

Metro Tourism Commission Meeting Minutes
Thursday, May 12, 2022

Sherry Franklin called the meeting called to order at 8:33 a.m.

Franklin conducted an attendance roll call of board members:

Sherry Franklin – yes
Q-Taylor – yes
Howard Kittell - yes
Mark Hayes - yes
Nealy Glenn -no
Leesa LeClaire - yes
Hank Adam Locklin- no
Shannon Sanders – yes
Randy Miller – retired and resigned from Commission; seat currently open

Metro staff in attendance – Ann Mikkelsen (Metro Legal)

Nashville Convention & Visitors Corp (NCVC) staff in attendance – Butch Spyridon, Adrienne Siemers, Bruce McGreggor, Jeff Mefford, and Andrea Arnold

Due to a lack of quorum at the February 2022 meeting, the Commission needs to approve minutes and the financial report presented in that meeting.

Howard Kittell made a motion to accept the minute from the November 19, 2021 meeting; Leesa LeClaire seconded; ayes six; nays zero; motion passed.

Leesa LeClaire made a motion to accept the minutes from the February 10, 2022 meeting and the financial report presented in that meeting; Mark Hayes seconded; ayes six; nays zero; motion passed.

Sherry Franklin asked Butch Spyridon, CEO of the Nashville Convention & Visitors Corp (NCVC), for a report from the organization. Spyridon provided the following updates:

- Entertainment Transportation Vehicle legislation – a bill was passed at the state level to allow Nashville to regulate this industry segment. The Metro Council, through ordinance, has given the Transportation and Licensing Commission authority to create rules for operation and authorize permits to entertainment vehicles. The TLC has a scheduled meeting on May 26 in which it is anticipated that they will potentially approve operational rules and permits. The TLC had an open application period for permits, in which 33 companies applied requesting permits for 159 vehicles. The NCVC continues to receive letters of concern regarding these vehicles from visitors, particularly from convention clients which represent 40% of the visitor make-up in Nashville. Some are not rebooking business. The main issues of concern are general safety, noise, routes, traffic congestion and times of operation. The issue is a real threat to the hospitality industry's future business. Discussion ensued regarding upcoming actions and dates from the TLC and the potential of the MTCC sending a letter to the TLC in support of regulations centered around safety.

- New Year's Eve was broadcast live nationally on CBS for five-hours and ratings were very high – the show finished a tenth of a percent behind New York City's event. CBS has agreed to broadcast the show again next year.
- The July 4th event is in final production. The headliner will be announced later in May. CNN has confirmed it will broadcast the show and CMT is considering.
- CMA MusicFest is virtually sold out, which will contribute to a very strong June for hotel occupancy collections.
- The World Cup bid is still in progress. FIFA will make an update next week with a specific date of a final announcement. They had some concerns with the discussion of a new stadium, specifically wanting to know how the event layout will look, given the number of activations planned outside of the stadium. Still feel confident about Nashville's bid.
- The RNC is anticipated to announce their convention location in the next month. The NCVC submitted a bid on behalf of the Governor's office. Historically the NCVC has not elected to bid on political conventions since the specific needs of the convention are problematic for Nashville to host, including required number of hotel rooms and length of convention space rental. NCVC does not choose who meetings in Nashville and helps any individual or organization that wants assistance in bringing business to the city. The Governor also requested that the NCVC bid on the DNC convention. That RFP has yet to be issued. The RNC convention will be paid for out of funds raised by the Local Organizing Committee; the organization will receive no financial assistance from the city or the NCVC.
- The British Airways flight resumed this week with great success. The inbound load is at 90 percent and the outbound load at 95 percent. Delta Airlines is working with Virgin Airlines to consider an international flight into the city. Representatives from Delta attended the NCVC's industry luncheon last week and heard encouraging economic data regarding international travel to the city, which increased interest.
- The American Society of Association Executives is scheduled to meet in Nashville Aug. 20 -23, 2022. It's a very important convention, as it will result in significant future bookings for the city for many years. Discussion ensued regarding attendance estimations, which currently are at 5,000+. That is on par with attendance at the last convention, which met in 2019.
- The NCVC is supporting the proposal to build a new stadium for the Tennessee Titans with a domed roof in partnership with the Greater Nashville Hospitality Association. There is a significant demand for new events that could be hosted at the stadium with a roof. The final funding package is being developed. The state has approved a redirection of sales tax, allocated \$500 million in this year's state budget, and enabling legislation allowing Metro Nashville to increase the hotel occupancy tax by 1 percent. There will be a required vote by the Metro Council on the final funding package, which will likely occur in the late summer/early fall timeline. The NCVC board had endorsed the project and written an op/ed in the Tennessean.
- The NCVC has spearheaded a fundraising effort to provide necessary maintenance and repairs to Club Baron on Jefferson Street, the location of the Elk's Lodge. The club is the location where many major black artists performed in the 1950s and 60s, including Jimmy Hendrix, Little Richard, and Ray Charles. The building's repair needs are significant, and it was listed on the Nashville Nine most endangered historic landmarks. The organization has raised approximately \$300,000 to date, which will go to repair the roof, plumbing and other key structural improvement needs. The long-term goal is to bring live performances back to the historic venue. The building is significant to the Music City brand and the North Nashville neighborhood.

Andrea Arnold, Chief Public Affairs Officer for the NCVC, provided the following updates from marketing:

- International promotion is underway in the UK with our Come on Back creative to spur high value visitors to book travel on the British Airways direct flight to London, which resumed on Monday.
- Spring advertising campaign has launched domestically. The team is adding programming in June on Saks.com and AMEX to target a higher-end audience for our upscale products.
- There is a rapid increase of media coming to Nashville. From March – May the team has facilitated 48 journalist visits. These numbers are just about back to 2019 levels.
- The NCVC hosted two Preds Party in the Park Playoff Viewing Parties on Saturday, May 7 and Monday, May 9th at Walk of Fame Park.

Adrienne Siemers, Chief Sales Officer for the NCVC, made the following report:

- Leads have reached pre-pandemic levels. Many are short-term corporate clients.
- CVENT, a premier, online meeting sourcing software, cited that Nashville is at 108 percent of 2019 numbers, YTD. Third-party organizations such as ConferenceDirect,, Maritz, and Helms Briscoe are ranking Nashville in top 5 performing markets.
- Preserving sales staff through pandemic has positioned Nashville at a strategic advantage.
- Citywide groups are tracking at 80-90 percent of pickup, which is strong.
- The International Car Wash Association is currently meeting in Nashville with approximately 8,000 attendees. Their only complaint is the feeling of unsafe conditions in the Broadway area. They meet here every two years and may consider moving due to the concern. We have received similar complaints from other clients; sent a sample to the Transportation and Licensing Commission as evidence of concern.
- The NCVC has hired a new sales representative for the mid-Atlantic market. He will join our other DC-based regional salesperson in targeting association business for Nashville.

In Marie Sueing's absence, Spyridon reported on additional multicultural efforts. The NCVC is partnering with Destinations International in its diversity and inclusion programs. Sueing is also working with Councilmember Hurt on her planning efforts to host the National Elected Officials convention this summer. Sales leads in the multicultural markets are very positive.

Bruce McGregor, VP of Research for the NCVC, provided the following report:

- The period of July 2021 – March 2022 is the best room demand period to in city's history. **Sold 5% more rooms in the first nine months of this FY (21-22)** than back in the pre pandemic first nine months of FY 18-19.
- City is forecasted to have the best FY in this **current year (21-22) with room demand projected to surpass full year FY 18-19 by 7%.**
- March 2022 was a record month for hotel rooms sold with 853K. That is 8.5% more rooms than sold back in March 2019. \$163.8M hotel room Rev up 18.45%
- *Spyridon added significance to the March 2022 data, stating that this is in a year when the city did not host the SEC Men's basketball tournament, which is typically a significant demand generator. He also added that demand and RevPAR will continue to show gains over previous performances, but occupancy is likely to show a decrease – that is due to the significant new*

supply that has opened in the market. Occupancy can't be evaluated individually as a measure of performance. Currently there are record number of rooms being sold at a higher rate, resulting in record tax revenue to the city.

- McGregor continued:
- The number of available hotel rooms in the city has increased by 19% compared now to back in 2019. With 37,252 rooms now available, we have over 5,800 more rooms in inventory.
- The preliminary numbers for April indicate that month may be even higher than March, making it another record month for the city:
 - o Davidson County STR data MTD, April 1-30 preliminary (percent change year over year)
 - o Occupancy: 76.5% (42.5%)
 - o **Rooms sold: 854,906 (48.5%) and 12.5% compared to 2019**
 - o ADR: \$207.08 (66.5%)
 - o Revenue: \$177,032,592 (147.2%)
 - o RevPAR: \$158.41 (137.3%)
 - o Supply: 1,17,560 (37,252 rooms available per night)

Discussion ensued confirming there were three citywide conventions in March 2022, that the occupancy data would be significant in the conversation concerning the new Titans stadium to demonstrate need for more programming, and confirmation that there are approximately 3,000 new hotel rooms under construction.

Arnold provided the additional updates from the public affairs department:

- To add to the previous conversation about the entertainment transportation vehicles, the TLC is scheduled to meet again on May 26 and is anticipated to finalize and vote on final regulatory rules and grant permits. If the MTCC desires to send a letter, it will need to do so in advance of that meeting.
- The NCVC continues to work with the Nashville Downtown Partnership in its development and implementation of a strategic plan for the downtown area. In the first meetings to develop the plan, the stakeholders unanimously agreed that the entertainment transportation vehicles were the main threat to the safe conditions in the downtown area and asked for quick action. The group will be assembling soon to address other major areas of safety and improvements.

Discussion ensued regarding the effort to remove buses that only provide tours or logistical services from the entertainment vehicle regulation discussion and using existing Metro regulations as precedent in developing rules for the entertainment vehicles (ie. Scooter regulations, pedal tavern regulations)

Leesa LeClaire made a motion to suspend the rules to go out of order on the agenda so as to hear the Financial Report after the other reports on the agenda; Howard Kittell seconded; ayes – six; nays – zero; motion passed.

Howard Kittell made a motion to reinstate the rules to go back to order as outlined in the agenda once the Financial Report was heard; Leesa LeClaire seconded; ayes -six; nays – zero; motion passed.

Jeff Mefford, Chief Finance Officer for the NCVC, was asked to provide a financial report from the NCVC.

- Hotel Tax Collection numbers for fiscal 2022 have continued to set records. Collection totals for 6 of the first 8 months of the fiscal year were the highest in history for that particular month. For this one specific metric, the city has recovered and moved beyond pre-pandemic levels.
- As is reflected on the Financial Summary, the total that has been reimbursed to the CVC through March of this fiscal year under its contract with the city is \$14,186,722. As the contract is a reimbursement only contract, this amount represents the total required to cover only the NCVC's actual expenses.
- What is not reflected on the Financial Summary is the amount of hotel taxes that have actually been collected by the city. There is a two-month delay between the month that the taxes are received by the hotels and the time that the final amount is reported by Metro Finance. The February data is the latest available. But through the first 8 months of the fiscal year, the actual hotel tax collections by the city totaled \$64,605,292. This is about 21% ahead of the first 8 months of fiscal 2019, which was the city's previous high year. Of that \$64 million, the one-third that is dedicated to Tourism Promotion is \$21,535,098. Any of these funds that have not been used to reimburse our activities at the close of the year will be retained in the Metro reserve fund for future promotion efforts.
- Expenses for the year are trending in line with budget expectations.
- The onset of the COVID Delta Variant in late summer caused us to put some planned advertising on hold temporarily, causing expenses on Line 28 to appear lower than expected. The NCVC has obtained permission from the EDA to extend the term of the \$2 million grant program that the organization was awarded through 2022, which will give sufficient time to utilize the full amount of that grant going forward in the most effective manner.
- There was a much higher than anticipated COVID Testing/Remediation/Reaction expense in the production of the city's New Year's Eve event due to the combination of the special network and union requirements of producing a live network broadcast, coupled with the onset of the Omicron Variant.
- Overall, total expenses through March this year are \$19,375,437, of which approximately 73% was funded through the contract with the city.
- The NCVC is developing the FY 23 operating budget and will report that at the next meeting of the MTCC.

Spyridon added that the organization lost almost half its production staff and two headlining artists due to testing for the New Year's Eve event. In evaluating FY 23 revenue, between forecast record hotel collections, a grant from the state, the EDA grant and significant membership revenue, the organization's budget will be over \$40 million, which is unprecedented. This will be extremely helpful as

the organization launches a significant international campaign and adds additional promotion of the luxury market. This summer Nashville has a high number of events that will garner national and international marketing, such as a televised NASCAR race, the SRX racing series, CMA Music Fest, July 4th, WWE SummerSlam and the Music City Grand Prix; no other city will be featured nationally and internationally that many times over three months and it will have a tremendous impact on visitation.

Shannon Sanders added that his company – BMI – is hosting a special performance in its parking lot as part of CMA MusicFest and expecting 8,000 people in attendance.

Shannon Sanders made a motion to accept the NCVC’s financial report; Howard Kittell seconded; ayes- six; nays – zero; motion approved.

Sherry Franklin led a conversation regarding the desire of the MTCC to draft a letter to the MTLC in support of regulations of entertainment transportation vehicles, outlining the vehicles negative impact on the hospitality industry. Ann Mikkelsen with Metro Legal outlined the procedure, stating that the Commission would need to have a special called meeting of the MTCC with proper notice to approve such a letter. Sherry Franklin and Leesa LeClaire agreed to organize drafting of a letter and scheduling of a meeting prior to the May 27 MTLC meeting.

Sherry Franklin stated that the Commission will elect a chair a co-chair in the next meeting in September. She asked for any new business. Leesa LeClaire asked Shannon Sanders about the upcoming movie. Shannon Sanders reported that the movie about Elvis’ life which features Sanders is scheduled to debut on June 24 and is receiving significant promotion. Priscilla Presley reviewed the movie and stated it is the most accurate portrayal of Elvis of any other movie about his life.

Shannon Sanders also reminded the Commission of an upcoming show at the Ryman Auditorium on June 28 with the Fisk Jubilee Singers featuring Allison Russell.

The meeting adjourned at 9:30 p.m.