. Discussion included Councilwoman Mayfield stating she will try to get additional insight into the challenges associated with bids related to this and the J.B. Lewis Soccer Complex turf replacement bid processes. A vote was then taken and with all in favor, the motion carried 9-0.

Advertising Effectiveness Study Proposal

Ms. Brown said she would like to have the Advertising Effectiveness Study proposal review deferred until the October or November BCTDA meeting, which will allow board members the opportunity to hear insights from George Zimmermann with Longwoods International at the September meeting prior to it being considered.

Fiduciary Task Force Report

Chairwoman Wilber asked everyone to turn to the Fiduciary Task Force (FTF) report found in the board books. She noted establishing the FTF was a key priority outlined in the BCTDA's Strategic Plan and task force members undertook a thorough review process prior to arriving at today's recommendation.

Ms. Brown elaborated by stating a couple years ago, the BCTDA worked with Joe Lathrop to facilitate the development of a five-year plan. She noted that with a growing budget, one of the priorities identified was to evaluate and elevate current fiduciary management systems for this growing organization. Ms. Brown said that while Buncombe County Finance is the BCTDA's fiscal agent, and the management of funds is robust, the CVB had limited financial management tools at its disposal. The initial context of the FTF was to look at current infrastructure to provide the CVB with additional resources needed to continue executing the work of the BCTDA. Chris Cavanaugh with Magellan Strategy Group was contracted to manage the evaluation process. This resulted in increased collaboration with Buncombe County Finance (BCF) staff and more efficient access to financial records via technological enhancements developed by the county. Ms. Brown said the task force's attention then turned towards administrative functions and she introduced Mr. Cavanaugh.

Mr. Cavanaugh shared a PowerPoint presentation outlining the objectives and resulting recommendations from the process the Fiduciary Task Force followed. Highlights of the presentation included:

- It was reiterated that as a component of the BCTDA's Strategic Plan adopted in 2015, the Fiduciary Task Force was created to ensure the board continues to act in the best interest of its stakeholders and the community.
- This process included a review of financial reporting and budget management systems, and an assessment of the current organizational structure of the Asheville Convention & Visitors Bureau, a unit of the Asheville Area Chamber of Commerce, with which the BCTDA contracts annually to perform destination marketing.
- Changes being made by Buncombe County Finance in financial reporting will have substantial benefits to the BCTDA and the CVB.

- Mr. Cavanaugh explained there are generally four Destination Marketing Organization (DMO) organizational structures: an independent organization, typically a 501(c)6 non-profit, often with membership; a chamber of commerce or a unit of the chamber; a governmental department or office; and a staffed tourism development authority (especially in North Carolina).
- Per results from a financial and organizational study compiled by Destination Marketing Association International, the greater the budget, the greater the likelihood of a CVB being an independent organization dedicated exclusively to DMO functions. The Asheville CVB's current organizational relationship/structure is mostly unique compared to DMOs of similar size, both in NC and elsewhere.
- Mr. Cavanaugh outlined the various advantages and disadvantages of each DMO structure and provided examples of CVBs that have recently transitioned to independent organizations.
- Mr. Cavanaugh said some of the most influential fiduciary factors considered in the review of the organizational structure resulting in today's recommendation included: executive level management; providing singular focus and oversight; the scale of the visitor economy and growth of the CVB organization; public transparency and providing clarity in the confusing relationship between the BCTDA, Chamber and CVB; and that Asheville is unique among North Carolina's largest destinations in having a chamber of commerce perform the traditional functions of both a chamber *and* a DMO.

Mr. Cavanaugh said the BCTDA recognizes the historic and important role that the Chamber has played in promoting the Asheville area as a destination and its legacy of helping to establish the CVB as a successful destination marketing organization. He said the board is committed to maintaining a strong relationship with the Chamber so that all businesses in Buncombe County may prosper. He then presented the following recommendation:

- The Fiduciary Task Force recommends the creation of an independent destination marketing organization separate from the Chamber to serve the needs of the visitor economy in Buncombe County and that a new 501(c)6 organization be established for this purpose, enabling the BCTDA to act with greater oversight of the area's destination marketing and management.
- Additionally, the Fiduciary Task Force recommends maintaining a status quo financial relationship with the Chamber, as the BCTDA wishes to contract with the Chamber for administrative services and to lease office space from the organization. The Chamber owns and will continue operation of the Asheville Visitor Center. The Chamber will also continue to appoint one voting member to the BCTDA, as mandated by the legislation which created the BCTDA.

Mr. Cavanaugh said it is anticipated that this transition would be final by June 30, 2017, and answered all related questions.

When the presentation and discussion period ended, Chairwoman Wilber thanked the members of the Fiduciary Task Force for their time and commitment to the process and Mr. Cavanaugh for his work and providing the report.

Mr. Froeba made a motion that the Buncombe County Tourism Development Authority accept the Fiduciary Task Force's recommendation as presented today, to establish an independent destination marketing organization separate from the Chamber to serve the needs of the visitor economy in Buncombe County by establishing a new 501(c)6 organization, to be approved and adopted at the September 28, 2016 meeting of the BCTDA. Additionally, he moved that a public comment hearing be scheduled at the start of next month's meeting related to this subject. Mr. Ellis seconded the motion. There was no discussion and with all in favor, the motion carried 9-0.

Councilwoman Mayfield said Asheville City Council's position on this recommendation is neutral; its members want to ensure that the structural change is not harmful to the Chamber and that its strong partnership with the BCTDA and CVB will continue. Mr. Ellis said that is important to the members of the Fiduciary Task Force, as well, with Mr. Muth adding that the Chamber has done a great job of creating the environment in which the CVB has grown and the sincere desire is to continue that synergistic relationship.

Chairwoman Wilber said the motion has been approved and she looks forward to the public hearing and final vote that will take place on September 28, 2016. Ms. Brown added Chamber and CVB staff will work together on the transition to ensure the interests of both organizations are supported. She reiterated the CVB will continue to maintain its workspace in the Chamber building, as well.

The PowerPoint is on file with the Asheville Convention & Visitors Bureau.

Asheville City Council Update

Councilwoman Mayfield reported on city-related business, focusing on the efforts related to the three bond referendums that will be on the ballot in November. She thanked Ms. Cramer for her leadership in this initiative and for hosting a grassroots campaign launch tomorrow at the Chamber. Ms. Brown added that on September 6, the CVB will host a Partner Forum at which Ms. Cramer and Mayor Manheimer will provide an overview of the bonds, and Stephanie Monson Dahl will give an update on the ongoing changes in the River Arts District, to tourism industry partners.

Councilwoman Mayfield also updated the board on task forces that were formed to focus on Haywood Street property options, accessory dwelling units, and energy innovation. She then encouraged everyone to complete a [survey to provide input](#) to the City of Asheville as it prepares to update its Comprehensive Plan.

Chairwoman Wilber thanked Councilwoman Mayfield for the report.

Buncombe County Commission Update

Commissioner Belcher reported on county-related business, including his excitement of being able to attend ribbon cuttings to celebrate the opening of three new schools in the county which, to his knowledge, is unprecedented in the state and maybe in the country.

Ms. Cramer said she is also excited about the new schools, and is especially happy to see neighboring Isaac Dickson Elementary School students get to move into their beautiful new "home."

Chairwoman Wilber thanked Commissioner Belcher for the update.

Miscellaneous Business

Ms. Cramer said that regarding the Fiduciary Task Force's recommendation, she is proud of the work the CVB has accomplished and the role the Chamber has played in that success. She added tourism is a significant part of the Asheville area's economy and she will work with staff on the transition.

Ms. Cramer encouraged everyone to attend the Metro Economy Outlook on Monday, September 12, at 11:30 a.m., at A-B Tech.

Mr. McMurray shared that a new 90-room Hampton Inn is being built in Black Mountain.

Comments from the General Public

There were no comments from the general public made at this meeting.

Adjournment

Chairwoman Wilber thanked everyone for attending and the meeting adjourned at 11:41 a.m. The BCTDA will next meet on Wednesday, September 28, 2016, at 9:00 a.m., in the Boardroom of the Asheville Area Chamber of Commerce.

Respectfully submitted,

Jonna Reiff
Executive Operations Manager