

MINUTES of the NEVADA COMMISSION ON TOURISM
September 21, 2016

The Nevada Commission on Tourism held a Commission meeting at 1:00 p.m. on September 21, 2016, at 401 N. Carson Street, Carson City, NV, by video at 555 W. Washington Ave. Las Vegas, NV and by phone conference.

Call to Order

Vice Chair Carano called the meeting to order at 1:01 p.m.

Commissioners Present:

Cindy Carano, Vice Chair
Ryan Sheltra
Jennifer Cunningham
Don Newman
Herb Santos, Jr.
John Wagnon
Julia Arger
Bob Stoldal

Commissioners who are absent/excused:

Lieutenant Governor Mark A. Hutchison, Chair
Richard Arnold
Bob Morse
Rossi Ralenkotter
Dallas Haun
Mike Vaswani

Staff present:

Claudia Vecchio, Director
Larry Friedman, Deputy Director

Roll Call and Determination of Quorum

CARANO: I'd like to call to order the Nevada Commission on Tourism Meeting for September 21, 2016. With that, we'd like to have a roll call. Lieutenant Governor Hutchison is not available to attend today. Bob Morse, unable, excused absence. Jennifer Cunningham?

CUNNINGHAM: Present.

CARANO: Cindy Carano, present. Dallas Haun? Unable to attend. Don Newman?

NEWMAN: On the phone.

CARANO: On the phone. Rossi Ralenkotter is unable to attend. Herb Santos?

SANTOS: Present.

CARANO: In Carson City. Ryan Sheltra?

SHELTRA: On the phone.

CARANO: On the phone. Mike Vaswani? Expecting him to be on the phone. And John Wagnon?

WAGNON: Here.

CARANO: Here, very good. I believe we have a quorum.

STOLDAL: Bob Stoldal, Las Vegas.

CARANO: Julia Arger? Richard Arnold? Bob Stoldal.

STOLDAL: Present.

CARANO: Very good, thank you very much. And you're on the phone Bob?

STOLDAL: Yes.

Public Comment

CARANO: Okay. Great. We'd like to open it up to public comment. Anybody on the phone for public comment? In Carson City? I don't see anyone in Las Vegas. Okay, seeing none. Approval of the minutes.

Approval of Minutes

CARANO: Do I have any additions or questions on the minutes of June 29th?

WAGNON: Move to approve the minutes of June 29th.

CARANO: Call for a second?

NEWMAN: Don Newman, I'll second.

CARANO: All those in favor?

GROUP: Ayes around.

CARANO: Any opposed? Minutes approved. Okay.

Reports

CARANO: It's my turn as Vice-Chair to report. As I was telling Claudia, this is short and sweet because that's always in fashion.

We all read Claudia's report for the Top 10. I thought a couple of things stood out. One of the things that I spoke with Lieutenant Governor Hutchison about when he first asked if I would be his Vice-Chair, was how to engage the Commissioners further in the process and be more involved in assisting tourism for the State of Nevada. John Wagnon and I had an opportunity to testify in the Interim Finance Committee to help share what tourism does for the State of Nevada. We got almost everything that we wanted, to release our hard-earned tax dollars back into our marketing budget. I thought that was very interesting for us. We have some key messages that were handed out to all of the Commissioners. I encourage all to spread the good word throughout Nevada, as to what tourism does for the entire state's economy, not just for the owners of the casinos and hotels. I think that was a very positive thing.

Northern Nevada is in the midst of our special events season and as you can tell, it's the first day of fall. We go by the calendar, we have four seasons. It's kind of blustery out there today. We finished with a fantastic Burning Man and its awesome. I'm looking forward to seeing NCOT's pictures. The photography opportunities out there are amazing. I've never gone, but one of these years... The good news about the Air Races is having more coverage on NBC Sports. What a tremendous opportunity for all of Nevada to get this coverage throughout the world. Those are world-wide media opportunities. That being said, that's my Chair report. Off to Item No. 4B, Administration.

ARGER: Sorry to interrupt, this is Julia Arger joining the call.

CARANO: Great Julia, thank you. This is Cindy, I'm chairing today.

ARGER: Thank you Cindy.

CARANO: Off to FY '17 Budget/YTD Financials.

VECCHIO: Thank you Commissioner Carano. This is Claudia Vecchio. I'll introduce David Peterson our Chief Financial and Operations Officer who will go through the budget. Obviously we are in FY '18-'19 budgeting mode at present. We use these numbers that are actuals in the authority as a baseline for how we plan to move forward into the upcoming year. That will all happen in the legislative session. At this point, we're still very much in '18-'19 development mode. We wanted to give you a good snapshot of where we are with our particular budget categories to date. David, if you could come up and provide an overview. This isn't extreme detail by any stretch of the imagination, but it does provide an overview of where we are per category. Thank you David.

PETERSON: Good afternoon Vice-Chair Carano, fellow Commissioners. For the record, David Peterson, Chief Operations and Finance Officer. In your packet you will find two reports that I'm going to be walking you through. They are right after the green tab that's labeled Reports in your Commissioner packet.

The first sheet is a budget summary of the current biennium. We are in FY '17 right now, the second year of the current biennium. I'd like to start with FY '16. I'm not going to go through every category line by line, I just will hit the highlights and then if you have questions, feel free to ask me.

As you can see, we ended the year just under \$22.6M. In terms of the lodging tax revenue, that was a 10.3% increase over FY '15. We had just under \$37,000 in registration fees, those come through the Global Tourism Summit, as well as Rural Round-Up.

In looking at the expenditure side, I want to highlight a couple of the categories and I asterisked them, Category 31 and Category 40. Category 31 is our marketing and advertising and Category 40 is the Rural Grant Program. Obviously you can see those are the largest categories that we have. Those were the two categories that were impacted by the April IFC, where we added some additional funds for television and some other projects into Category 31. We added an additional \$250,000 to the Projects Relating to Tourism Marketing Grant Program.

A couple of quick highlights of those particular categories. You can see everything highlighted in pink, those are the different transfers that come out of our budget account to fund the other sister agencies within the Department of Tourism and Cultural Affairs. Based on the final revenues and expenditures, in FY '16, we

balanced for just under \$5.5M. You see that as the second RGL Line 2512. That was our balance forward. Our reserves at the end of FY '16, again, just under \$5.5M. That becomes our starting reserve number for FY '17. That's the first row that you see in terms of FY '17 authority.

In terms of FY '17—unless there are questions on '16?

CARANO: No.

PETERSON: Okay. So, FY '17, what you see in front of you, this is the authority as it stands right now today. It's based on a couple of different things and I'll talk through how these numbers are where they are. Based on the last legislative session, revenue was set at \$21.244M for FY '17. You can see I have parenthesis, as of our budget submission, we're projecting about \$23.75M in lodging tax for FY '17.

What will happen as we get through the year and we start to get actuals coming in, at the end of the FY '17, so next summer, we will do a work program that will true up that revenue. Today on paper, it sits with the legislative approved amount which is the \$21.244M. I just want to clarify, that's what was set during session but right now we're projecting about \$23.75M for FY '17.

In terms of expenditure amounts, these all reflect what were legislatively approved in the 2015 session. The exceptions being the transfers to the Division of Museums and History, the Nevada Arts Council and the Indian Commission. Those are in the specific categories: 61, 62, 63, 64, 65, 66 and 68. Those numbers reflect the dollars that were approved at the August IFC, that Vice-Chair Carano mentioned, as transfers to our sister agencies. That's why you'll see significantly larger numbers in those particular categories in FY '17.

On paper, right now, we're showing a reserve ending balance next June of just under \$3.8M but keep in mind, we expect to see roughly another \$2.3M of lodging tax revenue come in over this legislatively approved number of \$21.2M. I think we'll be around \$6.1M, \$6.2M, in terms of our year ending cash balance or our reserve balance at the end of this current fiscal year. That would be with the assumption that all of our expenditure categories, that we spend every dollar. That's not always necessarily the case. Personnel, sometimes we come in a little bit lower than the actual legislative authority. Any category that we under spend, those dollars also balance forward and they go into our reserve balance.

If there are any questions about 16 or 17, I'm happy to answer those before I move on to the international office budget for this fiscal year.

SANTOS: For the record, Herb Santos, Jr. For the reserves, is there any type of statutory mandate that there has to be any specific amount of reserves each year or can it be zero?

PETERSON: For the record, David Peterson. What we are trying to keep is a 60-day reserve, at the end of any given fiscal year or at least at the end of the biennium. We're there right now. It's not set in stone, per se, in statute, but that is an agreement with have with the Budget Office is for us to maintain a 60-day reserve. It helps us cross over and bridge the fiscal years to make payments. Because lodging tax revenues are on a two month lag in terms of when they're collected versus being remitted. That helps us to bridge each fiscal year into the next. 60-days is what we're aiming for.

SANTOS: And, what would a 60-day reserve be?

PETERSON: For the record, David Peterson. It's in the mid to upper \$3.5M, \$3.8M range. It fluctuates of course, depending on—there's a couple of different reserve calculations. I should back-up. There's one reserve calculation that takes in to consideration our operating budget without the transfers. Then there's another calculation that's also used, that includes the transfers. When we're looking at the 60-day reserve, we look at that in terms of our operating budget, excluding the transfer. Yes, I think Claudia is right, it's somewhere between \$3.5M and \$3.8M to get us to 60 days.

CARANO: Any other questions?

CUNNINGHAM: For the record, Commissioner Cunningham. I'm curious, I see that you have \$50,000 for Nevada Magazine in prior fiscal year. It's zero for '17-'18. Where is that funding going to come from?

PETERSON: For the record, David Peterson. The \$50,000 transfer that you see in FY '16, that was approved by the Legislature. Our original request and what was moved forward as Gov Rec during the last session was, to transfer \$50,000 in each fiscal year, '16 and '17 to assist Nevada Magazine with doing some direct marketing mail-outs to try to increase their subscriptions to the magazine. Unfortunately, during the legislative phase, the money was only approved in FY '16. That's why you see a zero in FY '17. It was removed during the legislative phase of the budget process.

WAGNON: John Wagnon. Just a question. This could be that I'm not necessarily reading it right. The increase projected from 2016 to 2017, that is 100% balance forward from previous year's \$5.5M. When you look at the expenditures, the marketing and advertising, is projected to drop by \$800,000, rural grants by another \$250,000.

Then when you look at the Museum and Historical Society, Arts Council, that block from Line 60 to 68, it's a \$1.6M increase. What's the explanation for the balance carry forward and the reduction in marketing expense and the significant increase in the expense going to the Museums and Art Council?

PETERSON: For the record, David Peterson. When you look at Category 31 and Category 40, when we went to IFC in April, we received an additional \$1.2M, \$250,000 of that went into Category 40. It was \$900,000 and change went into Category 31. The original legislative authority, those amounts were less, but that work program that we went to IFC for the approval, increased the amounts then that we could spend in those two categories. Excuse me, for just for FY '16. Yes, so the amounts that are in FY '17, are based on what were legislatively approved during the FY '15. When we went to IFC in August, the work program was specifically for FY '17. So all of those dollars are a part of column 2 which is FY '17. That's why you see the increase in what you're talking about, the block from 61 to 68, because those dollars are being spent this fiscal year. They were approved as FY '17 one time expenditures across the board.

CARANO: Just to clarify, we could go to the legislature this year or in April of next year, will there be there another IFC and then increase our marketing budget for another one time because we'll have more funds through '17?

PETERSON: For the record, David Peterson. You're absolutely correct. Typically the IFC's are every other month. But yes, we could go to an Interim Finance Committee Meeting next spring and do the same thing. We could make a request to utilize existing lodging tax or reserves I should say, technically speaking we're pulling from reserves. But yes, knowing that we're anticipating lodging tax revenues to come in higher, we could put together a work program for ourselves, to add the additional funds to do additional advertising in market or international efforts. Yes, that's correct.

CARANO: Any other questions? Thank you David, very good.

PETERSON: For the record, David Peterson. The second sheet that's in your packet, is after the budget summary. This was included in reference to Vice-Chair Carano's previous request to see the breakdown of the FY '17 International Office Representation Budgets. What I've done is to lay out two categories right now. The sales and the PR costs come from Category 31. That's our large category for marketing and advertising. The annual service fees come out of Category 43. This provides a layout so you can see how the dollars are allocated internally between sales and PR by country and then what the annual service fee amounts are. Unless you want me to, I won't read through each line item.

CARANO: Okay, thank you. Any questions? On the phone? Okay. Thank you very much David. Now we're going to the Staffing Update.

VECCHIO: Claudia Vecchio for the record. I just wanted to introduce our new staff folks. I'm thrilled to welcome them to this team. I think we really have put together a wonderful team for Nevada tourism and these folks are certainly adding to the passion and intelligence of our ability to keep moving higher, faster, stronger and better.

Let me introduce Devon Blunden. Devon just started on Monday and he's our Marketing Specialist. He'll be working on Brenda's team. I don't think you've met Brenda yet in her new role. He will be working on our event sponsorship program and will be the key contact for that, as well as for TravelNevada.biz. He'll also be working on the cooperating marketing program in conjunction with Madden Media and a variety of different programs. He brings a great skill set to us and we're thrilled to have him here.

Brenda Nebesky is our new Chief Marketing Officer. She's been in that position for a couple of months. She has set the world on fire in the marketing team and we're thrilled to have her in her new role. If you recall, she was Art Director before and she has moved into this new position and is really doing great things.

Mary Hummel is on Larry's team and is an Administrative Superstar. She is assisting Larry and his team with all the travel they do. She's really taken that on and is still smiling. Who else have I not introduced?

I just wanted to introduce you to our new staffers. Janet's going to introduce her new editor when we get to that point. We're thrilled to have all these folks here. Are there any questions on the staffing update?

We also have a new Systems Administrator, Ron Webster. He's not here this afternoon. He will be hiring two new IT people on his team so we continue to grow with our IT expertise.

Once again, I hope that you find that these are tremendous new members to an increasingly proficient team.

CARANO: Great, welcome everybody to the Commission on Tourism and TravelNevada. Look forward to getting to know you. I see you're from Elko, right? With the BOLO tie. Welcome. Looking forward to it and good luck taking care of Larry's team.

VECCHIO: Then just a quick update on the Governor's Global Tourism Summit. It will be here before we all know it, October 9-11. You have a preliminary draft agenda in your packets and I have a couple of highlights. Governor Sandoval will speak to us at 3:00 on the 11th, so we'll all want to be part of that. He'll do a State of Industry as well as a welcome to the conference.

Richard Cutting-Miller who is with Resonance Consultancy will be talking about Global Tourism Trends. His session is a good foundation and will set a nice tone for the whole meeting. He will engage the audience in determining what trends are most important to Nevada. We'll have some good insights when we get through with that session.

We're going to talk a lot about Chinese travel and celebrating the year of the US/China Tourism agreement between the Department of Commerce and Chinese National Tourism Administration. We'll have a dinner that will be attended by a member of the US Department of Commerce. We'll have Chinese entertainment and all sorts of fun things for that night. We'll also hear about the Millennial Chinese traveler. The Chinese traveler is evolving incredibly quickly and the millennials in China are an interesting group for us to look at. We look at many generational nuances of domestic travelers and now we'll look at the burgeoning Chinese visitor.

The next day we'll start out with a State of the International Traveler and how the international travelers see Nevada, again setting a foundation for the day. Dave Bratton of Destination Analysts, whom we work with on many occasions, will talk about how Nevada is perceived in the world.

Then we'll do a general session which I think will be really interesting. It's going to evolve around the social and the political and economic issues that impact the US brand abroad and also inbound travel to the US, especially of course to Nevada. We'll have Jonathan Grella who is with US Travel Association, Mike Fullerton from Brand USA and Elina Xiang who is with East West Marketing. She'll be joining us from Beijing to talk about how the US is perceived in China. I think we have some interesting potential impacts based on a number of things going on in the world; both economically, politically and some social issues as well. They'll address those and give us a good overview of what's going on in the world.

Then, the rest of the morning is spent doing what people come to this conference to do and that is the extraordinary one-on-one sessions with the international buyers and new for this year, the international media. Larry, Bethany and team have been working very hard to get a wonderful group of buyers and media here. We all attend many conferences, IPW, a number of tradeshows and this exclusive

opportunity for the Nevada's tourism industry is second to none. My hats off to Larry and his team and Bethany and her group for putting this together and providing the Nevada industry with these singular opportunities to meet with some of the best in the business from around the world.

We're baffled as to why everybody in Nevada doesn't come to this, but it really is an extraordinary opportunity. We're going to do something new this year and that is to have an opportunity for people to become Certified Culinary Tourism Professionals. Culinary is a wonderful thing for international travelers to gain a sense of place in food. There's nothing that brings the world together better than food. Erik Wolf's sessions will provide attendees a tremendous opportunity to dive into the breadth and depth of culinary tourism.

Jeff Saltz, who is a cultural anthropologist, will be with us at lunch. Then we have great breakout sessions, including the International Sales and Marketing Overview that we've done in the past. Erik's sessions continue and then we're looking at a third session which I'm just nailing down. The session will be a China ready program to ensure that your destination is ready for the Chinese traveler. The number of Chinese travelers is up ten-fold year over year and they're looking for specific things. Most importantly, they're looking for destinations that connect from a signage and written materials standpoint, in other words, that these things are in Chinese and they welcome the China traveler. Frankly, they'll go where those things are. For us to not be providing that to them is a huge missed opportunity. We'll talk a little bit about being China ready.

That's the conference. We're still lagging a little bit in registrations, so we would encourage everyone to tell their friends and neighbors who are in the tourism industry about this conference. We have flyers that can be distributed to your databases if you are so inclined to do that. Any other ideas people have for how we get this word out, we're open to. We think it's a tremendous opportunity and we hope the industry does as well. That's the conference coming up.

One of the wonderful things happening with this particular conference are pre-conference fam trips. Larry and his team have been working with our partners across the state and I want him to share with you some of the extraordinary ways they've responded to these requests. Larry will provide an overview of that.

FRIEDMAN: The other day I was reviewing the two fam trips that we are doing with Claudia and the amount of dollars that are being donated by our partners across the state showing their belief in the quality of the buyers that we're bringing.

We have approximately 60 buyers, domestic and international. All of the international buyers are required to participate in one of two fam trips. Being that we are the state, the two fam trips both start in Las Vegas, one is called "Historic Towns and Ghostly Haunts." It starts in Vegas and it will travel up Highway 95 to Reno. The other is called "Parks and Nature." It starts in Vegas and will come up on Highway 93, on the other side of the state, going to Great Basin National Park, Ely and then across the loneliest road, finishing at Lake Tahoe before coming to Reno.

We cut the participation off at 50 buyers. We have 30 on "Parks and Nature" and we have 20 on "Historic Towns and Ghostly Haunts." One of the things I wanted to share with you though is that, from our partners, we have over \$60,000 from our in-state partners in in-kind contributions, hosting these buyers. Some of the real generosity and big ticket items include 49 room nights being hosted by Bellagio. In addition to Bellagio, between the two fams, they are staying hosted at Treasure Island, the Golden Nugget, at two different properties in Henderson that were coordinated by Henderson, both at the Westin Lake Las Vegas and the Hilton Lake Las Vegas.

Also Papillion is hosting 32 seats on Grand Canyon Helicopter Tours. The group will start at Speed Las Vegas. Both fams start at Speed Las Vegas, a new attraction there. They are all being hosted. Dinner for both groups, for 50 tour buyers and tour operators, will be at the Tropicana and breakfast hosted by the Cosmopolitan the next day. One group is being hosted 32 room nights at the Hyatt Lake Tahoe for their last night.

It's not just urban Nevada that's participating. Beatty Cowboys, the cowboy group in Beatty is hosting the buyers of one of the fams to lunch. Ely is hosting a breakfast. Even the National Park Service is participating and is hosting 32 people to cave tours at Lehman Caves. The Wyndham, the Marriott and Gold Dust West are all hosting lodging and meals here in Carson City for one of the groups.

Then in addition to all of those people deserving credit for believing in the buyers that we are bringing, I do also want to mention the airlines that are participating. United Airlines from Australia is hosting the entire Australian delegation. Delta Airlines in South Korea has hosted the air, every year we've done this, from South Korea. Delta is hosting their air once again. Volaris in Mexico is hosting the air for the entire Mexican delegation and are sending their two top sales people from Guadalajara as well to participate. American Airlines is participating in the marketplace, as is Hainan Airlines from China. Hainan will be joining one of the fam trips as well.

If we take them up on hosted air with all of the donations from our in-state partners, it comes to approximately \$85,000, which is also our entire international fam budget for the year. We truly can only do this with all of our in-state partners believing in the quality of the people that we are bringing. Our thanks to all of them.

CARANO: Do we have comments from the Commissioners? Okay, thank you.

VECCHIO: Thank you Larry. That kind of wraps up the Item B-C. The Global Tourism Event update. If anybody has any questions, again and if you would like to help with distributing information about that, please let me know.

We can move on now to the marketing update. We're always thrilled when Fahlgren Mortine can be here to talk to all of us about what recommendations they have, in collaboration with the TravelNevada marketing team. Today we are talking through FY '17 which starts July 1st. We will go through June 30th. We have a full winter campaign. We have a spring/summer campaign and the always on, digital campaign that works within those "shoulder seasons" to continue getting the message out about Nevada tourism.

In your packets, you have the deck for this FY '17 Integrated Marketing Program. I will turn it over to Fahlgren Mortine. Marty McDonald and Carissa Richardson are here and then Brenda Nebesky from our marketing team, they'll all be part of this presentation to showcase what they have in mind for FY '17. Come on up.

NEBESKY: For the record Brenda Nebesky, Chief Marketing Officer. Good afternoon. Today we present the creative plan for the third evolution of the "Don't Fence Me In" Campaign. As you know, DFMI was inspired by the song, the wide-open, adventurous spirit that song invokes. The second campaign brought that spirit to life, through characters that embodied experiences only available in Nevada.

This new campaign will intensify the focus on real Nevadans whose stories define this unfenced-in place who represent the freedom to wander, to find adventure, to discover the unusual and the timeless. We'll build on the strengths of DFMI leading with character-driven stories that easily navigate the visitor to tools they need to experience Nevada themselves.

While the focus on stories remains at the core of our creative, our motivation is always the traveler, our partners and our commitment to our mission. With that little DFMI crash course, I'll turn it over to Marty McDonald who is the head of our Fahlgren Mortine team. Thank you.

MCDONALD:

Marty McDonald for the record, good morning Vice-Chair and Commissioners. It's nice to be with you again. Thank you Brenda for the DFMI preamble. We'll go quickly through this. I know we could spend a long time going through the complexities of a marketing plan. We'll try to stay high level today. There is an item that's for possible action, so we'll give you as much detail as you'd like. We're happy to field questions.

What we plan to do is, give you high level overview of our Integrated Marketing Plan and direction. I have brought my colleague, as Claudia said, Clarissa Richardson is here with me to talk about specifically the media recommendation. We have two parts and we'll get started.

The first slide here that we put together, again, I won't belabor these, these are in your packet, but we wanted to of course ground ourselves in results and performance. You'll see here, anchoring back to the Strategic Plan and the Key Initiatives, we aim to serve with the marketing program. Paramount in all of that is driving ROI. For the dollars we put to work, we want to make sure we're increasing the ROI and the investment we get back in the form of spending.

You'll see the red and blue line really just kind of paint a picture for you of performance. There's a little bit of seasonality, so don't fret about this slight decline at the end. We're really looking at an increase in spring/summer campaign, to spring/summer campaign year over year. We're trending upward also for looking year over year at fall/winter push and fall/winter push the following year.

The dotted line to the bottom is when we hit the scene here and started working on the campaign. That gives you a little bit of a visual picture of how the IME performance is tracking and trending.

On the right hand side, we did just want to give you a quick visual. I know you've been getting Claudia's 10 on 10 Reports about awards and things. We've had an incredible run with awards this year. Just wanted to call attention to a couple of those. We're extremely proud of that and grateful for getting to do this great work with you.

The two most recent would be national recognition from the Public Relations Society of America for the program overall. Most recent would be the US Travel Association recognizing us for Best PR Program for a State Tourism Entity nationwide. Those are judged by entities like Google and the world's biggest brands in travel. We're extremely proud of those. The categories we're in are not best print ad or best TV spot, they're for the best use of analytics, overall measurement and return on investment. We're very proud of that work.

Again, won't go through the communications goals for you, those are in your packet but that's what anchors us as we go forward.

I do want to talk for a minute and set your expectation about geography. We'll see a little bit of adjustment in geography in the markets where we'll put the dollars to work. Carissa will come and give you more detail on that front but what you'll see this year, the core markets are the same. We'll have video and digital support in LA, San Francisco, Phoenix, Salt Lake City, Las Vegas and Reno DMAs. We know there's a low barrier with residents in terms of traveling the state. We think there's opportunity there. We do have some investment that we're putting inside the state but primarily focusing on those core markets. Then digital support only in Boise. That's a change. We were putting TV dollars to work in Boise and we're not quite seeing the performance we would like. The performance is fine but we think we can do other things with those dollars. We're redirecting a bit and rather than going TV in the Boise market, we're going to put those dollars to work in digital in two new markets. Those two new markets will be Dallas and Portland. We'll talk more about why that is.

We have some new flights coming online and seeing a lot of potential in the Dallas market. Then Portland, we will focus on our core audience, which is not changing, the millennials and access to the state. We want to set a benchmark and a baseline in both Portland and Dallas because of the audience match. We're happy to answer any questions about that as we go forward, but just wanted to heighten your awareness of those two subtle changes.

Again we talked about audience. No departure there. We're still targeting this adventure mindset. We want to make sure we're not abandoning our boomers and our core market.

That brings us to DFMI, what we're calling 3.0. When we came to you, DFMI was here, it existed. We brought the character driven approach to the table and we're going to be evolving that further, not a departure, certainly not a revolution but an evolution of the campaign.

Before we do that and talk about what that looks like, again, just a reminder of what grounded us. It's not just the subjective insight or opinion of an art director, this is all very much informed by a lot of research. We're also grateful to have the benefit of great research to lead us in this work.

These are the things that used to inform our position and our evolution. Pay Performance, the KPIs and the optimization. As we're running these campaigns,

we're doing daily monitoring on performance to do [inaudible] testing to see what's performing and what messages resonate. We're making changes and modifications all the time. That informs us in the go forward plan.

Consumer concept testing that we did back in 2015. When we tested with millennials to understand what they liked about our campaign and the core platform. We've also done some advertising effectiveness studies where we did more quantitative look at what was resonating. We have the IME studies of course for each seasonal push, website usability. We actually had the opportunity to sit in and virtually be behind the glass to watch people interacting with our site and what was intuitive and what was not. We've made modifications based on all of that. We've listed the logos at the bottom of some of our key informants in this work. TNS and Destination Analysts and also of course, Google Analytics.

This is the slide that makes you groan a little. I promise this is the only really copy heavy slide. We'll go quickly but these points are very important.

The conclusion of all that work and insight and learning, these are the takeaways: surprising or unexpected scenery still sells. There's still a lot of surprise factor in terms of what Nevada has to offer. People think they know what's here in the state. When we serve them imagery that they're not aware of, that really resonates. We're going to continue to do that in our campaign.

The character approach is working. We want to continue to skew toward raw and authentic. We want to lean into authentic and continue to evolve the campaign in that direction. The character approach is something that's really resonating with our audience.

DFMI is strong. What we heard from our targets is that they want more of the DFMI idea. They want to see it embedded more fully into the site experience, into our campaign. It's something that's empowering, it's a message that speaks to millennials about individuality so they want more of that.

Personalization and customization of the content is key. We're going to shift from these buckets of content to more sophisticated story lines. Then you're going to see more emphasis in the program on CRM, email targeting, those kinds of things. Planning content should be more robust. That's another key shift you'll hear in the media plan is when we're evolving a campaign or introducing a new idea, there's a lot of that dreamer work we need to do; the awareness and attention getting. As we go forward and drive frequency, we can shift and we'll need the campaign to start to dig in a little harder, focus more on conversion as we deliver more frequent

messages. You're going to see a little bit of a strategic shift in skew toward more planner content and that means some different media partners for us.

A quick look back in the rearview. DFMI in '15 really was the TV spot you've seen. We had the song bed by the Killers. We pulled out the DFMI identity, gave it a logo and a treatment. When we did 2.0, that was where we introduced this character idea and you saw that embedded throughout our campaign.

3.0, again, as I mentioned up is going to be really about the authentic characters. If you recall on the site experience you see today and in our spots, we had a fixed cast of characters. We had them kind of embodying these buckets of different kinds of experiences. People were telling us, I want to know more. We had the biker dude. We had the outdoor adventurer. The snowboard gal. People really want to know their specific stories, so we want to enable that in the future of our campaign.

Now we have Kelsey and we want to tell Kelsey's story. She's a burner artist based in Reno working at the Generator. We have Rob, a mountain biker and we want to be able to provide their own individual authentic stories to our audience so you're going to see that come to life.

Quickly, the logo evolution. We want to be authentic in the way we work. We went from this kind of logo with some subtle changes, we freed it. With "Don't Fence Me In," this feeling of being fenced in, we wanted to put some air in the logo to make sure we don't box in the identity treatment. A subtle change but a change nonetheless. Again, the shift to more of this planner content.

SPEAKER: Did you take the accent off Nevada?

MCDONALD: We did take the accent off Nevada. That was a little tricky, a little confusing for people so we simplified.

CARANO: That was a Jeopardy question. [laughter]

MCDONALD: All right. This is our existing TV spot. What we know is that this spot still has work to do in terms of, it's not overused. It's still effective for us. We still need more frequency behind it. We're going to continue to use this and just as a refresher, we'll show this video to you quickly.

We'll still be incorporating that in our campaign. Then you will see at the end of our presentation we'll show something new that we've produced. Working closely with the team here at TravelNevada, we have a new production schedule. As you all probably know, it's a really complex environment today so we need to produce a lot

of things and put ourselves in a position to be able to resize and re-edit for Facebook specifically, for different platforms specifically. We do have a production calendar for us to go out and capture the character driven stories. We'll show you Kelsey's story today. We call it Space Whale and it's the story of Kelsey working at the Generator, constructing a piece of Burning Man art, but making a beautiful connection to the brand and why artists are attracted to this place and what else is available to people who share that identity throughout Northern Nevada. We'll show you an example of that as soon as we get through.

Quickly, we'll just go through some high-level visuals so that you can get a sense of how this starts to translate through our marketing ecosystem for the campaign. On the hub, the core change, you'll see a departure from the core, stand-up cast of characters. We're going to draw out these individual stories. That's Kelsey you see in the background, it's a little dim on the screen there. You're going to see them front and center, see their faces, get a feeling for what they're about, that draws you in.

The buckets at the bottom there, the kinds of things you can click into. We are very strategic in why they're there and why they were selected, but there will be insider info for more stories like Kelsey's and others that we've collected. There will be adventure content specifically to speak to our millennials and what they're after. Then road trips specifically with our focus on planner content. We want to make sure there are things that are actionable. If you want to have an experience, you're attracted to something, we want to show you exactly how you can do more, visit more places, extend your trip into an overnight. We've got six road trips that canvas the state and all territories. Things like the ET Highway and the Burner Byway, that have been giving us a lot of traction in PR and we want to make those easy to find on a site.

Just again, a few visuals. This will be the adventure home page. If you come in through an adventure banner, this is what you'll see first. You'll see the story of Rob there in the background, this will be video drawing you in. This will be Nevada Insider, the personal stories home page. This will be our road trip home page. Then again, a subpage. If you click in a little further, it will just give you a quick sense of what that looks like. You'll be linked to on Maps that show you how to easily convert over to plan your experience more fully. Things like the interactive map showing up on the bottom right there. This will be a rich media banner. We'll just kind of show you how that comes to life with another character driven story, you can click in and learn more about. Just a few clicks. Then some standard banner treatments here. Again, characters front and center, drawing you in.

Another new element of our campaign is something we're calling Disruptive Ideas. The IME Study tells us several things. It tells us for every different platform on which we reach a target, the likelihood to convert goes up and their memory of us goes up. We're going to try some different things to really stand out. The study also indicates opportunity in LA, a key market for us.

It's maybe hard to see on the screen here but this is something we're going to be incorporating this year. You got this in your packet. It's taking over the escalator experience at LAX. We like the way this connects in many ways. The characters will have a role in this execution. Ways to interact and learn more online about the characters you see in the artwork here. We like the connection to the core brand and the duality that exists in the State of Nevada. We like the fact that there's an up and a down escalator, that there's a day and a night. Two completely different types of experiences here. We can tell the story of ghost towns and mining. We can tell the story of some of the more eccentric paranormal in ghost towns and supernatural things. We've had an early resonance with this idea. This is something we'll be testing and hopefully we'll be building into our integrated plan other ways to activate around this. We'll be going desk side with media at the time this rolls out to make sure we get the full bang for our buck in LA.

You'll see the characters kind of coming into the experience, that's at the top of the escalator here where the spaceship is hovering above you.

SANTOS: Herb Santos for the record. Where in the LAX airport is that going to be? Is that the Southwest terminal or elsewhere?

MCDONALD: I'm going to ask my colleague, do you know which terminal?

RICHARDSON: Once we get approval, we'll have to work out the details. They've been in contact with LAX, but we don't know the exact location. We can definitely tell you once we get that worked out. It's up to the discretion of LAX at this point.

SANTOS: It will be in a terminal that has a lot of flights to Nevada, right?

RICHARDSON: Absolutely, yes.

SANTOS: Okay.

MCDONALD: All right. Then a quick connection to how this all integrates on the PR side. Of course, we maintain a PR driven approach. We're going to be evolving our messaging from the core buckets, The wanderlust, the adventure—hard and soft

adventure and then our taste buckets. Those will be evolved into story lines that are character driven.

A quick look at some of our execution here. We will continue to have a master content editorial calendar. We will be overhauling the online press room to make sure character content is readily available and that we can accommodate the needs of more media more quickly. We'll be doing media tours in key markets. We've already completed the Denver Boulder Mission. We'll be going back to New York City this fall. In the spring we'll be in LA pretty heavily and also Boise because we are not going to be going back to Boise with the TV, we want to make sure we're not losing emphasis on the market. We'll be talking with freelancers and writers and potentially some consumers in that market. Let's see, the LAX activation, you can see the rest of the list listed out for you there.

Then just to mention, again, I'm going to click through just a couple visuals of the ecosystem. TravelNevada.com, it will be an enhanced content hub with deep integration of social content. You can just see a couple of visuals here of what that will start to look like and how this all pulls through and connects.

Finally, we mentioned our increased emphasis on CRM and personalization of our message. We've been working very feverishly with the team here at TravelNevada to enhance and up our game on the CRM front. Inserting more sophistication in our targeting and segmentation. That was a quick look quickly at how all of the characters pull into that.

Happy to answer any questions for you but I'm going to have Carissa come up and walk through quickly the media recommendation. Thank you.

CARANO: Does anybody have any questions?

WAGNON: Yes, John here. Not necessarily a question, but a couple of thoughts. I'm sure there's more in the presentation to come, but just looking at this so far, it's a great evolution of the campaign. I think it's real subtle but really an important shift in kind of where it's going. These lines like for those who have seen it all before, begin where the beaten path ends. It starts to transition much more to an attitude or personality and away from kind of a contrived sort of set up. The only thing that's really going to resonate with people, particularly with millennials is does this place really have an attitude? Does it have a personality? Is it unique? Is it different, is it genuine, is it authentic? Not, can we create cute ads, you know what I mean, it really has to be real. I love the logo evolution it was great, to break outside the fence there.

One thing I didn't see in the communication goals was this concept of inspiring people. I think all too often people are forgetting that the number one function of marketing, particularly when it comes to state tourism. It is to inspire people to want to take another step in the process or to want to be connected. If I'm not inspired after I see something or if I'm going through the process of just gathering information in general, if something doesn't inspire me, you can put all the ads in the world in front of me. You can ship all the stuff to my iPhone you want, I'm not touching it.

The number one goal is to create that spark of interest or that inspiration that makes people go, wow, I'm going to go there sometime, I've got to go there. Eventually they'll take themselves down that path. It might not happen immediately, but they'll take themselves down that path. I think this campaign has the ability to do that. I think the campaign or the concept of "Don't Fence Me In" and the attitude that goes with it has the ability to inspire people to want to go one step further with whatever communication we put out there.

Particularly I like this concept of this shift to more authenticity. The ad is great, it's a great ad, no doubt about it. It definitely communicates the unique aspects of the State and it creates those characterizations of what makes this state different. Again, if you're talking to millennials, it better be real, authentic, genuine, it has to resonate. As much as I like the concept of building or supporting that ad or that kind of first tier of communication with authentic real stories of real people who actually embody the character or the personality of the State.

It seems to me that's where you're headed with that. I'm concerned, it's too soon to actually say that. I want to make sure that somewhere along the line, we're focusing enough energy in this marketing effort to create those authentic storytelling opportunities that really, truly inspire people to want to go, come here and do something. Take it to the next step. Not just putting banner ads in front of people because frankly banner ads really don't inspire people. Stories do and video does like in spades and so do still photos. I think we've all been there where you see a photo of something, wherever it is, whether it's South America or France or whatever and you just, psst, I'm going there. From that point on, you can almost do everything else wrong and the person will still figure out how to get there.

MCDONALD: Marty McDonald for the record. Thank you for your feedback. I appreciate that. I feel very confident about what we're trying to do. I appreciate what you're saying and I agree wholeheartedly. Part of the invisible part of what we're trying to do—you know, it's not as much fun to talk about the ecosystem we're building or the improvements and the enhancements that are below the line on the website. We're making sure that we have set up an infrastructure so that we capture

someone with the spark of the dreamer and give them the opportunity to join the brand so we can continue our conversation with them.

Things like retargeting, you're going to see more focus on that in our campaign, so there's a second touch and a third touch and CRM message. That's really important to us because yes, we want to capture them with hero message upfront. Hopefully then, we have an environment that allows us to capture their information or capture their pixel or whatever the case may be, and continue our connection with those people. That's been working well and we're really proud of those improvements. But thank you, we appreciate the guidance.

SANTOS: Herb Santos for the record. I just want to add to what John said. When you give the characters identity and I think you nailed it, it gives credibility. To me, it's as simple as that. That credibility is huge. Also, as a trial attorney, I'm really big on focus groups and your consumer concepts testing. If it's at all possible, I would really enjoy like, to be able to review that raw data. Every time I've gone through a focus group, I've learned so much information and I think that would really help me as a Commissioner, getting a better understanding as from the folks that you talk to, what their thoughts and ideas were. I know what my thoughts and ideas are, I'd like to be able to expand that to learn about other folks. That'd be very helpful for me. I'm not sure about anyone else. Thanks.

MCDONALD: Thank you. All right.

CARANO: I have one question.

MCDONALD: Please.

CARANO: Thank you. Commissioner Carano, for the record. I have a question about your media buys and your still in Reno and Las Vegas. I'm wondering if you have data on whether our TV buys have inspired travel within the state? Do we have data on that or is that your job?

RICHARDSON: Carissa Richardson for the record. According to the IME study, we definitely do see those intent to travel markers that that are performing well in both Reno and Las Vegas. It's definitely something we keep an eye on and we make sure that we're still seeing that. The fact that they are seeing the ads is actually contributing to them wanting to get out and explore the rest of the state, so yes.

SANTOS: Herb Santos for the record. I can say, it worked with me. I went and looked at the Car Cemetery in Beatty that I never knew was there. Inspired me to just drive down a dirt road and check something out that I never knew existed.

RICHARDSON: Great! Well, I will continue. Carissa Richardson, Media Director with Fahlgren Mortine.

Like Marty said, we know last year with the introduction of the characters, we really wanted to get that awareness push. We did still focus on planning but this year we know we have that awareness, we have a really good base there. Our focus is to try to start pushing people through the purchase funnel and get them from that planning to booking. That's our main goal this year. You'll see with the partners, we have a little bit of a shift, but I think it's definitely going to help push people further through that journey.

Connection strategy. The biggest thing we always say with any of our media buys and plans is that we're always based in research. We start with the audience. Getting a great understanding of them. We have so much research at our disposal with Nevada, we love it, that we can really make sound and strategic decisions for everything we do. It's really great.

We also know that the media landscape is moving at a very rapid pace. While we continue to focus on building successful partnerships, we always kind of keep an eye to the future. What is a new audience, what partner could open up a new audience to us, could expand our reach, could provide a little bit more cutting edge targeting, things like that. We always are kind of looking at that next step of what we can do to evolve the media plan to make it as modern as possible.

Obviously we want, like I said, to kind of focus on partners this year that is going to really increase that planning stage partnership, versus more of a dreaming stage as well.

Then also making sure that we focus on not just the paid side of everything, but as we're putting the paid media plans together we're looking at it from an integrated perspective. As Marty said, in Boise, we know we're cutting back on TV, so making sure we're adding some PR there. Just making sure that it's all looked at in a very well rounded way and integrated way.

The biggest thing with our audience is less focus on the demographic attributes of the audience and more on the psychographic. Whether you're a boomer or a millennial, if you have this adventure state of mind and you're in this adventure mindset, we want you to come and we want to make sure we're targeting you with our ads.

The recommended media approach, similar to last year. We want to focus on year-round efforts, but we also want to make sure we're getting those seasonal pushes in there.

Core markets. As Marty mentioned, in the new markets that we're focusing on, we're going in with digital only right now, just to kind of get a baseline and see how those perform. Then next year, we can reevaluate and go from there. I think it will be nice to get into those markets. They really match well with the audience I just spoke about, as well as having the ability to get here very easily. Especially in the case of Dallas, there's a lot of direct flights. Want to really try to take advantage of that and get into that market.

This is an eye chart for you but I wanted to display graphically how we are taking that always on approach. You can see, towards the top we have a lot of always on elements that are going to be on from the start of the media buy in November, all the way through the end of August next year. While we'll also heavy up in the seasonal pushes, those fall/winter and spring/summer campaigns.

As far as the always on, we are looking at travel focused partners. We don't really care what time of year somebody is on these sites, we want to make sure our message is there when they get there. National partnerships sites like Travel Channel, Lonely Planet. OTA sites like TripAdvisor and the Expedia network. No matter when people are there, we want to make sure that our message is there. Those are really important to be always on partners. As well as, with the network partner, like Sojourn where they're serving ads to people who have expressed interest in traveling. They've gone on Marriott.com and searched for Reno, but didn't book. We want to make sure we're hitting them with an ad, again after that. All year round, not just during the season, seasonal pushes.

During those seasonal pushes we get a little more into the dreaming stage partners. It's more about making sure we're surrounding the audience during those times so we start to incorporate mobile partners. We start to incorporate native content to make sure that our content is mixed in with the content people are engaging with on a regular basis.

Here's a top line look at the partners that we've chosen. I know, we said the same thing last year, but we do hold off on our spring/summer plan so we can make sure we can evaluate how the fall/winter campaign performs. Like I said, everything is based in research. We want to have the freshest research possible. We will do that at a later date, once we have a little bit more info in how the fall/winter partners have been performing.

If you have any questions on any of these individual partners, please ask. I don't want to get into the weeds too much, unless you have specific questions.

Really, like I said, the always on is really that travel mindset reaching them. No matter when they're in market, we want to be there. Paid search does that. The travel planning partners do the content, partners with Lonely Planet and Travel Channel. While the fall/winter is more about capturing people, maybe in more of a lifestyle situation. They might be on Hulu watching a video, but we might be able to take them from that dreaming to the planning stage, because of the seasonality of the ad. We also have incorporated retargeting all around as Marty mentioned. A lot of these partners built in to their plans have retargeting. Once they do see our ad during the seasonal pushes, they will be retargeted with a follow-up ad later. We are increasing those exposures and that really helps push people into planning and then we hope eventually into the booking stage the more we can get our message in front of them.

Just some highlights I just wanted to share of some of the newer things that we're doing this year. Based on your previous comments, I think you'll really happy with a lot of these things. Travel Channel, we didn't have a partnership at least for the past few years with the Travel Channel. Obviously that's a great partner to have. So not just having ads on their website, but actually having vignettes on air that are going to be running. I'll show you an example, just a screen shot, of what those are going to look like. Those are going to be designed to educate the audience on what we have here and the different activities. Just kind of surprise people and hopefully spark that interest and wow, I didn't know that was there now I really want to go visit. That's a great audience to do that with.

Along with Expedia, Expedia has exploded. They've acquired Orbitz. They have Travelocity, they have everybody now. Running with them is really essential. Again, not just putting ads, not just having a landing page but actually doing user generated influencer programs with them. We're going to team up with some influencer programs. It's going to give us a chance to get the locals in Nevada on board with the campaign and have them have a little bit of input into what these influencers are going to go out and do. It will kind of get the backing and get everybody on board, which will be fun to get the community involved.

Lonely Planet. It will be a partnership with content. Again, it's going to be very visual. There's going to be beautiful photos. If you've ever been on Lonely Planet, it's a very visual platform. I think it's a great partnership for the State of Nevada because there are such good visuals that we can put out there to inspire people to come visit.

Then Matador has been a long time partner. We've used them generally for content, which we're going to keep doing in some form. We're also going to run an influencer program with them which will be more adventure focused. Expedia will be a little bit more broad while Matador will give us those real adventure influencers and it will also help us to expand our audience to the followers of those adventure influencers that are most likely very interested in the same types of activities.

This is the Travel Channel vignette. It's just a clip of the front but basically it would be a 10-second or a 30-second ad. We got three facts so they can see three different things about the state and then we can put a 5-second tag on the end.

Lonely Planet Microsite, this is just a mock-up but you can see it's really visual. We have a lot of space to work with there. Atlas Obscura pointing out landmarks and things to do around the state, so people can start to kind of plan their trip.

Then, just an investment breakdown. This is pretty typical to what we've seen in the past. A little bit heavier TV. It's a more expensive medium so that will kind of always be the case, but then most of the rest going to digital with a little bit of print. Then out of home, like you saw for the execution at LAX.

This is just kind of an overall visual. We just wanted you to see the integrated approach and kind of how everything connects back to the hub of the website and all of that. Any questions?

CUNNINGHAM: I would love to get a digital spreadsheet of your media buy and where we can laminate on top of it, especially since there's an overlap in some of the markets, it'd be terrific.

RICHARDSON: Yeah, absolutely.

CUNNINGHAM: Great plan. I think it is nice, comprehensive and I like your media mix, for sure. Thank you.

RICHARDSON: Thank you.

WAGNON: Yes, I agree with that. Great move with Travel Channel and the Expedia influencer content and the custom microsite, great. Good move.

CARANO: Thank you, anyone else on the phone?

- NEWMAN: This is Don Newman, I'd just like to chime in and just say, Marty, you and your team in conjunction with the TravelNevada folks, I just feel that you guys have really rolled up your sleeves and kind of gotten down and dirty. My takeaway from all of this is that, you've just gotten involved in the state and you've put together a feeling that comes through in all of this. I commend you for these efforts. I really think this is a great campaign and the direction that it's headed, 3.0, is definitely headed down the right road and you guys should be congratulated.
- RICHARDSON: Thank you.
- CARANO: Great, thank you very much.
- MCDONALD: Thank you. Marty McDonald for the record. The last thing, I just wanted to close with the Space Whale video. I'm sensitive to time. I know we've taken a lot of your time today, so we'd be happy to send it as a follow-up or if you'd like us to play it, it's about two minutes. It's up to you. Two minutes, all right. We will roll tape, thank you very much.
- CARANO: That is great. I've been over to the Generator and I have donated some things to them. They have open doors for anybody who wants to go in and see what's going on over there. It's absolutely amazing. It's not just Burning Man stuff, it's art for every day. It's just really awesome, great job in creating that.
- NEWMAN: This is Don Newman, real quick. What my takeaway, just listening to that, it just amazes me that a function that takes place for a week and a half in the middle of the desert is now a city. Black Rock City is a two-week event that, you know, it's just amazing how this has become so powerful and is actually titled a City out of a dusty event. The art scene is just incredible. This whole evolution, it's amazing.
- CARANO: Quite the opportunity for Northern Nevada to transform its identity. I'd like to call for approval. I understand we need to approve this report to accept the Integrated Marketing Plan from Fahlgren Mortine.
- WAGNON: I move that we approve the Integrated Marketing Plan presented, awesome plan.
- SANTOS: Second.
- CARANO: All those in favor.
- GROUP: [eyes around]

CARANO: Opposed? There we go. The plan is approved. Thank you very much. Great job, exciting.

VECCHIO: Thank you Commissioners, thank you Fahlgren Mortine for your time. For the record, Claudia Vecchio. We'll move on now to Research. As we said several times during that presentation, we are grounded in research. Everything we do, every decision we make is based on research and some years of insight into this industry. I want to turn the time over now to Dean Runyan. We do a variety of types of research. Some of our research measures are advertising. Some of it looks at how people are engaging with the brand. Other pieces of advertising, equally as important, look at the economic impact of tourism and how we are shaping the economy of the state. As we go into the legislative session and the dialogue that is starting to happen now regarding statewide lodging tax and other pressures on state funds, having this understanding of how powerful tourism is to this state and how impactful it is will be critically important. That will definitely be part of the talking points that you will get from Bethany and her team for the next legislative session.

Dean has been working with us for years. Arguably, the best economic impact expert in the tourism industry. We're thrilled to have him as a partner. We'll tee up his presentation and allow him to showcase some of what this extraordinary industry does for the State of Nevada. Thank you Dean.

RUNYAN: Dean Runyan and Associates, Portland, Oregon. Thank you very much for the opportunity to meet with you today. This is work we've done for some time. We enjoy it very much. We hope it's useful for you.

There's a fairly detailed report that we prepare each year that we've delivered that includes quite a lot of detail. Much more than I can go into today. I can respond to any questions you have about that. There's also a website that we manage for you that allows users to go on and extract the sort of information they may want interactively about travel and tourism throughout the state. We try to make it as easy as possible to get at this information. Call us any time you have any questions about it as well.

The work you'll see here is prepared by Bill Klein, primarily in our office in Portland. Tanya Mamchik has also assisted him on a number of these things. I'll be the one talking with you about it today.

Let me just run through a few overview slides first. I'll get into some data. I can certainly go into any questions you have along the way.

I first wanted to spend just a moment talking about national trends. It's very useful to have this as a perspective when you're talking about what's happening in any particular state. I have just a little information here but I think it sets the stage pretty well.

Travel spending, which is a basic measure—this is direct spending by travelers throughout the United States. You can see about 15 years' worth of data there. You can see what has happened. In the 2008, 2009 period, we had a very major downturn. They had followed a good long period of growth. Subsequent to that, it has grown again. At the national level, it topped off just this last year. That's not so much a measure of a decline or a leveling off of the travel industry, it's a change in the structure and expenditures to represent the reduce cost of gasoline and other fuels. Travelers are actually spending or they're traveling just as much, they're actually spending a touch less on fuel. That results in what looks like a leveling off of the industry. It actually isn't. It is a leveling of total expenditures.

Just one other measure, employment is particularly important. You can see that that is generally following the same pattern and has grown steadily ever since the downturn. It has yet to reach the peak that it had 10-15 years ago. Again, this is nationally. But, it did grow last year and is continuing to show steady growth.

At the state level, spending has shown largely that same pattern. A big downturn, actually quite a steep downturn in 2008, 2009. After bottoming out, it has come out of that quite strongly and surpassed those levels in the last few years. The most recent number is around \$34B a year. This is direct spending. That's about a—somewhat over a 3% increase year to year. It's a healthy pattern. I recall the national pattern was a flat pattern.

Employment, up 1.8% this last year. Around 280,000 employees. Again, this is the employment that's directly—it's attributable to the direct expenditures of travel. It has not yet reached however the peak, in the early part of the decade. It's getting close, a few more years, if it were to grow at the same level, it will be back up there. In part, that's because of structural changes in the industry. They're just getting more efficient in employment. To some degree, it's changed in the expenditure pattern of travelers.

Earnings are what employees take home and also the earnings of working proprietors, of businesses. You can see that has grown to surpass the previous peak and it has grown nicely this last year. About 3.7%, that's a good number. It's up to about \$12M.

Tax receipts, always important to the state. Again, this is total taxes that are directly attributable to direct expenditures of travelers. It's up to about \$3B and up over 4% this last year. The increase in tax receipts has actually exceeded the increases in sales and in employment and earnings. In part, that's because of changes in the tax structure. For example, local jurisdictions, by increasing the rate of their lodging tax, it can be the result of increased inventory in lodging say, so there is more lodging tax.

Just a reason for it, you see the room demand in the state has gone up, that's an important reason why this has occurred. It's well above the peak earlier in the decade.

Air travel. Visitors arriving by air are a particularly important part of your market. They tend to spend the most, they stay the longest. You can see that after the peak, early in the decade. It flattened for some time and it's just recently started to increase again. I think that's a healthy sign. I hope that can continue.

Where the money is coming from? We like to break out spending in terms of the type of accommodation that travelers are using. Nevada is quite unique because as you can see here, the proportion of expenditures from travelers staying in casino/hotels is just dominant. There's nothing like that in any other state. 80 some odd percent of the expenditures are from that type of a traveler. A chunk is from travelers staying in other lodging that is non-casino oriented. Commercial lodging, or in camping, that kind of lodging. Unpaid lodging is friends and relatives and in Nevada, that's quite a small portion. In most other states, that will be a significantly larger portion but we've got a lot of cash flow as it were here and not that many people. And day travel is not too significant. There are very few population centers that are close enough to Nevada that they can support much travel during a day.

The tax revenues, we like to break it out in terms of where it's going. This is state and local tax combine. You can see the largest portion is what we call, other sales. That's really sales primarily on food and beverage and retail. Travelers are supporting a good portion of that industry in the state and tax receipts from that are very substantial. It's our largest category. Lodging taxes follow and then the taxes on gaming revenue.

This is quite a diverse picture that I would consider good. You've got taxes on travelers coming from multiple sources. That just helps when there's any kind of dynamics in the industry, you've got some diversity.

All that said, the proportion of state tax revenue that is originating with travelers has declined a bit. It declined last year. Although the revenues, if you recall,

increased, other revenues that is not from the travel industry increased even more. That is not a bad thing at all. I think it represents the diversification that's going on in the state. You've got other kinds of industries, other kinds of activity that is growing well and delivering tax revenue to the state. That is not to the detriment of your travel industry at all. So, in a way, this is a healthy picture. The revenue has not, again, reached the levels that it was earlier in the decade.

Economists like to measure industry characteristics using this concept of Gross Domestic Product or Gross State Product. It's just a way of looking at industries where you can focus on the value that the industries add to the state and get rid of what in effect is the money this is turning over that is really not adding value. A lot of that, that you're trying to get rid of is, purchases of things that the industries are making from out of state in order to do their business. Even though that's money that's flowing through the state, it doesn't really do the state any good because it's money that's flowing out.

A good example is a retail grocery store. They spend a tremendous amount of their gross on wholesale purchases of goods. Those purchases are typically made out of state and they don't really benefit the state. Gasoline stations are also along those lines. Other businesses are much more service oriented, labor oriented and they have much less of that. Looking at gross product is one way to compensate for that.

This is a picture of the state where we look at both the direct and the secondary impacts by way of getting at that gross product. We build a model to do this that takes the primary spending numbers that we looked at a moment ago and cranks those through and then looks at all of the impacts throughout or across all of the industries in the state. This looks at both the direct—that is the ones that are attributable to direct sales of travelers. Then the secondary which are indirect and induced effects. You can see the accommodation and food service is by far the largest of these economic activities. Most of that is direct. A piece of that out at the end there that is secondary.

Professional services, however, this is doctors, lawyers, accountants, various contractors, architects. Essentially all of those economic benefits to the state are secondary. They tend to be related to the expenditures of the businesses that are in the travel industry. Government, similarly, has a major effect of a secondary nature. Arts, entertainment and recreation has a little bit of primary but again, a lot of secondary. And so down the line. You can see the extent to which primary expenditure in the travel industry spreads through the remainder of the economy and really effects essentially all of the remaining primary segments of the economy. It doesn't affect so much agriculture and food processing or mining. Maybe a little bit but certainly a number of the other important components of the economy.

I might add that in say, professional services, the salaries are good. These are important secondary benefits.

Looking at the nature of the types of businesses that really benefit the most, there's a much more detailed chart than this that's in the report, but I pulled out those industries that are most oriented to exporting some kind of good or service from the state. Export industries are industries that bring money from the outside into the state. Travel and tourism does that. Not so much that we're exporting a good or service, but people come in, spend their money and then leave. That is an export industry. But, manufacturing will build something and sell it outside the state. That's a classic export industry. A lot of agriculture or mining is in that same category.

You can see the travel of these export industries is by far the largest. There's no other state that looks like this. It is a very highly significant industry.

Professional, technical and scientific, those are what might be traded services. That might be software manufacturing, consulting, design, marketing and so on that's here and is sold outside the state. Manufacturing, mining, information, is typically computer related, manufacturing or services. Those are significant. They're not nearly as large as travel.

The old industries of the west, mining, ranching, forestry, you can see are down at the bottom. In Nevada and most states, they have faded quite a lot compared to these newer industries.

Just a few words about how these impacts distribute around the state. This data represents everything in Nevada other than Clark County, Douglas and Washoe Counties. We call it the rural, that is the non-urban portions of the state. We did just some analysis separately of that area. Again, there's much more detail in the report.

The picture though, it's interesting, is not a lot different than for the state overall. There is still a substantial emphasis on casinos and casino revenue. Hotel/motels that are not casinos are substantially larger proportionally than they are for the state overall. This is representing people who are traveling who are doing outdoor recreation. In some cases, business and so on, that are outside the urban areas. Private home day travel and campground are also relatively larger than they are at the state level.

Again, the emphasis of the state on gaming extends throughout the state. It's most dominate in the urban areas but it's not absent in the remainder of the state.

Looking at the secondary total. We looked at this separately for the rural areas. We built up a separate analytic model just for the areas outside of those three counties and tried to understand the primary and secondary impacts. You can see there are secondary impacts out there, of the sort that I mentioned before. They're proportionally not as large as they are in the urban areas. That's because of the small community. If you want to hire an architect or an accountant, you may have to go to Reno or Las Vegas to find one. That expenditure leaks out of that area and doesn't stay there. The secondary impacts tend to be smaller.

Looking at different regions of the state. I've picked out employment here. This could be earnings or spending. You can see it's very dominant in the Las Vegas area. Almost 85% of all spending is in that area. Reno/Tahoe gets a portion and then the remainder of the state gets about 3% of total spending. So, you're in a state that is very bottom heavy, as it were, with Las Vegas down in the south.

If you look at that at the County level, this is a related measure of earnings from travel and tourism as a percent of all earnings in a county. It's a measure within a county of how oriented that county is to the travel industry. You can see, as you might expect that Clark County is very high. Douglas County is very high. Washoe isn't quite as high. I think it fell just below the threshold on this map. Elko County falls in that category as well. It does not have a very large tourism industry, compared to Las Vegas, but it doesn't have nearly as many people either. So it has the same level of specialization.

I'm going to conclude on this. If you have any questions, again, there's quite a lot of detail in the report you can look at if you wish.

WAGNON: It all appears to be positive—positive across the board. Great, that's what we like to see.

CARANO: Great trends is right. I'm expecting that we will have this distributed to all the Commissioners? Thank you.

VECCHIO: Yes, the deck will be distributed to everyone. I apologize it wasn't in this packet. I think the interesting thing that Dean showcased is really the ecosystem of tourism and how it impacts so many different industries. I think that's a message that we need to ensure that everyone is saying and everyone is using the same numbers. I think people know how impactful tourism is, but we're just funded by lodging tax. I think we miss a significant portion of how much this industry does impact the state

for a number of different industries. We'll look forward to putting those talking points together for everyone. Thank you Dean.

RUNYAN: Thank you.

VECCHIO: Just quickly into Cooperative Marketing. More information about this will be provided at the Summit. I'm very excited to be working with Madden Media on a domestic international cooperative program. They do two print inserts that lots of people are participating in. They're successful and those will continue for fall and spring. For the spring, we're also going to start our domestic international program which is a multichannel program that offers cooperative opportunities for our state to advertise in—this year we're going to do Chinese, so in Mandarin speaking digital print, in some broadcast outlets. Madden has done a tremendous job in putting this program together and it really is a new opportunity for our partners to reach the Chinese travelers, those who live in the US. Then they will connect, of course, off to the agency we have working with us in China, so there will be a total string of both the US and Chinese visitors. We look forward to that coming in October. They put together a really nice program for us.

Brenda, anything additional from your team? I think that's it from the marketing side. Public Relations, Bethany, do you want to quickly go through some legislative initiatives?

DRYSDALE: Hi, for the record, Bethany Drysdale. I'll just touch on a couple of things. I wanted to point out, in your packet you have some media clips. Most of those are results of previous media missions and media desk side visits that we've done. That's why we do these. We were just in Boulder in Denver meeting with media there, had a full roster of media to meet with over two days. We'll be going to New York in October.

This is why we do it. We had Elko on the cover of Via Magazine. That's from an ongoing relationship we have with a journalist who actually lives here. We meet with her on occasion and pitch her on occasion. She's able to come to us and say, "I'm really interested in ... In this case it was Elko. So, how can you help me? What can I get out of a trip there? What can I do?" We got the cover. This is why we do this. I just wanted to point those out to you.

The Global Tourism Summit coming up. We have 25 media and PR reps from 8 of our 10 markets coming out for that. We'll be sending them on two media trips around the state. The two trips are themed American-Indian culture and we've been working with the Indian Commission. Sherry has been wonderful on that. The other trip is a food and wine tour of Nevada. This will be very exciting to put on in just a couple of weeks.

Moving on to the Public Affairs Plan. This is a plan that was approved by the Commission, I believe at the last meeting if not the one before. You've seen this before. It's nothing new. I wanted to point out our progress and why we're doing it.

So much of the PR job is talking about Burning Man and about the ET Highway and all these fun things to see and do. Then there's this whole other side of it, which is really the business of tourism. Why are we doing what we do? I'm glad I get to follow Dean because he really set the foundation for this.

These numbers, increases in tax revenue directly impacting the residents of Nevada. Those are the messages that we need to be out there with. That's the business of tourism and that's what we're talking about with this Public Affairs Plan.

I'm not sure what page it is because I don't have these pages numbered, but in that Public Affairs Plan, when you get to the timeline of how we want to approach all of these tactics, our August tactics are completed and we're well into September. There are some things that we hope we can look to each of you for. Thank you to Cindy and John for coming out to the IFC Meeting in August. It speaks volumes, no matter what you say, it speaks volumes having you there on our behalf. Showing the legislatures and the public that we have some pretty heavy hitters in the tourism world that are relying on the work that we do and the work that you as a Commission do. This is really important that you're able to speak on our behalf.

We provided some talking points to Cindy and John when they were there and I gave each of you a copy of those. Those are our key messages. We will continue to refine these with the new economic impact study. We'll add some new numbers to that. We'll put these into more bite sized nuggets for you and we'll really deliver it any way you want. We want to arm you with the information that you need, how you need it. Please, feel free to ask me, to talk to Claudia, about what you want to be able to say. I hate the term elevator speech, but if you're stuck in an elevator with somebody and they ask you about the value of tourism, we want you to be able to say confidently, we employ so many Nevadans. We are 30% of the GDP. We bring over \$3B in tax revenue to the state. Our ROI is 77:1 on our marketing. Those are big numbers. If you have 77:1 on any investment, you're going to put more money into that investment. That's what we want the legislatures to know.

And, to know that this industry is valued. This is not just a wine and dine industry. This is big business. This directly impacts every Nevadan and those are the messages that we want everybody to bear for us.

Some things that we'll be doing in the coming months. We'll be putting together an editorial calendar and happy to share that, so you know the messages that will be going out and when they'll be going out. In October, if you get the *Northern Nevada Business Weekly*, there will be an insert all about Nevada tourism and what it means to the state. I believe we have eight stories and an insert in there. It will actually be distributed statewide, not just Northern Nevada.

There are other targeted promotions that we'll be doing around the state with a very, very heavy business message. We're excited about that.

We'll be putting together some shareable social graphics. If you follow TravelNevada or Nevada Tourism on Facebook and you see one of those graphics and want to share it, please do. We would appreciate that. We'll make them very fun, very visual but really telling the story of why tourism matters in Nevada.

Then we'll be doing some media training with TravelNevada spokespersons, which is kind of on this side and happy to provide that to you as well. If you want to feel better armed, if you're talking to the public or the media, we're happy to do that as well.

Those are some of the highlights of the schedule and the tactics. The key messages you already have. What you have goes into why this is important and what our plan for this whole Public Affairs Plan is all about. I'm happy to answer any questions, if you have any.

CARANO: Thank you Bethany. We were looking for the plan that you're referring to. Is this the plan?

DRYSDALE: Yes.

CARANO: Okay.

DRYSDALE: I handed it out to everybody. I emailed it to Don. Forgive me Ryan, I didn't know that you were on the phone, I'll send it to you as well. It didn't make it into the packet, we were updating it as the packets were being produced. We'll email it out to everybody as well, after the meeting.

CARANO: Okay, great. We'll have a chance to read that. Thank you very much. Any other questions from anybody? Thank you.

VECCHIO: We'll move on to an update from our Sales and Industry Partner's team, Larry Friedman will lead that charge.

FRIEDMAN: We do have an updated show schedule for you. Our show schedule for the year was in your June packet. There are two significant changes though to bring to your attention, one being India and the other being China. I know China is on the agenda but I'm going to start with India because of the significance.

Lieutenant Governor will be returning to India on December 1st and tentatively the dates are December 1st through December 8th. US Commercial Services, in addition to our office in India have agreed to try to facilitate several key meetings, including a meeting with the ambassador from the United States to India and with the Minister of Tourism for India.

Claudia mentioned that this year is the year of tourism exchange between China and the United States. Our country is entering into an agreement with India for next year, to facilitate and encourage travel between our two countries.

The Lieutenant Governor's trip is very timely. Actually before most US destinations, as it officially kicks off at SATTE at the end of January. We're glad to be going over there two months sooner.

As for China, the original show schedule we had the possibility of a big trip at CITM in November. After much discussion between ourselves and partners, the Lieutenant Governor's Office and our office in China, it was decided to really do a big reentry in January instead to be able to get the biggest bang for our buck and the most attention for the visitor.

We are currently looking at dates. We will be inviting partners from throughout the state to join us. We'll be going to Beijing and Shanghai with VIP receptions in both cities. Media events, one-on-one meetings with tour operators and presentations to travel agents. What we're waiting for, as far as dates is to find out when the State of the State is going to be presented. We believe it's going to be around the 9th of January or earlier in January and then the Mission would be immediately following that. We plan to go earlier than later in January because of the Chinese New Year. Our office has suggested that the Chinese will be very interested in attending parties and events. They will be on vacation in celebrating their own new year from approximately the 21st on. We will definitely be back before the 21st as the Lieutenant Governor is doing a TED Talk at UNR on January 21st. We're looking at somewhere between the 12th and the 20th for our re-entry.

Claudia did meet with our office in China when she was in China earlier this month. I do have some Brand USA information, but if you have anything you would like to add about China.

VECCHIO: I put this in the Top 10, this is Claudia Vecchio for the record. I was privileged to be invited to join Brand USA and US Travel Association at the US/China Tourism Leadership Summit which they hold on annual basis. It switches between China and the US. Bruce Bommarito actually was integral in starting this event a decade ago. This year it was in Yinchuan China which is a place that we had never been, none of us had, but it was a good couple of days of meetings and briefings on the China market and the continued evolution of the market from, you know, primarily group based travel market to one that has much more FIT business. I was very happy to meet with our agency over there. As you know, we closed the office and we hired East West Marketing to help us in China. They bring a very professional, long-standing understanding of Nevada and so I think they're going to be a tremendous partner moving forward.

It was a nice opportunity to solidify Nevada's position in China and to be part of panels and other discussions where we could showcase our continued commitment. That's the real reason for this re-entry, if you will, is to just showcase that. Beyond the conversation that happened about our closing the office, that we continue to show a very strong commitment to China in creating both business and government relations. I think it's going to be a tremendous event for us at that point.

FRIEDMAN: Then as far as Brand USA, there are many different ways we work with them. First the Brand USA shows throughout the world. Right now, Christian Passink is in Paris with Top Recesa and the Brand USA Pavilion with many Nevada partners. Next month, our office in China will be participating in the Brand USA Media Day and ITB Asia in the Brand USA Pavilion, again with our office in China and I believe there are seven other Nevada partners who will be participating.

Brand USA produces sales missions to India and China that we have participated in. Then we participate in press strips and fam trips with Brand USA. When Brand USA does a fam trip, they are required, from whatever country, to include more than one state. One that we recently did from Brazil was Nevada and California. It started in Reno, included the entire Reno/Tahoe area and then moved south through Mammoth and ended up in Anaheim.

Periodically Brand USA will do what they call a mega-fam. This is where they bring a larger number of tour operators and travel agents, go to multiple destinations and they end up then with a final event in one destination. For an example, when Australia did their mega-fam, they ended up in Honolulu, Hawaii. When the UK did their mega-fam, they ended up in Los Angeles with everybody. The next Brand USA mega-fam is from Korea. One group will be going to Washington and Oregon. One group will be going to Northern California and Northern Nevada. One group will be

doing Southern Nevada and the parks of Utah. Then for their final destination, where all the groups are coming, joining cities like LA and Honolulu, they are all coming to Reno/Tahoe. Yeah, it is very exciting. We have all of them coming here for their finale before they depart. The Reno Airport is even ready for them and has Korean signs ready to greet them when they come on the mega-fam. That really is wonderful because we all do watch in the industry where the mega-fams end up and where they go. I'm very pleased that it's coming here.

Recently, we had a television program from the UK come with Travel Channel through Brand USA. They came to five different states. The two western states were Oregon and Nevada and their theme was ale. It's the UK. They went to Virginia City, Reno, Tonopah, Boulder City, Fremont Street and Las Vegas Strip. From what I understand, from the Travel Channel in the UK, Ollie the host who Claudia has met, was at his top form and they loved it. They loved Tonopah where they stayed at the Mitzpah and from what we understand, it was very successful and we're very pleased. I don't know if you want to say anything about Ollie or the show, but it's a great partnership with Brand USA.

VECCHIO: Ollie is a personality and a half. Ollie and Larry in the same show would be like the screen exploding, but he's a tremendous host. If he loved Nevada, the world will know about it.

FRIEDMAN: Yes, and apparently, that's the feedback that we've gotten. That he was in top form and loved our state. A good combination of North and South, rural and urban. Then the final part is that, we do annually a letter of agreement with Brand USA for \$150,000. That's the amount we've done the past few years. Brand USA, in order to get their federal money from the ETTA Funds, they need all of us in the industry to match. That's our participation.

In August, Yennifer and I went back for a Brand USA Emersion where we met with each key department and each key person in charge of a part of the world to determine what programs we wanted to continue participating in and how to get the biggest bang for our buck. They have over 150 different programs currently available for destinations to take advantage of.

In your packet of information, I believe right before the PR part, shows what we are planning to participate in with Brand USA with our current LOA. These programs were decided upon, taking many things into consideration. One of them to compliment what we are doing in market through our own reps. What segment of the country they are reaching. What their reach is. What the value added from Brand USA is. In all of these cases, Brand USA does a value added and they participate financially in the programs.

The inspiration guide is what I think all of us do to support Brand USA and what Brand USA is trying to do. That really is their visitor's guide. It's the visitor's guide for the country. Just as the Go USA e-page is the website. The multi-channels for Australia, China and India we felt were three countries where we wanted to make as much of a bang with our re-entry into China, our entry into India. They all were things that complimented what our local rep was doing.

Telegraph. One of the things we liked about it was the call to action with tour operators that we know and we work with on a regular basis. America, As You Like It, as a matter of fact is coming on one of the pre-fams and coming to our Global Summit. America Unlimited is something we would like to do more with our LOA. This is where they actually came to the state a year ago and produced a video and they produced the whole thing using drones. Including Reno Air Races across Highway 50 out to Great Basin down to Las Vegas. They did a drone video of the state. It's very cool. They have now shortened it and want to do it in cinemas. Brand USA was interested in this because they're looking at how to use cinemas around the world to promote the United States. They have something like that in China. They're looking at other countries. They'll take our money and they will add. They don't call it a match, they don't call it a grant, they call it value added. They will actually add dollars to our efforts with that.

These are the things that we plan to do this year. We also mention some of the things were looking at in the future. *American Journal* is a publication in Germany that we've actually done things with. I'm sure Bethany's worked with them. Also, some of our rural communities have received grant dollars to advertise in *American Journal*.

Televisa is something that is in the works. They have said it will just have an outstanding value added to it. The Televisa wants to work with Brand USA.

In language videos, we've done twice before in Chinese and in German. There were many challenges. It did not meet our expectations or other destinations like us. That was part of the growing pains of Brand USA. They have identified the problems and are working on them. That is what we look to do with Brand USA in the next few months. Yennifer is our direct liaison with Brand USA and their marketing programs.

As Claudia pointed out, although we have been investing \$150,000, right now, the amount of money that we're carrying over with our new \$150,000 is actually more. That is because we had, when Thomas Cook was looking to do their flight for the

winter into the Reno/Tahoe area, we had agreed to assist with the marketing commitment with Thomas Cook. We had some of our LOA tied up in that.

Once again, what was great about that opportunity was, Brand USA had agreed, because it was Thomas Cook, to do \$15,000 on top of it. Claudia and I have talked about other things we can do in the future with Brand USA on behalf of our partners, possibly a partner co-op program, but how to maximize our dollars and the opportunities that Brand USA presents.

Claudia is reminding me that this item is for possible action. We would like to request your approval of our proposed Brand USA activities for this fiscal year.

CUNNINGHAM: I move that we approve your proposed sales activity plans for the fiscal year.

FRIEDMAN: Thank you.

WAGNON: Second.

CARANO: We have a motion and a second to approve your marketing plan for Brand USA for 2017 Fiscal Year. All those in favor?

GROUP: [ayes around]

CARANO: Any opposed? Do I have anybody on the phone still?

ARGER: I'm here, but I'm not voting.

CARANO: I know, Ryan and Don, are you there?

SHELTRA: I'm here.

NEWMAN: Yes, I'm here.

CARANO: Okay, great. All those in favor.

GROUP: [ayes around]

CARANO: Any opposed? Great. Approved. Thank you. Thank you very much. we are now on to *Nevada Magazine* update for Item F in our Agenda. Thank you. Ryan, I don't think we have any more action, so if you need to go, thank you very much for staying on.

GEARY:

Good afternoon Commissioners, I'm Janet Geary, Publisher of *Nevada Magazine*. I first wanted to introduce my new design team. I'm very pleased to have Jody Corey and Kippie Spilker. Jody is our Senior Graphic Artist. She is actually the one that's responsible for the Ghost Town Map. If you've seen it, Jody designed that on her own. Kippie Spilker, we're very pleased to have her. She's our new Art Director. She has a lot of experience as a magazine art director and she's really hit the ground running. She helped get our last magazine out. We had a very short turnaround time. Kippie and Jody are working on our historical calendar. We're putting together some new territory calendars and also our November/December magazine and *Events and Shows*. I just want to introduce Kippie and Jody. Thank you ladies.

The magazine is coming to the end of our 80th year. Our 80th anniversary. We have one more addition of the magazine, our November/December issue. We have been sharing some incredible stories this year, some ghost town stories in each edition of the magazine. We also have ghost town videos that our editorial team have put online. We have won a couple of awards for our ghost town stories. We also have been highlighting one of the State Museums in each of our issues for the historical 80th anniversary.

We also have an exhibit now at the Nevada Historical Society. If you get a chance, it is in Reno. For our 80th anniversary, they've honored us with an exhibit. We have photos, prints of some of our most iconic covers, starting from the one in 1936 all the way to the present time. We have our own room at the Nevada Historical Society. We had a reception a couple of weeks ago. It is going to be through the end of September. If you haven't seen it, please stop by and see it.

We are into our second year of "Tour Around Nevada," the last feature will be in the November/December issue. This is where towns vote or residents of towns vote for their favorite town. If they win, we do a story about them in the magazine. We also go and present a plaque and a cover of the magazine to either their chamber or their visitors center or at one of their meetings or events. This year's winners have been Laughlin, Winnemucca, Mesquite, Elko, Genoa and Fallon. We've been all over the state.

We also had our Second Annual Silver State Scavenger Hunt, which just finished up last month. We had over 1,000 people participating and what they were doing is going to different ghost towns, taking a selfie with the last edition of the magazine and then sending it in. If they went to at least 10 of the 12 locations, they were entered in a drawing for a great prize. Range Rover partnered again with us this year and had Weekend Range Rover Packages where they went out and they stayed overnight in one of the ghost towns and actually drove a Range Rover around the desert for a couple of days. We just finished up with that.

We just got word of our 2015 Nevada Press Association Awards, which will be awarded next week in Mesquite. In 17 categories, *Nevada Magazine* got 22 awards. We're very pleased with what happened. I obviously can't tell you about the awards yet until they are presented.

We did complete a direct mail campaign, a very successful one with the money that Jennifer was talking about, the \$50,000 that we received. We sent out letters to potential subscribers in the rural areas of Nevada. We received over 800 new subscribers and their purchase was about \$28.00 per person. We're still receiving those in right now.

Our social media. We've had a tremendous uptick in our social media. We have over 10,000 followers on Facebook right now from the US and 44 countries. I counted them up yesterday, there's actually 44 countries where we have Facebook followers. We have 13,800 Twitter followers. Since we have put our ghost town videos on Twitter and Facebook, we've seen a real big increase in our followers.

Of course, I still do my radio show on Friday mornings. If anybody would like to come on. This last year, we've had most of the Chairs of the Nevada Territories. We've had the Reno Big Horns, we've had the Valhalla Tahoe Music Festival, National Auto Museum, Pahrump Chamber, Beatty Chamber, Piper's Opera House, Zephyr Cove Resort, City of Las Vegas Cultural Arts, etc. and so forth. We've had a myriad of guests on the show. If you would like to be on the show, I would be more than happy to have you as my guests.

I believe that's all I have. Any questions for me?

CARANO: How many people made it through your Scavenger Hunt?

GEARY: We had about 1,000 people that actually sent in photos of themselves doing selfies with our magazine at one or more of our ghost towns.

CARANO: So to get 10 out of the 12.

GEARY: Yes, they didn't all get 10 out of 12 locations. I'm not really sure how many finished, but believe we had a couple hundred that actually finished. We had 12 locations in Northern Nevada and 12 in Southern Nevada they could choose from. We actually had our first ones do it in one weekend. They traveled over 800 miles. They were a little over zealous, but they actually finished in one weekend. Then we got a couple of more within the first week. People really like it.

CARANO: Yes, I was following that and I was thinking that maybe that was inspiring people to get out into Nevada.

GEARY: Oh, absolutely. The ghost towns have been extremely popular for us. Like I said, Eric has done videos. In fact, one of the awards we're getting at the Nevada Press Association is Eric, for the Investigative Journalism Award for his Ghost Town Stories and his Ghost Town Video. We're very pleased with that. Thank you.

CARANO: Thank you very much. Okay. Are there any department agency updates from our partner agencies?

ARGER: This is Julia with the Nevada Arts Council. If the Division of Museums and History is not available.

CARANO: Okay, great. Do you have an update Julia?

ARGER: I do.

VECCHIO: Peter is here as well.

ARGER: I'll be brief because the entire report will be included in the minutes (Addendum A), but I wanted to start by saying that the Nevada Arts Council is thrilled to receive an additional \$267,254 for its FY '17 budget, thanks to an increase in lodging tax receipts. The majority of these dollars, \$207,254 will increase grant support for this year's breadth of arts and cultural activities. Performing arts series, exhibitions, festivals, workshops and lectures, etc., of the 89 grantee organizations in Boulder City, Carson City, Carson Valley, Elko, Eureka, Fallon, Henderson, Incline Village, Mesquite, Winnemucca, Virginia City and Yerington, in addition to communities in the Las Vegas Valley and the Truckee Meadows. We're really pleased about this because we're still—we're still trying to regain the funding level that we had before the recession. This is a great step in that direction.

There's Arts Town Meetings will be starting, hitting the road. The first one is Friday the 29th in Reno. Anybody in the Reno area who wants to attend, please check the website so you can get the particulars. It's at the McKinley Art Building.

Then at the Nevada Art Museum, the tilting, the basin features at least 21 of the 30 participating artists in this exhibit currently at the Nevada Museum of Art have been recognized with artist fellowships and will receive jackpot grants to support their work from the Nevada Arts Council. We're really proud of all of these terrific artists.

A project called the, “Nevada Students Create Ornaments for National Tree Lighting Celebration.” The ornaments created by Las Vegas students working with artist, Roz Knight and the City of the World Arts Organization will be displayed at the 94th annual national tree lighting celebration in Presidents Park on the Ellipse in Washington DC. The National Parks Service works with state arts agencies to coordinate this component of the national event that features 56 smaller Christmas trees representing all US states and territories. Student ornaments will be recognized with signage on the website and in the National Christmas Tree Lighting Event Program. This is a really great recognition for these students.

The Nevada Touring Initiative, the NIT is touring its newest exhibit, the Mountain Picassos: Basque Arborglyphs of the Great Basin for the next two years. Mountain Picassos are distinctive images and figures carved into aspen trees of the Great Basin’s high country meadows by bask sheep herders during the first half of the 20th Century. There was a list of where these will be and when they will appear there throughout the state. This is a great opportunity to see this exhibit as it tours the state.

That concludes my report. The highlights of my report for today, thank you Chair.

CARANO: Thank you Julia. Do we have any questions for the Arts and Culture? No? Okay. So, Peter from the Division of Museums and History.

BARTON: Good afternoon. For the record, Peter Barton. I begin with a word of personal and professional gratitude to Director Vecchio and this body for your support of museums through the actions of the Interim Finance Committee in August, we were able to move forward two projects that are critical to museums. One develops new visitor facilities at the very successful Boulder City Railroad Museum, which sits on the threshold of major new development as the I-11 project is concluded. We will be reconnected by rail to Downtown Las Vegas for the first time in 30 years, creating all sorts of new opportunities for that museum which continues to demonstrate the strongest growth in our system. We’ve exceed 45,000 riders per year at this point. The growth over the last 15 years, since the museum opened. The other project supports the development of additional museum collection storage facilities. We are chronically short of space to store museum collections. Our Indian Hills facility here in Carson City will move toward expanding that facility with some design work. For both of these projects, we’re not seeking to burden the State of Nevada with the entire cost of capital development. We’re actually propelling these projects forward through design to enable us to identify and partner with other stakeholders for the developments.

After 40 years in museums, I would say that I've come to conclude that at the core, museums are incubators for memory. We stimulate memory, we inspire memory, we create new memories and we feed memories.

Let me take you on just a very short, very brief little memory. It was the summer of 1938 when District Judge, Clark Joseph Guild was walking along North Carson Street to get his morning newspapers. In a dark and dirty window in front of the former US Mint Building he saw a sign that said, for sale. He copied down the phone number, made a call and found out the building was available for \$6,000. It took Clark Guild over two years to raise the \$6,000 but he bought the building and created the Nevada State Museum. It opened to the public on October 31st, Nevada Day, 1941. This year, it celebrates its 75th birthday on Friday, October the 28th with a day long, in fact weekend long series of celebrations to honor the memories that it has stimulated, inspired, created and fed over the last 75 years.

Judge Guild was an educator and a visionary. In 1953, he created the nation's first true mobile museum. A little air stream like trailer that was towed to every single one of Nevada's 99 schools until the mid-1960s when Nevada's growth prevented them to visit every school every year. He left a legacy after 20 years that continues to grow. We certainly want to invite you all to consider coming and visiting us on October 28th, the daylong celebration. We expect the Governor will participate. The Guild and Russell families who have meant so much to the museum over its 75 years will be there. Judge Guild's grandson, Joe Guild, many of you may know his, he's a rancher and a lobbyist, has just published a book, self-published book called Seasons of the Ranch, the Great Basin. This is one of the most moving books I have read since the Laxalt books about Nevada. This is incredible. If you see it, pick it up, it's a wonderful book.

With that, I think that's the updates. 75 years, we're celebrating that. We're celebrating a victory with Claudia's help to move some museum projects forward. Thank you.

CARANO: Thank you. I appreciate the railroad museums and maybe we'll get more funds for those, right? Okay. Now we have Sherry Rupert from the Indian Commission.

RUPERT: Good afternoon everyone. I too, want to thank you for your support at the IFC meeting in August, we really appreciate it. Thanks to you Claudia also. As you know or many of you know, I am the Director of Indian Affairs for the State of Nevada. One of the components that we work really hard on is tourism. A big part of that is through the preservation of the Stewart Indian School here in Carson City. I'll start with that.

We have several projects going, coming out of that IFC Meeting. Through that IFC meeting we were able to add additional funds for an enhanced master plan of the Stewart facility. We are working on that. That will now include an interpretative plan, a marketing plan and a business plan; which it didn't before. We're really excited about that.

There's also funding in there to hire an oral historian to move forward with the National Historic Landmark Designation or an application for designation of the Stewart Indian School. That is moving forward as well. We were able to go ahead and draft that RFP. I believe that has been sent out to six different parties.

Funding was provided for renovation of Building 4, out at Stewart. There are over 80 buildings out at the Indian School on 110 acres. Building 4 sits right behind the building that the Nevada Indian Commission is housed in and that will accommodate two new staff coming on board after October 1st. We received funding for two additional staff, a Museum Director and a Curator which will staff the cultural center there and they will be housed in that building. They'll have a home, which is great.

One other project that we're working on is the oral history project for Stewart. We received some grant funding from the NV150 Foundation to do 15 complete oral histories of former alumni of the school. We developed the RFP and sent that out and awarded that to Terry McBride. She's a local ethnographer and anthropologist, has some really great experience in working with tribes and tribal people and has participated for many years—I'm going to say 9-10 years, alongside the Commission with Stewart and with the alumni. She's got some great existing relationships that she can utilize for that particular project as well.

As you know, I'm the Chair of the Indian Territory. We are working on our Nevada Tribal Tourism Conference coming up in April 2017. That will take place in Ely, Nevada. We are doing that in collaboration with the Ely Shoshone Tribe. I'm really excited about that because I think Larry talked about the Great Basin National Park and how important that is to the area there. That really ties in with what's happening on the national level.

I'm the President of the Board of Directors for the American Indian Alaska Native Tourism Association and one of the projects we've really gotten a lot of recognition for from the Park Service is the project at the Grand Canyon. It's the Desert View Watchtower Project where National Park Service has collaborated with IANTA and we have brought forth the 11 tribes of the Grand Canyon to provide interpretation at the Desert View area.

In going to Ely and incorporating the Great Basin National Park into the Mobile Workshop that we're doing, I'm hoping to invite IANTA, their public lands person and begin the discussions about bringing more tribal interpretation to that park. I'm hoping that model will transcend to Nevada. We can share that with the rest of the nation as well.

I think I've mentioned in this forum the NATIVE Act. The Native American Tourism and Improving Visitor Experience Act. That Act had great support from our congressional delegation here in Nevada, as well as from the Western States Tourism Policy Council. I wanted to congratulate Claudia on being the new Chair of that group. Great support from industry, great support from tribes on this Act. It was passed through the Senate June 2016. It just passed through the House on September 12, 2016. It's on its way to the President's desk for signature. There was a lot of advocating on behalf of the Act and educating our congressional representatives. What that will do is to change access for tribes to the tourism industry. I'm really excited about the implementation of that and IANTA will work toward that. We're going to include a lot of that information on implementation of that Act in our tourism conference here in Nevada. We want our tribes to be more involved in the tourism industry. I think that the NATIVE Act will help to do that. Will help to get our tribes more involved.

We just had our annual National Tribal Tourism Conference up in Tualip Washington, in Washington State. Beautiful resort that the Tualip have up there. We were able to rollout our Cultural Heritage Tourism Certificate Program. We had our first class up there. It was overwhelming attendance. We had a waiting list. That's something too that I'd like to bring here to Nevada and to our tribes here, to build our industry professionals here in the state. That was in collaboration with the George Washington University out of Washington DC.

I will be attending the Global Tourism Summit. I think that's all I have as far as tourism. Thank you.

CARANO: You're a busy lady. Thank you very much. Does anybody have any questions? Okay, thank you Sherry, tremendous. I urge everyone to go out and visit the Stewart Indian School, it's just amazing. Great history.

Public Comment

I think that now we are finished with our agenda. Do we have public comment? On the phone? I think Las Vegas is empty. Anybody in Carson City? Seeing none. We have Commissioner Comments.

Commissioner Comments

NEWMAN: This is Don Newman, I have a couple of things I'd like to bring up, if I may Cindy.

CARANO: Okay, I was ready—there you go Don.

NEWMAN: Okay, in the very back of your packet, you'll see a photograph that was recently taken last week at the World Human Powered Speed Challenge. This is a—I'll call them bicycles for lack of better definition. They're far from a bicycle but this was the international entourage that was in Battle Mountain for this event. Over 11 international teams were there in Battle Mountain. There was, I believe 24 teams altogether, many representing universities and private individual groups that had graduated from universities that wanted to continue with this effort.

A land speed record was established at this past week's event. They raised the bar, a team from Canada set a record of 89.5 mile per hour. Again, human powered. It's just incredible. It's a four-mile long track that's actually out on SR-305, about eight miles outside of Battle Mountain.

Larry travels all over the world and lo and behold, we found him in Battle Mountain with Kari Frilot. Again, he was able to welcome all of the 11 teams in their native language, which was a big hit for everybody. Just an incredible event. There's so much potential for this to grow and projects to come out of this. They're looking to build a track that could do some testing as well as solar testing. All sorts of opportunities. Just an amazing event.

I just want to say there was a film crew from Japan that was following the Japanese team. There was actually a film crew from Al Jazeera Network that was there covering the event. The international media, again in Battle Mountain, it was just phenomenal.

Again, kudos to Paula Tomera and the folks there in Battle Mountain. This is the 15th Annual Event. If you get a chance to go out there next year, don't miss it because it was just amazing.

Larry, I would turn it over to you. I don't know if we have that commercial. There was a brief commercial we thought we might be able to show. Is that going to happen Larry?

FRIEDMAN: I think we'll have to send it to the Commissioners, but it's a great commercial. It was funded by the Grant Program. It ran a lot in the Reno area, during the news. Personally, I was very proud because in Battle Mountain, it showed 11 countries participating in this event.

Like Don said, 24 teams from 11 countries. The thing about Al Jazeera, just an example of how global the media attention was for the event. If we can, I'd love to send the Al Jazeera report and the commercial to the Commissioners.

Don, thank you very much for talking about it. Battle Mountain had a lot to be proud of.

NEWMAN: Oh, absolutely. It was a phenomenal event. Again, the Canadian team set a record, 89.5. The French set the women's record at 75.6 miles per hour. This is somebody pedaling a contraption that looks like an egg going down the flat stretch of road. Just Google Battle Mountain Bicycle and this will pop up. There's about 15 different media sources that covered it. Tremendous coverage and just amazing international event. Again, hats off to Battle Mountain.

SANTOS: Hey Larry, what was your speed?

FRIEDMAN: [laughs] Oh, sorry, a little faster than Don Newman.

CARANO: Thank you Don. Any other Commissioner comments? Hearing none.

Upcoming Meetings

We have upcoming meetings. The full Commission Meeting will be on October 11th at the Governor's Global Tourism Summit at 11:30 AM in the Grand Sierra Resort. Also, we'll have a telephone conference meeting on December 14th at 1:00 PM.

Public Comment

CARANO: Now, any public comment, besides that? Okay, hearing none. Take a motion for adjournment.

WAGNON: I'll move to adjourn the meeting.

SANTOS: Second.

CARANO: All those in favor.

GROUP: (Ayes around)

CARANO: Here I get to use the gavel, meeting adjourned.

The meeting adjourned at 3:33 p.m.

Respectfully submitted,
Dee Chekowitz-Dykes, Executive Assistant
Department of Tourism and Cultural Affairs
Nevada Commission on Tourism

Addendum A

Nevada Arts Council A Very Brief Report: Nevada Commission on Tourism September, 2016

The Nevada Arts Council (NAC) is thrilled to receive an additional \$267,254 for its FY17 budget, thanks to an increase in lodging tax receipts. The majority of these dollars, \$207,254, will increase grant support for this year's breadth of arts and cultural activities (performing arts series, exhibitions, festivals, workshops, lectures) of 89 grantee organizations in Boulder City, Carson City, Carson Valley, Elko, Eureka, Fallon, Henderson, Incline Village Mesquite, Virginia City, Winnemucca and Yerington, in addition to communities in the Las Vegas Valley and Truckee Meadows.

NAC grant recipients routinely send personal correspondence to state legislators, the Governor, and members of the Nevada Congressional Delegation to explain the significance and value of these awards for their programs and audiences. For this one-time additional funding, grant recipients will be sending a similar letter to the Chair of the Nevada Commission on Tourism.

The remainder of this allocation will support NAC's 50th Anniversary activities in 2017, including an awards ceremony, a new traveling exhibition for the Nevada Touring Initiative, and a documentary video featuring six decades of the Artist Fellowship Program.

Arts Town Meetings Hit the Road

What does a community "rich in art" look like? This fall, NAC launches a series of thirteen public Arts Town Meetings (ATMs) and nearly a dozen focus group discussions in urban and rural communities across Nevada to explore the Silver State's "state of the arts." NAC's planning process is an interactive initiative designed to assess the needs of Nevada's communities, maintain active partnerships with communities and stakeholders, and update the agency's strategic plan, *Values & Vision*.

ATM host communities include Carson City, Elko, Ely, Fallon, Henderson, Las Vegas, Moapa Valley, North Las Vegas, Pahrump, Reno, Tonopah, Winnemucca and Yerington. Focus Group discussions are planned for Fernley, Hawthorne, Minden/Gardnerville and Virginia City. ATM schedule through October:

- **Reno** – Friday, September 30, 2016, 9-11am; McKinley Arts and Culture Center – Co-sponsors: City of Reno Arts and Culture Commission, Sierra Arts Foundation

- **Pahrump** – Tuesday, October 4, 2016; 6-7:30pm; Pahrump Community Library – Sponsor: Pahrump Arts Council
- **Moapa Valley** – Thursday, October 6, 2016; 4-5:30pm; Moapa Valley Community Center – Sponsor: Moapa Valley Revitalization Project
- **Tonopah** – Thursday, October 18, 2016; 6-7:30pm; Tonopah Library – Sponsor: Town of Tonopah
- **Ely** – Wednesday, October 19, 2016; 5:30-7pm; Ely Art Bank – Co-sponsors: Bristlecone Arts, Ely Renaissance Society
- **Carson City** – Tuesday, October 25, 2016; 5:30-7pm; Brewery Arts Center – Sponsor: Carson City Visitors Bureau, Brewery Arts Center

Tilting the Basin Features Artist Fellowship Recipients

Tilting the Basin, Nevada Museum of Art's exhibition, curated by JoAnne Northrup of NMA and Las Vegas-based consultant Michele Quinn, features more than 30 of Nevada's brightest artists. NAC is proud to be a funder of this important exhibit, and delighted that 21 of the 30 participating artists have been recognized with Artist Fellowships and/or received Jackpot Grants to support their work.

Nevada Students Create Ornaments for National Tree Lighting Celebration

Ornaments created by Las Vegas students, working with artist Roz Knight and the City of the World arts organization, will be displayed at the 94th Annual National Tree Lighting celebration in President's Park on the Ellipse in Washington, D.C. The National Park Service works with state arts agencies to coordinate this component of the national event that features 56 smaller Christmas trees representing all U.S. states and territories. Student ornaments will be recognized with signage, on the website, and in the National Christmas Tree Lighting event program.

NAC Welcomes New Board Member

Governor Brian Sandoval has appointed Joe O'Neill, Theatre Program specialist for the City of Las Vegas Office of Cultural Affairs, to the NAC Board. O'Neill entered the world of arts administration at the Reed Whipple Cultural Center, and as teaching artist with The Smith Center of Performing Arts, after a career dancing with Walt Disney World Entertainment. In his current position, he coordinates cultural festivals and performing arts events for the City's Arts Connection Program. He replaces Phil Hooper, who stepped off the board to attend Divinity School in Berkeley, CA and pursue a path of service in the Episcopal Church.

Losses to Nevada's Arts and Cultural Community

The State lost three cultural treasures recently:

- Dr. Michael E. Cleveland – professor and Department Chair of the UNR School of Music, former president of the Nevada Music Educators Association, and founder of the Sierra Women's Ensemble, now known as Bella Voce.

- Marilee Swirczek – writer, founder of Lone Mountain Writers, faculty member at Western Nevada College, and the driving force behind the highly acclaimed “Always Lost: A Meditation on War” photo exhibition.
- Lynn Rubel – opera singer, pianist, educator, and co-founder and executive director of Elko’s Northern Nevada Concert Orchestra now known as Ruby Mountain Symphony, which held its first concert in 1987.

Nevada Touring Initiative

The Nevada Touring Initiative (NTI) is touring its newest exhibit, *The Mountain Picassos: Basque Arboglyphs of the Great Basin*, for the next two years. “Mountain Picassos” are distinctive images and figures carved into aspen trees of the Great Basin’s high country meadows by Basque shepherders during the first half of the 20th century. NTI exhibitions “on the road” through the end of year include:

- Thru Sept 30 | *Mountain Picassos: Basque Arboglyphs of the Great Basin* – Pershing County Library, Lovelock
- Thru Oct 15 | *Words + Images: Broadides from the Black Rock Press* – Western Nevada College
- Thru Oct 21 | *Panorama: Selections from Nevada Arts Council's Artist Fellowship Program* – Sheppard Contemporary Gallery, UNR, Reno
- Thru Oct 31 | *Honest Horses: A Portrait of the Mustang in the Great Basin* – South Valleys Library, Reno
- Thru Nov 17 | *A Brushwork Roundup: Western Paintings and Drawings by Craig Sheppard* – TMCC, Reno
- Oct 10 – Dec 2 | *Mountain Picassos: Basque Arboglyphs of the Great Basin* – Courthouse Gallery, Eureka