



**Board of Directors Meeting
Orlando World Center Marriott
Canary Ballroom 1-4**

DATE: March 3, 2022

TIME: 3:00 p.m.

Executive Committee Present

Terry Prather, Chair-Elect
Harold Mills, Secretary
Barbara Bowden, Treasurer
Don Engfer, Past Chair
Casandra Matej, President & CEO

General Counsel Present

Bill Dymond

Board Members Present

Atish Shah
Barbara Poma
Bill Davis
Bob Miles

Board Members Present

Brooke Bonnett
Charlie Freeman
Dan Giordano
Diana Font
Fred Sawyers
Gerald Hector
John Arie, Jr.
Mark Tester
Robert Agrusa
Robert Bray
Steven Jamieson
Thibaut van Marcke
Thomas Steinhauer

Board Members Absent

Brian Comes, Chair
Donna Dyson
Evan Wyant
Justin Williams
Kyle Miller
Paul Mears III
Roseann Harrington
Tim Giuliani

Visit Orlando Staff Present

Maria Henson
Randy Singh
Toni Caracciolo
Mike Waterman
Kristen Darby
Elaine Blazys
Karen Soto
Keith Swider
Stephanie Naegele

Guest Speaker Present

Ray Walls, OCCC

AGENDA ITEMS

I. Call to Order

Terry Prather called the meeting to order at 3:05 p.m. and welcomed all participants.

Mr. Prather read the Confidentiality Statement.

II. Meeting Minutes

No action required as the minutes were previously approved via electronic vote.

Terry Prather introduced and gave background information on the guest speaker, Ray Walls from the Orange County Convention Center, and turned the presentation over to Randy Singh and Mr. Walls to present TDT Usage & Allocation.

III. TDT Usage & Allocation

Randy Singh and Ray Walls, the Deputy Director of the Convention Center, presented an in-depth overview of the TDT. They provided information on the background and uses, the makeup and restriction of the six pennies, historical collections, current TDT revenue and expenditure budget, outstanding debt including the facilities the debt is attached to, including maturity dates, and reserves. They summarized that the TDT is on a strong recovery trajectory and is expected to reach 2019 pre-pandemic levels this year.

Casandra Matej noted that as ambassadors for Visit Orlando and the industry, we want our Board to help educate and advocate the community on the uses and restrictions of the TDT. She said as a follow-up, we will send talking points for future use. Robert Agrusa echoed these comments. This issue has been on the rise for many years and people continually scrutinize the way this money is utilized. Mr. Agrusa stated we need to be sure our elected officials are educated and understand the impact of TDT on our entire community.

There was a discussion led by Harold Mills' statement about Visit Orlando receiving less TDT revenues based on lower TDT collections resulting in a board decision to use our reserves. In addition, the county reduced its reserves to pay other things, which may change the distribution of TDT revenues. How should we view this? Randy Singh responded that our distribution is based on a formula of total collections. We have certain guarantees such as the 50% of the 6th penny. Visit Orlando ended the year in a very strong financial position, primarily because of TDT. Terry Prather added the question that since TDT is a state issue, how does Orange County compare with other counties. Ray Walls answered by stating that there is no comparison to Orange County, as they don't have the attractions we have, nor do they collect the dollars we do. When people see that level of reserves, we are extremely careful to identify its uses. Casandra Matej followed up with the point that we need our government officials, on city and state levels, to understand where our funds are allocated; they need to be educated. Mr. Walls finished by saying that comparing our usage of TDT to other top tourist destinations, such as Las Vegas, is not a straight comparison as the structures in how the dollars are used; they accomplish similar things in very different ways. Along the Las Vegas strip, the hotel tax is 13.8% compared to 6% here in Orange County. Unlike Orange County, Vegas uses its hotel tax revenue for schools, transportation, public safety, tourism,

as well as general government services. We have restrictions that prohibit spending TDT on similar items which is a good position to be in.

IV. State of the Industry

Maria Henson started by adding another point to the Tourism Development Tax discussion. She shared the total lodging tax rates of the top 26 United States markets with the Board. Orlando is the lowest of these markets along with San Diego at 12.5%. In addition, some hotels are subject to excise taxes on lodging transactions.

Atish Shah asked if groups look at the lower tax rate when deciding where to go. Ms. Henson responded yes and Casandra Matej went further to say that this may be a consideration as some of these cities are at 18% or 19% but no longer as critical as it has been in the past.

Ms. Henson then transitioned to the State of the Industry update, starting with U.S. consumer sentiment. She indicated that most U.S. consumers are open to travel advertising again, and readiness to travel is at pandemic highs. The next topic was the 2021 Orlando travel industry performance wrap-up. Employment recovery was one of the measures discussed. Ms. Henson shared that employment recovery has not been equal across all three leisure and hospitality segments, with the accommodations sector struggling the most. She stated that this is a phenomenon felt not only in Orlando but also nationally and globally. We are seeing that more people are retiring or exiting the workforce; therefore, the pool of workers is shrinking, making it difficult to fill positions. She then covered the topic of air travel recovery starting with domestic direct seat capacity to Orlando, which has exceeded pre-pandemic 2019 levels starting in June 2021 and is expected to remain strong through the first half of 2022. International seats are not quite as robust but are moving in the right direction. Advance hotel bookings were the next subject Ms. Henson spoke about to the Board. January's group bookings were low due to Omicron; however, February through April are showing week to week growth. Leisure bookings are showing strong levels for Spring Break travel season, pacing very close to pre-pandemic levels. She went on to say that hotel booking windows remain very short, so things could change. Ms. Henson then spoke about the Metro Orlando Lodging Forecast for 2022. Demand and occupancy are gradually closing the gap from pre-pandemic levels. She then turned her focus to the Orange County Convention Center's citywide attendance, comparing 2019, 2021 and 2022 numbers. Maria Henson said that if the trend keeps moving in this direction, we are on pace to achieve our year-end goal. The Board then got a look at the top global markets' recovery. Ms. Henson pointed out that the United Kingdom is leading the recovery, Mexico's seats exceed pre-pandemic levels, Canada remains hesitant but looks strong for Spring, while Brazil remains the slowest key market to recover citing health, economic and visa barriers. Some of the global factors affecting travel recovery are high inflation, low labor force participation and rising wages, decline in COVID-19 cases, growing consumer travel sentiment, elevated competition from other destinations, and recent geopolitical events.

Maria Henson opened the floor for questions.

John Arie, Jr. asked why people were not applying for unemployment. Ms. Henson suggested that some people are completely exiting the workforce or retiring. Steven Jamieson posed a question regarding load factors as opposed to the growing seat capacity. Ms. Henson notes that load factors vary greatly by market. She then indicated that reporting on load factors is available and can be provided upon request. Thibaut van Marcke followed up by asking what it will take to get the labor force back to normal. Maria Henson responded by saying that while many are speculating as to why workers are leaving certain industries or workforce entirely, no one has been asking the workers for specific reasons. The positive side of that is hopefully the reasons for not working are going away such as stimulus checks or state support unless one files for unemployment and to maintain unemployed status one now must be actively searching for a job. We surveyed our members and asked about their labor needs, and we saw the labor needs span all categories and levels. We are trying to figure this out. Robert Agrusa noted that with the 50 and above group of people exiting the workforce, we have to figure out how to engage a younger age group and shift our mindsets for the future. Fred Sawyers mentioned he is not as optimistic about rebounding in 2022. Ms. Henson said she was showing national trends but will bring the studies down to the Orlando level in the future.

Harold Mills inquired what is the definition of American travel is and what the relative proportion of the American population is. Maria Henson replied that it is 80% of adults (18+) in the United States. Destination analysts define a traveler as someone who has taken a trip for leisure or business in the last three (3) years and is not necessarily an overnight trip.

V. Financial Update

Randy Singh presented the National Economic Indicators which included the most recent figures for Inflation, National Unemployment, GDP, and the Consumer Confidence Index. He also provided information on December's TDT collection which was the highest collection on record for the month of December. As a result of the TDT performance, Visit Orlando's annual 2021 share was \$59.4 million which was approximately \$6.0 million more than projected.

Mr. Singh also presented an overview of the 2021 financials. He mentioned that we are still in the process of closing out the year but the financial information to date indicates the overall revenues were \$66.8 million and overall expenditures were \$52.8 million, resulting in a surplus of \$14.0 million. He reminded the Executive Committee that the Board had approved utilizing \$6.3 million of the estimated surplus to fund the 2022 budget; thus, leaving \$7.7 million to be rolled over into the current 2022 fiscal year for cash flow purposes.

VI. Departmental Updates

A. Marketing & Communications

Toni Caracciolo presented updates for the Marketing & Communications Department. She began by speaking about how we are reinvesting in The Wonder Remains campaign this year in our five key markets. A chart was presented to show the timing and mediums that will be used per market. Ms. Caracciolo noted that since December, the timing has changed slightly, and the team will continue to stay nimble to maximize efforts. She also pointed out that Visit Orlando is partnering with Brand USA in the United Kingdom, Mexico and Brazil which provides a 15% uplift to our paid efforts. The next topic covered by Ms. Caracciolo was the Media Missions. She discussed how over the next couple of months, the team will meet with the media, in their markets to give them an update and to promote our destination. Content Creator Network was the next item Toni Caracciolo discussed. She explained how we brought on four (4) established creators to elevate our ability to show authentic and immersive content. Further, she went on to talk about our in-house created content and use on social media channels. Ms. Caracciolo then presented the Most Magical Gathering contest that was done in partnership with Disney. She outlined the contest structure and talked about the results from a marketing perspective and talked about total entries, impressions, etc. She then showed a video showing the Young family receiving the announcement that they've won the contest.

Ms. Caracciolo spoke about our partnership with AAA and the first ever virtual travel event to be held on March 26th. We have 30 members participating and access to over 25 million AAA members. Through this event, we are hoping to drive over \$600k in destination travel.

Marketing plans for Meetings & Conventions were the next topic Toni Caracciolo discussed. Communicating that our destination is constantly enhancing and evolving to be the leader as the #1 healthy meeting destination. She outlined the strategic approach to promoting Meetings & Conventions, which entailed communication, sales support, paid media, local, unique events and venues, partnership with the Orange County Convention Center and a customized, virtual tool that no other destination can match. She then talked about the campaign timing through the year and how we leverage exposure at key industry trade shows.

The final topic Toni Caracciolo discussed was Global Meetings Industry Day, which is on April 7th. This is an important day in our industry to promote awareness and advocacy for the meeting and event sector.

B. Meetings & Conventions

Mike Waterman shared updates for Meetings and Conventions. The first topic he covered was how Orlando is leading the way back for safe citywide conventions and how we combined efforts with OrlandoHealth to achieve this. He spoke about the number of groups booked, projected attendees and the number of room nights under contract. Mr. Waterman continued by speaking about how group business recovery and the increasing trend. We are pacing right in or above where we need to be optimal.

Mr. Waterman said the best way to share our message is to be out in the market, in person. He said the team will be at over 52 events in the 2022 budget to do this and showed eight (8) of the largest shows where Visit Orlando will be present.

C. Membership & Support Services

Kristen Darby presented the updates for the Membership and Support Services Department. She began by showing a chart and discussing our membership by industry with the largest group being accommodations. Ms. Darby then focused on the members listed as accommodations showing that this group produces 66% of dues revenue the retention rate averages in the low 90% range. Kristen Darby outlined the team’s strategic plan to grow membership to 1,500 members by the end of 2024. One of the ways this will be accomplished is through recruitment events. She talked about how the last one held was very successful. Some of the programs we offer to our members to keep them informed and visible in the community are orientations, industry roundtables, power hours, signature luncheons, networking events and webinars.

The last topic in Ms. Darby’s presentation was Visitor Services. She spoke about how this has evolved from a building to virtual services and seven (7) desks in the Orange County Convention Center to be present for 41 shows. Some of the services provided are responding to social media inquiries, customized vacation planning as well as VIP vacation planning.

VII. President’s Report

Casandra Matej began the President’s Report by talking about the Golden Pineapple Awards event and congratulating Robert Agrusa and CFHLA and the award recipients.

Ms. Matej then spoke about how Visit Orlando serves as an advocate on behalf of the industry and a resource for legislators when it comes to information and the impact it may have on our destination and our partners. She talked about two key areas we watch, one being TDT and the proposed altering use of TDT across the state. The other area is Visit Florida, our statewide destination organization. There are two bills right now which are not expected to pass, which gives us some confidence that TDT will maintain its use right now. Additionally, House Bill 489, the reauthorization of Visit Florida, passed in the House yesterday (March 2nd) to

extend its authorization to 2028, where this was previously on an annual basis, limiting future planning. One of the events we are participating in with them is an upcoming co-op in which they paid 80% and we contributed 20%, giving us great exposure and extension to our investment.

Casandra Matej then announced we will be joined by a new Board Member, the new Director of the airport, Kevin Thibault. The airport will soon be launching a community initiative to try and increase CBP (Customs and Border Protection) staffing at MCO. Without increased CBP staffing, the MCO international arrival experience for your visitors and customers will suffer and be negatively impacted especially this summer. Plus we want to expand our international air service but without more CBP officers, this will be difficult. As this initiative moves forward, there will be ongoing updates to the Board.

Ms. Matej presented two of the upcoming major events in our industry. The first was National Travel and Tourism Week (NTTW) which will be the first week in May. She explained that it is essential that we are intentional about telling the story about the importance of travel to central Florida to our community and our elected officials. This week will also serve as the kickoff to a local, yearlong campaign to talk about the future of travel. We need to get the message to our communities and elected officials about how the travel industry affects each and every resident. Casandra Matej then gave an overview of some of the activities and events planned for NTTW. The second event Ms. Matej highlighted was IPW, which Orlando will be hosting this year from June 4-8. She stated this is the largest international show in our industry and outlined some of the key components and events that will take place throughout the city during this time.

The next topic Casandra Matej invited the Board to a brand launch, in conjunction with Orlando Economic Partnership (OEP). There will be a joint presentation on April 27th at 3:30 pm. A calendar invite will be sent to all Board members following the meeting.

Ms. Matej shared with the Board the results of the compensation study, which is done every other year. We learned from the market survey that when compared to non-profit companies, we are about +10% in total compensation but when compared to for-profit companies we are about -15% in total compensation. In the last year, we have been working on an incentive plan, which was approved in the 2022 budget, that will give our employees the opportunity to make more money; therefore, raising their overall compensation, making us more competitive. She then gave the results of the Large DMO salary survey. We found that for VPs and above (with the exception of the CEO role), we averaged 112% to the median and 100% to the 75th percentile. For all other positions, we averaged, 104% to the median and 96% to the 75th percentile. We want to be one of the best places to work in the destination space. Casandra Matej added that we saw 16 resignations since November 1st but when the exit interview is conducted, we found that most team members who left were in entry and mid-level roles and found a career growth opportunity elsewhere and it is not about the pay nor benefits. She mentioned that we are seeing an influx of high-quality candidates to fill these roles.

Cassandra Matej opened the floor for questions.

Don Engfer asked if the theme parks are coming through for IPW events this year. Ms. Matej replied yes, all three major parks are involved with IPW and hosting a variety of events. She went on to say that we have partners downtown who have also contributed to the “Downtown Night”.

Terry Prather asked if someone is working on correcting the travel visa issues the people are experiencing in Brazil. Casandra Matej said that this is a priority for U.S. Travel Association and how they were having ongoing conversations with the government to correct this.

VIII. Chair Update

Terry Prather opened the floor for discussion or general questions from or to any Board Member.

IX. New Business

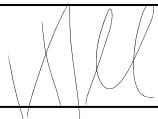
Cassandra Matej spoke to the Board regarding workforce issues and asked if there was anything else you are seeing in your business, please share and see if we can be a value proposition for that issue. We want to hear from you.

Mr. Prather then showed some upcoming events the Board should be aware of. He then said we are trying to balance the content with open conversation moving forward and please let us know if there is a topic you would like us to cover.

X. Adjournment

There being no further business, the meeting adjourned at 5:07 p.m.

APPROVED: _____



Harold Mills, Secretary