

MINUTES of the NEVADA COMMISSION ON TOURISM

Tuesday, June 23, 2020

Call to order

Lt. Governor Kate Marshall, Chair, called the meeting to order at 1:05 p.m.

Commissioners Present

Lt. Governor Kate Marshall, Chair

Cindy Carano, Vice chair

Bob Stoldal

Brian Krolicki

Brian Wadsworth

Cynthia Mun

Edward Estipona

Herb Santos, Jr.

Jennifer Cunningham

Julie Pazina

Mike Vaswani

Pam Robinson

Steve Hill

Commissioners Absent/Excused

Kristin Windbigler

Staff Present

Brenda Scolari, Director

Christian Passink, Sales & Industry Partners Director

Jessica Grundy, Operations & Programs Manager

Kyle Shulz, Research Manager

M.E. Kawchack, Deputy Director

Megg Mueller, Nevada Magazine Executive Editor

Roll Call and Determination of Quorum

MARSHALL: Why don't we call the roll? See if we have a quorum?

SCOLARI: Okay. Obviously, Lieutenant Governor Marshall, yes, you are here?

MARSHALL: Yes. Thank you.

SCOLARI: Cindy Carano?

CARANO: Present.

SCOLARI: Jennifer Cunningham?

CUNNINGHAM: Here.

SCOLARI: Steve Hill?

HILL: Here.

SCOLARI: Herb Santos?

SANTOS: Here. Julie Pazina?

PAZINA: Yup, here.

SCOLARI: Mike Vaswani? Brian Krolicki?

KROLICKI: I'm here.

SCOLARI: Cynthia Mun?

MUN: Here.

SCOLARI: Pam Robinson? Kristin Windbigler? Edward Estipona?

ESTIPONA: Here.

SCOLARI: Brian Wadsworth?

WADSWORTH: Here.

SCOLARI: Bob Stoldal?

STOLDAL: Present.

SCOLARI: And Harry, are you able to hear?

WARD: Can you hear me?

SCOLARI: Oh, yeah.

WARD: I've got three devices open, my phone and two computers.

SCOLARI: But it works! Wonderful. We have a quorum.

MARSHALL: We do have a --

MUN: Thank you. Then let's call the meeting to order and, Brenda, can you tell me if the meeting (inaudible)?

HILL: Can we have people turn their things on mute?

MARSHALL: Folks, if you could turn your, phones on mute when you're not speaking to the agenda? Okay. So, free to call the meeting to order and then, Brenda, can you tell me whether the meeting was properly noticed and posted?

SCOLARI: Yeah, it was -- it was posted online at (inaudible) Nevada.biz and notice.nv.gov. For Declaration 006, there was no physical posting.

MARSHALL: Okay. Thank you. All right so, Brenda, you want to tell us about our new Commissioners?

SCOLARI: Good afternoon, Commissioners and Lieutenant Governor. I do want to welcome Brian Wadsworth to the commission. Hi, Brian. Brian has served on the Nevada Indian Commission since 2018 and, Brian, do you want to say a few words?

WADSWORTH: Yes. Hi, good afternoon, everybody. I wish I could you all in person. As Director (inaudible) was saying, I served on the Nevada Indian Commission since 2018. I currently work in the governor's finance office for the state in the Division of Internal Audit, and I also serve on several Boards and commissions throughout the area. I serve on the board of directors for Pneumo INC. (phonetic), which is the economic development corporation for my tribe, the (inaudible) tribe, and I also serve as vice president on the Board for the UNR Native American Alumni Chapter. I'm excited to serve here on Nevada Commission of Tourism and I'm excited to work with everybody. Thank you.

MARSHALL: Thank you. That was nice. Brenda?

SCOLARI: Brian is the only new Commissioner.

MARSHALL: Thank you. Okay, so this would be agenda item number C, the first time for public comment. We will have public comment at the beginning and at the end. Brenda, is there a way for people to make public comment in these virtual meetings or have you received written comments or how are you doing that?

SCOLARI: I believe we can accept comments through the chats.

MARSHALL: Okay, also, could you have your technical people -- I just got a text from Mike Vaswani. He is trying to get on Zoom, and he can't get on. So, could someone please help him?

SCOLARI: Yes, I'll direct Ron to try to help Commissioner Vaswani.

MARSHALL: Oh, okay. Thank you. Let me just text back. Excuse me. I'm sorry. People were trying to get another person on. Is there a number they should call? Brenda?

SCOLARI: We do not have a call-in number associated with the meeting unfortunately.

MARSHALL: I mean, is there a number they should call to TAC to see what's going on?

SCOALRI: One moment.

MARSHALL: Okay. I'm sorry, Board members. Just give me a moment.

SCOLARI: We will ask Commissioner Vaswani to get in touch with staff and we'll provide the Zoom link.

MARSHALL: Should I text him or do you guys have a connection with him? His wife is texting me.

SCOLARI: Have him call 430-2006.

MARSHALL: Okay, 775?

SCOLARI: Correct.

MARSHALL: Okay. She's got the number. Okay, so public comment, Brenda, I'm sorry. Agenda item number C, public comment. Do you have a way for people to provide public comment or did you receive any public comments prior to today?

SCOLARI: We did not, and all of the public has been admitted to the call and have access to the chat with questions.

MARSHALL: Okay. So then, I will give you a few moments. If you are a participant on the call, but not on the Board and you would like to make public comment now, could you please, either (inaudible) raise your hand in the chat? Okay. There will be another opportunity for public comment at the end so if this didn't work for you, you still have a chance at the end. I'm going to move now to agenda item number D, the approval of minutes. Were there any edits or changes to the minutes from December 11, 2019? A little while ago. All right. Hearing none, I'll take a motion to approve.

KROLICKI: We're all on mute --

CARANO: (Inaudible) Carano, Cindy Carano, move to approve.

MARSHALL: Okay, motion and second? Brian was that you as a second?

KROLICKI: Please, if you need one.

MARSHALL: Okay. So, I have a motion and a second. All those in favor, say aye.

SPEAKERS: Aye.

MARSHALL: It's so weird. I know. So, I just got to --

WEBSTER This is just -- yeah. Right.

MARSHALL: I don't know. But anyway, okay, I heard aye. In theory, if there's a massive objection, you guys got to do something fancy, okay?

WEBSTER You could also chat aye. So basically, if we just do aye in the chat, that goes to --

MARSHALL: Yeah, so you can raise your hand in the chat. I don't know if people know how to do that. But you can raise your hand in the chat if you would like to do it that way. Okay? Okay. All right. So, I'm going to assume we have all ayes. Any nays. Okay. I do not have nays. Motion passes. Okay. For discussion only, agenda item number E, update, Steve Hill, Jennifer Cunningham? Welcome.

HILL: Thank you, Lieutenant Governor, Madam Chair, members of the Commission, thanks for having me this afternoon. Hope all of you are doing well. Brenda asked both Jennifer and I to just give kind of a quick update on where we are in our respective areas of the state, how they're doing, what the outlook might be. I'll start with where we are right now. I'll do a little bit of lookback, tell you a little bit about the research that we've done that kind of guided our strategy as we reopened the destination and then talk a little bit about what we're seeing and frankly what we don't know at this point as well. When we put our budget forward both to our Board and to the state, we projected at about a 60 percent drop in revenue versus what we expected without the virus and pandemic, and that was basically a pretty steady ramp from a very slow start in June. And our room tax revenue is generated in June and accounted for in July so that's really our first month of revenue, and we expected about 10 percent of what we would normally get in June. That would ramp up to about 70 percent by next May, and a part of that was a drop in room rate. Big part of that obviously was the drop in occupancy. Where we find ourselves in January, if we made a projection right now, we would certainly more than double what June originally looked like, as the opening is getting stronger than we would have expected a couple of months ago, and that's good news, even though the numbers are still, frankly, just bad. What we're finding is occupancy on weekends for most properties is probably in the 55 to 60 percent range. We have about 105,000 rooms in the hotels that are open. Not all of those rooms are being made available, but a majority of them are, and room rates are down somewhat, as can be

expected, and that certainly includes either all or virtually all properties not charging a resort fee at this point, which is a taxable item in terms of room revenue. So, well, our room tax portion in general would have been somewhere around \$2 million. We're projecting somewhere between four and five at this point on a month that would typically be 20 or 22 million. So that's kind of where we are right now. Sunday to Wednesday, occupancy is probably in the 25 to 30 percent range, and the week is much more difficult obviously to fill in the current environment than the weekends are. So we've gotten off to a better start than we would have expected, and we made the projections we did when we looked at the marketing efforts we were going to undertake, we did quite a bit of research headed into the opening. We're in the field every week, so we took kind of extra effort to survey over 3000 people and we really identified three groups, in that effort. As most of you know, there are about 30 percent of travelers or so who really don't consider Las Vegas when they travel. So, we focused on the other 70 percent. That's really who we always focus on, and in that set of groups, we found that about a sixth of the remaining 70 percent have real interest to return to Vegas very quickly. Staying healthy was a big concern for them, but they were willing to come, provided they knew that we had put the steps in to do anything we can to keep them healthy. That group skewed highly male, very highly male, 77 percent. They were 82 percent unemployed; they were typically younger than the average visitor, and income was half of that group's income, family income was over \$100,000 a year. And that group has responded very strongly and been the primary reason for the improved reopening versus expectations. The next group is also a core group of Las Vegas visitors. It's a --

MARSHALL: I'm sorry, Steve, did you say -- did you say the first group was six percent?

HILL: Actually, it says six -- what -- (inaudible)?

MARSHALL: Oh, one-sixth. Okay, thank you. I'm sorry.

HILL: (Inaudible.) The next group is about a third of our visitors, and it's much more of an average mix. It is, in terms of male/female, relative average age, average income, average employment at this point, and interestingly, while they are certainly concerned with health and safety protocols, their primary concern was making sure that coming back to Las Vegas was worth the expenditure. They realize that all the offerings that we typically have aren't available, basically anything that draws a crowd, which

was a big part of our offerings, and they want to see that – that first wave of customers can have fun while they're in Vegas and that it's worth coming or spending that money. And in the third group, which is about half of our visitors, we called them persuade group. They care basically equally about both health and safety as well as the entertainment value of the destination. They want to see both in place. They want to see that people can remain safe and healthy while they're here as well as that it's the Vegas that they've come to know and love. And so, their timeframe is more in the three-to-six-month range when they consider returning to Las Vegas. The numbers over the past three weeks or so, kind of in combination with the kind of flare up in cases in states that opened before really Nevada did, primarily California -- California didn't open before, but California's seen a spike, but Texas, Georgia, Florida, that news, that information has started to cause the numbers that we had seen improving, primarily around intent to travel, start to deteriorate a little bit. So, we have regressed a little over the past three weeks and that's simply driven by the health situation and many health concerns of our potential visitors. Going forward, we've got a health crisis that has created an economic crisis and the real key to fixing all this is to solve these health issues, making sure that infection rates stay low, that testing remains high, contact tracing. We're seeing better treatments, we're seeing somewhat less impact on hospitalizations and the severity of the cases in relation to the number of the cases, and those are all good things, and obviously we'll have a vaccine at some point. We need to -- in order to improve really from the numbers that we have now, we need to figure out a way to open up a broader set of offerings, both in terms of entertainment, whether that's individual performers or the big shows that the properties have, and it also includes the meeting industry, which is really so important to being able to sell rooms during the week. We're in conversations on how best to go about doing that, by obviously the number of cases, the severity of the cases needs to stay relatively stable in order to look at the continued expansion in those areas, but they're going to be critical in helping the rest of the industry recover. So, with that, Madam Chair, I'll pause and answer any questions the Commission may have.

MARSHALL: Okay, thank you. If you have a question, could you please put in the chat that you would like to ask a question and I can call on you? Well, Steve, it looks like you have overwhelmed them. Stunned silence is what we have. Thank you. That was

very, very informative. I really appreciate you identifying the connection between the health and our ability to recover economically. I think that's very, very important. Jennifer, did you also have a presentation to make?

CUNNINGHAM: Yes, yes, I have a few comments as well.

MARSHALL: Okay.

CUNNINGHAM: I'm sitting here listening to Mr. Hill and I'm shocked at how our budgeting numbers really mirror what he just reported. We went into the fiscal year 2021, presented a budget that was 60 percent down, similar to Vegas, both occupancy and room rates softer, and we actually forecasted June. We did not plan on having the casinos open. We were extremely conservative. So, we only planned for the non-gaming properties, and the numbers that we're seeing right now have surprised us. Our forecast was extremely conservative. The numbers -- as we do better, that money is going to go right to marketing because that budget was pretty much critically affected by our budget cuts, and furloughed half of our staff, and we too are keeping a very close eye on travel sentiment. Unfortunately doing the research was something that was more of a luxury for us, to have a continuous research program going on. So, we rely on the travel sentiment and see what's going on. I'm interested to hear what destination analysts report. Special events we're seeing them cancel left and right, which is heartbreaking because that really shores up a lot of weekends and hotel occupancy throughout the summer. It's interesting how they position themselves. The rodeo of course was the first to come out and instead of saying that they've canceled the rodeo, they decided to position it as they're only postponing it for a year. So, we were sad about that. That would impact our hotels for sure. Hot August Nights had made that decision. We're waiting on the air races and our town, as you may or may not know, has chosen to do a virtual event this year. We're spending a lot of time and energy on our website to continuously update it with information from our properties and health and safety information on the destination. One thing that we recently pulled together, we've been talking about this for well over a month, is regional co-op and the RSVCA has done a partnership with the three DMOs up at the lake, and we're coming out with a unified Reno-Tahoe campaign positioning our region as unique and (inaudible) whether by air or car. I think the two last things I'd like to mention, just this past week, Brenda, Lori Kraft from the LVCVA, and I participated in US Travel's virtual meetings. We had discussion with Senators Rosen

and Catherine Cortez-Masto, as well as Representative Titus and it's really so cool to see how we have very, very supportive allies in DC fighting on our behalf of the tourism and travel space and the economic development that goes with that. So, I know Mr. Hill's had numerous conversations. Laurie Craft had indicated that you guys have had conversations and they are so dialed in and wanting to help. One thing I want to raise with this group is in September, September 30th, when the CARES act stimulus funding runs out for the airlines, I'm very concerned for the Reno destination. It will impact all of us. I'm hoping the demand will still be there for Las Vegas. I'm very worried about Reno air service to Northern Nevada so it's something we're keeping a close watch on. And to end on a positive note today, this morning we were notified that Reno was ranked number 1 in (inaudible) -- (inaudible) consultants -- consultancies, annual best cities rain game, or best small city in America, and this ranking covers best places to live, work, invest in, and travel to. So, it's a very reputable company that many of us worked with in the past, and it's kind of a little pump in the arm, a nice bright spot in the middle of these challenging times. So that is my report. Yes. Good news. Thank you.

MARSHALL: Thank you. Can I ask if any Board members have any questions if they want to put in the chat and they can call on you? Bob?

STOLDAL: Lieutenant Governor, just a quick question, it was really just a definition. When you said you had furloughed half of your staff, is that you laid them off or is there some sort of -- would you define that for us?

CUNNINGHAM: Absolutely. Absolutely. By furloughed, we still cover these employees' health insurance, and it buys us some time to see how room tax comes in and how that will fit into our budget. At some point in the maybe next 30, 60 days after we look at the first few months of room tax after the casino hotels have opened, we will have to make that decision whether to lay them off at that point or bring them back.

STOLDAL: So right now, they're just getting health insurance, they're not being paid?

CUNNINGHAM: Correct.

STOLDAL: Thank you. Thank you.

MARSHALL: Pam?

ROBINSON: I'm muted. Is that the same with the LVCVA on furloughs, and how are you guys managing that?

HILL: (Inaudible.) It is relatively the same, at least from a perspective standpoint. We went into this with about 450 employees. We've laid off in a couple of different steps. We offered a voluntary separation program that about 50 people took us up on, we laid off an additional 40 or so, and we have furloughed about 250 or so. So, we're currently running with about 100 people. A big part of our staffing is operating the convention center and, we've been shut down since Con Expo left in mid-March and right now, National Hardware is scheduled for September 1st, so really the first major convention that is scheduled in building. So, we hope to be able to bring a big portion of those people back to operate the building in September, and interestingly we have the largest slate of shows that we've ever had going into fiscal year 21. We just need to figure out which of those are going to be able to take place, what the footprint is going to be, what attendance is going to be but there's a lot of interest in coming back to Vegas, and people can.

MARSHALL: Anymore follow-up? Madam Chair. Is there any concern right now about NFR not being able to be pulled off or doing it at some kind of an alternative session?

HILL: Yeah, there is concern, and generally the way that the event is put on, all the venues, the producer of that event, and we are the financial guarantor of LVE (phonetic), and it's about a \$20 million event that generates about \$19 million a year in ticket sales and we cover the loss and there's a little bit of risk in a normal year. In a year where you don't know that you can fill the Thomas & Mack ten nights in a row, it is a very big risk. And so, we basically at this point, simply surface the concern with conversation. We really don't start spending real money on the rodeo until September, but by the time we get to September, we're going to have to have a plan in place to cause the (inaudible) is just not in a position to potentially backstop it, where it could be a \$20 million -- it wouldn't really be a \$20 million loss, it could be a multimillion dollar loss.

MARSHALL: Thanks. Nice beard.

MUN: You've still got the beard, Steve.

HILL: The more I cover it up, the better I lie, so.

MARSHALL: Well, I'm cutting my husband's hair, which is why I don't think he has done some kind of Zoom poster now. I mean

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HILL: As long as he has hair to cut.

MARSHALL: Okay, any more questions? Oh, Herb, did you have a question?

SANTOS: Yes, thank you, Madam Chair. Herb Santos for the record. Steve, you made a comment that part of your research that folks would know that proper steps are being taken to keep them safe when they come to Nevada and I would think that, Jennifer, that would be also a consistent thought process that folks have, their perception of if they travel to Nevada, whether or not it's going to be safe. I've heard a lot of -- the rumor mill is rampant right now as to what's going to happen in the future and one of the things is whether or not there's going to be any type of legislation regarding blanket immunity, which would cover restaurants, hotels, things of that nature, and my first thought is whenever we talk about immunity, I think immunity breeds negligent conduct, and we have a set of rules that people are following them, that's the best immunity. If we follow the rules and you never breach the standard of care, and I'm wondering what your thoughts are. If there is some type of blanket immunity, could that pose a negative impact in the perception of people coming to Nevada, really wondering if everything is being done to protect them when they know that if something bad had happened to them, they would have no recourse?

HILL: Yeah, I hesitate to provide my personal view on that, and I've talked to some in the industry about it. We have not had a conversation at the Board level at this point. I will say that my sense would not be that any immunity effort or potential legislation would not contemplate the concept of negligence. It would -- I would assume -- require that any organization take the proper steps that are being outlined to take in order to qualify for that, and I can also see the viewpoint that people are taking the steps that they're taking, coming to Las Vegas, coming to the state of Nevada, doing whatever they're doing with the understanding of the health situation as it exists right now. And so, trying to find that proper balance is potentially a conversation (inaudible). This is very -- our organization hasn't taken a position on it as yet.

CUNNINGHAM: I'll jump in.

MARSHALL: Yes. Yes, Jennifer?

CUNNINGHAM: Yeah, that's a difficult question. It did come up in our US travel virtual hail meetings last week, and they had discussed on a national level just making the burden of proof a little bit more stringent, but to Mr. Hill's point, absolutely that negligence would be taken into account. It's a brave new world.

MARSHALL: Thank you. Are there other questions to that? Oh, hi Brian?

KROLICKI: Thank you, Madam Chairman. It's good to see all of you, even if it's just virtually. Jennifer, this is really following up your question, but to Steve too, you mentioned airplanes and when PPP or the special funds that were given to the airlines expire, which is from a budget standpoint -- you've got to start speculating when you believe airplanes will be coming in again from Asia and Europe in the conversations that you had perhaps with the national folks yesterday, but is there any insight into when we think we'll see some of these international flights resume?

CUNNINGHAM: I think that question's more for Steve Hill because we have a couple of international flights from Guadalajara, but that's all for the Northern Nevada area. We're not as dependent on the international air service as Vegas.

HILL: Two comments. One is I spent three months ago and I try and remind myself that projecting things based on a calendar at this point is more difficult than projecting things based on the health situation, so I think international flights at scale are going to depend largely on what the health situation is both here and in the originating country. But from a calendar perspective, we don't really see the potential for much to happen this calendar year. One of the big tests, both from a meeting standpoint and from an international flight standpoint is going to be CES in January. Not only do we have a lot of regular flights typically, but for CES, we add 20,000 additional seats for flights directly for CES in addition to our normal schedule. About 10,000 of those are domestic and about 10,000 of those are international and so that show, I think, is going to really be the first time to start to test the international flight market again, to see if that kind of draw and the health situation at the time is enough to kind of lift the lift.

MARSHALL: Thank you. Julie?

PAZINA: Thank you so much, Lieutenant Governor. I have a question for both the LVCVA and the RSCVA. We mentioned earlier, business meetings are so important to the state. Has there been any conversation yet in regards to when we might be able to look at having business meetings again, obviously not in phase 2, but was the discussion in regards to phase 3, 4, has there been any conversation?

CUNNINGHAM: Right now, we're on it every single day, because we do have groups that want to come and -- it's a little bit of a gray area, what we're going with them, which is what the state's providing for us is we can host in our convention space separate events up to 50 people per event, including any workers or staff from our staff. We can't take a hundred-person event and put them into two rooms, but we can do two side-by-side, 50-person events. We're watching it very closely. We're anxious as our property is to start bringing this business back.

HILL: It's important, it goes without saying. We've had a lot of conversations, both with the industry in Nevada and I'm on a call once a week with the major convention centers around the country. We're all kind of working on this, so we're looking for a standard that is different than just a hard cap on the number of people, and when we can move into that next phase. That tends to be a standard of X amount of square feet per person in the facility. The square footage in a three-foot radius circle is 28.3 square feet and a lot of entities have started to adopt that as a standard. It happens to be very close to the standard that the casinos themselves operating in right now, which is 50 percent of the fire code. The fire code basically works out on most properties to be 15 square feet per person. So that turns into 30 square feet per person. So those are numbers that a number of entities are using. Javits Center in New York, just this week, submitted a proposal to Governor Cuomo around that 20-square-foot-per-person range. That's been roughly approved in Georgia. That same standard has been submitted in Orlando; I think L.A. has submitted that as well. So that -- it's frankly not great science, because if you draw 18 circles, you're going to notice that there's square footage that's not covered by the circle. It's really 36 square foot square that functionally works as, but separating how we operate on a casino floor at 30 square feet per person versus walking down the hall at Mandalay Bay to go into the convention center and having a different standard there is difficult to understand why there would be a different standard and probably very difficult to enforce. So in that

28-to-36-square-foot proportion range is probably the next step, and also we checked with a bunch of customers and for the most part, it would allow them to move forward with their event.

MARSHALL: All right. Lot of information here. Are there other questions, people? Okay. I want to thank you, Jennifer, and I want to thank you, Steve, for that information. You may be asked if you could present again, because, as you say, it's very fluid and moving and I think the Board members here are very interested in trying to understand that fluidity, and that requires more information, but I really, really appreciate it. I wanted to tell you, Jennifer, I've just heard wonderful things about you up one end and down the other so I thought I would tell you that, and Steve, I've known you a long time, so thank you very much. This is a discussion item. So, moving onto agenda item F, again a discussion item, fiscal year 21 projections, without the crystal ball, I take it. So, who's presenting on that?

SCOLARI: Thank you. For the record, Brenda Scolari. I'd just like to introduce this item by saying that it's kind of the meat of our agenda, which is our fiscal year 21 budget projections and Travel Nevada's recovery plan are both informed by ongoing analysis of lodging tax projections, traveler sentiments, if key factors related to economic and health measures. And so I'm going to allow Kyle to kick this off by presenting some of that research that they've started decisions on. Kyle is the research manager for Travel Nevada, and he's very much led this effort.

SHULZ: Thank you, Brenda. This is Kyle Shulz for the record, research manager for Travel Nevada. As Brenda said, we really wanted to give the Commission a sense for how we were thinking about things and how travel might play out over the course of the next fiscal year, and just really get an overview of the projections that we have currently forecasted, and again, just giving you a sense for how we're thinking about things. So when the Coronavirus started to spread in the States, and it was going to become clear that there was going to be closures of non-essential businesses, we obviously all knew that this was going to have a very big impact on travel to the States and to our budget accordingly. The OVCV and RCVA, you guys were -- I'm sure -- in the same boat, but due to the uncertainty around just the really unprecedented nature of when the closures would end, how travel might respond after the closures were lifted, what the health situation would look like, what the economics --

MARSHALL: Kyle, can I just interrupt you? Where is that graph in our packet?

SHULZ: Brenda, do you want to address that?

SCOLARI: (Inaudible,) but we can (inaudible).

MARSHALL: It's hard to hear you, Brenda.

SCOLARI: Can you hear me now? Oh, wait, there we go. I'm apologizing for not including the graphs in the package. We can post those on travelnevada.biz and make them available.

MARSHALL: Okay. It's helpful to have them provided in the packet so people can review them before the Board meeting, because it helps for people to be able to clarify their questions a little bit, especially during this time, when I think a lot of the Board members will have a lot of questions, just for the future, okay? It's just very, very helpful that people can look at these documents prior to seeing them for the first time, okay?

SCOLARI: Sorry, that was an omission.

MARSHALL: No worries. I'm sorry. Go ahead, Kyle.

SHULZ: Oh, that's okay. Thank you, Lieutenant Governor, and also say too, if there are any questions from the commissioners after the fact, we'll always be happy to answer those. Proceeding forward, just through the uncertainty of the situation, we really wanted to think about things, not in terms of a single projection or a single way that things may unfold, we really wanted to think about things in terms of different scenarios that might occur. So to help inform these projections, we rely on a few different data sources. We obviously rely on the governor's phased reopening approach. Phase 2, travel in phase 2 is going to look a whole lot different than travel in phase 1 so we need to take that into account. We rely on health metrics from the Nevada Department of Health and Human Services, visitation data from the Las Vegas CVA, the Reno/Sparks CVA, other entities as well, we rely on the taxation data from the Nevada Department of Taxation, survey results from destination analysts, which we'll go through here in a minute, arrival data from arrival lists, and we also really rely on the conversations that we have with partners in the industry, in the state, out of the state, vendors that we have, and other state agencies as well. One of these is the standing call that we have each week with the

governor's office of economic development. Chelsea Walburg from, GOED is on the call and she'll be presenting something here shortly too. But again, we really wanted to think about things in terms of scenarios that might occur. So currently, we have these five different scenarios that you'll see mapped out here. That red line is what the prior year looked like to get a sense for what normal travel patterns look like, and each of these scenarios have their own certain assumptions that are made. One of these is a ceiling, and what I mean by that is we know that based on survey results from the station analysts, there's a certain portion of people who won't travel until there's a vaccine, so each of these scenarios has a different level for what that ceiling might look like. Each of these scenarios also has different levels of return to travel, so it's kind of weighted based on how travel might play out in terms of travel demand coming back in different situations, and the most optimistic scenario is scenario 1. This has a gradual return to the ceiling. The ceiling in this situation is about 85 to 90 percent of what normal travel levels look like, and this also assumes that there will be a vaccine coming out in the spring of next year, and that travel will more or less resume 100 percent normal levels once there is a vaccine, and that will happen around May or June of next year. Again, it's a very optimistic scenario, but it could happen. The most pessimistic scenario to scenario 4. This is that scenario in dark blue at the bottom of each chart, and this assumes that the health situation will decline enough to warrant another closure of non-essential business in order to spread the virus, that the closures will last about three to four months in this case, and this scenario also assumes the lowest level of return to travel with any of the five scenarios here. So it's really a worst-case scenario.

SANTOS: Excuse me.

SHULZ: Yeah?

SANTOS: Madam Chair, if I could interrupt for a second? It's Herb Santos for the record. When we get these sheets, I'm having sort of a hard time with this really understanding the actual scenarios. So I would like to have a legend that's base scenario number 1 is going to include all of these factors, scenario 2 is going to include all these factors cause -- as you're talking, I'm having a hard time really grasping what the scenario is and, hopefully I'm the only one that's in this in the realm of not understanding it, but that would help me out a lot. So, if we could get that legend, that really (inaudible) detail.

MARSHALL: Yes, Herb, I'm sure you are not the only one. So, I think a legend and a more robust description would be helpful.

Thank you.

SHULZ: Yeah, we will certainly provide those. I think the main thing here is scenario 1 is assuming the fastest return to travel, albeit gradually, and that travel will return to normal levels in fiscal year -- at the end of fiscal year 2021. Scenario 4, which is the worst case, again warrants a second closure of non-essential businesses, which is why you see that kind of W shape there. It's more of a W-shaped recovery. The scenario that we chose to base our budget on is scenario 3, which more or less assumes a slower return to travel than scenarios 1 or 2, and also a lower ceiling as well. So, I will provide those descriptions, Commissioner Santos, of each of the different scenarios, but that is essentially on a high level of what we're looking at. I also wanted to mention too, these scenarios are very fluid. We update them every week based on new data that comes in. Some of it's new data from survey results, new data from the Department of Taxation, new data from the Las Vegas CVA, Reno/Sparks, CVA. So in three months, these scenarios will hopefully be a little bit more honed in, because it will have more information, and the only thing that I wanted to just address is based on April statistics, we kind of have an idea of what the floor of travel activity looks like, what that base level, I guess the worst of travel activities, you could say, based on survey results and destination analysts, we have an idea theoretically of what the ceiling looks like. We don't really have a great understanding of how we get from the floor to the ceiling, so that's really why we're doing the scenario modeling and the scenario analysis in order to help us prepare and adjust as new data comes in, whether it comes in better than we're projecting, worse than we're projecting, we'll be able to make those adjustments once that new data comes in. So that's what I wanted to kind of present here. One more thing, on the survey results, or the scenario modeling: scenario 3, which is what we're basing our budget on, basically projects about a \$9 million budget in room tax revenue in fiscal year 2021, which is about 60 percent below normal fiscal year revenues. So I'm "happy", and I use happy in quotation marks, that both Commissioner Hill and Commissioner Cunningham, you're kind of projecting similar declines, so that we're looking at about a 60 percent drop in revenue in fiscal year 21 compared to normal levels, but, again, based on new data that comes in, we can adjust these scenarios as time goes forward.

MARSHALL: Can I ask what is scenario 5?

SHULZ: So scenario 5, it more or less assumes that travel will be fairly stagnant until the fall of this year, October, November, and then there'll be a quicker demand or a quicker jump in travel, and it will kind of settle in between scenarios 2 and 3. So scenario 5 maybe should be labeled something, maybe scenario 4, scenario 3, but it basically assumes a quicker return to travel in the fall, a slower return to travel up until then, so slow return in May, June, July, and August.

MARSHALL: Herb?

SANTOS: Do all five scenarios assume a vaccine in May of 2021?

SHULZ: No, that's a good question. They don't. Only scenario 1 assumes that. And I also wanted to mention too, and Commissioner Hill, you've talked about this before as well, average daily rate is another big component of this. So what hotels are going for, and each scenario -- scenario 1 is the most optimistic there, that average daily rates comes back quicker, scenario 4 has the lowest average daily rates of hotels, projected out forward. So that is something I wanted to address too. But to answer your question, Herb, no, only scenario 1 assumes there's a vaccine.

SANTOS: So, all the others -- Herb Santos for the record. So, all the other scenarios assume there's no vaccine and things are just going status quo with social distancing and testing?

SHULZ: That's correct. Yes.

MARSHALL: Are there other questions from other Board members? You need to go into the chatroom because I can't see you all with this screen. Cynthia?

MUN: Yes, I think you guys can hear me. So just to repeat what Herb said, so the only difference between the scenarios is that this one has a vaccine and the others are just percentages of what you think the growth would be, is that correct?

SHULZ: Yeah, that's more or less correct.

MUN: Got it. So, they're really not scenarios per se, there's just really two scenarios?

SHULZ: I guess you could say there's kind of three scenarios. So scenario 1, again, assumes a vaccine, scenario 4 assumes a shutdown, and then scenarios 2, 3, and 5 assume the same things, but just different levels --

MUN: Got it.

SHULZ: -- of demand.

MUN: Okay.

MARSHALL: Brian?

KROLICKI: Thank you, Madam Chair. Again, I'm sorry to take you off the rhythm of your presentation, but you just said some very important things. So, the \$9 million lodging tax revenue that's built into fiscal year 2021 -- that's scenario 3, correct? For the next (inaudible) -- for the next item? It's -- since there's not a Y axis per se, I don't know what those numbers are. Can you give me a sense of -- so if scenario 3 is \$9 million, can you just quickly state what the other scenario lodging tax revenues would be? Is that easy to do?

SHULZ: I don't want to misstate. I can certainly provide those after the call to you, Commissioner Krolicki and other Commissioners as well. Scenario 1 will have more of a robust budget for sure, and scenario 4 assumes a fairly dire budget. I don't want to misquote, so I'm hesitant to say on the record what those will be, but we can certainly provide those after the fact.

MARSHALL: When you provide the graphs, can you provide both axes on the graphs?

SHULZ: Yep. Absolutely.

MARSHALL: Okay. Jennifer?

CUNNINGHAM: Jennifer Cunningham for the record. Kyle, if you said this and I missed it, I apologize, which of the scenarios most closely mirrors the LVCVA and the RSCVA's, for projections?

SHULZ: If you guys are saying that you're projecting that 60 percent below normal, that would be a scenario 3 would be closest, which is what we're basing our budget off of.

CUNNINGHAM: Okay. And you probably inquired with us and Las Vegas. We do have per month kind of that occupancy and ADR.

I'm assuming you looked at those numbers that detailed, right?

SHULZ: Yeah. Those are in the formulas for each --

CUNNINGHAM: For each.

SHULZ: -- of these scenarios.

CUNNINGHAM: Great. Yeah.

SHULZ: Yeah.

CUNNINGHAM: Thank you.

MARSHALL: Okay. Do I have any more questions? Okay. Thank you very much for those projections, and moving to agenda item G, budget review.

SANTOS: Madam Chair?

CUNNINGHAM: We do have two more --

MARSHALL: I'm sorry, someone spoke. Herb, was that you?

SANTOS: That was me.

MARSHALL: I'm sorry. Go ahead.

SANTOS: We're on G, right?

MARSHALL: If we could remove the room tax collection screen before we go to the next screen? Okay. Yeah, Herb, I think we're -- unless you still had a question on agenda item F?

SANTOS: No, no, it was on G. I was a little confused because this says discussion only. I thought that the Commission voted on budgets. Is this a budget that's being presented to us for us to vote on? Because if it's not -- that's where I got confused.

231.200 our statute for what the Commission is supposed to do is we're supposed to be the ones that review and vote and approve

a budget, but this is discussion only, so I'm a little confused before we started as to what we're doing. Is this going to be for a future meeting where we're going to vote on a budget and we're just discussing now, or what?

MARSHALL: Brenda?

SCOLARI: For the record, Brenda Scolari. Commissioner Santos, we could bring the approved budget back to you.

Unfortunately in this circumstance, it's worked a little differently in that we were required to present a reconciled budget to the governor's finance office last month, and the projection that we're presenting to you today will be heard by the IFC Committee on Thursday. So there really has been a disruption of the entire processes, including the usual biennial budget timeline.

SANTOS: Well, I understand that, Brenda.

MARSHALL: Brenda, if we have a statute on that then we probably -- I'm not sure that they see emergency trumps the statute. So, it may have been required for you to have said we needed meetings, which I asked you about a number of times.

SCOLARI: We'll have to bring it back to the commissioner.

MARSHALL: Okay. So, what I would like, Brenda, is if you could go back and check with counsel -- because these are extraordinary times on how this is supposed to work because if the Board has obligations, I would like the Board to be able to fulfill those obligations.

SCOLARI: Absolutely. Harry, would you have any recommendations as to how we could quickly resolve this? I'm sorry. We do have our DAG on the call.

MARSHALL: Yeah, I'm not sure --

WARD: Can you hear me?

MARSHALL: -- if the DAG feels like they were prepared to answer this question. I'm willing to give the DAG some space, but I think it's a serious issue.

WARD: Ms. Chairman, can you hear me?

MARSHALL: Yes, I can, thank you.

WARD: For the record, Harry Ward, Deputy Attorney General. And yes, we would not be able to vote today because it is not agendized as for action on any of the projected -- and I'm sorry, I apologize, but my computer -- I've got two computers going.

MARSHALL: Well, I appreciate that, Mr. Ward, but I understand that it was agendized as for discussion only so no vote can take place, but I don't believe that that was Board Member Santos' point. I believe he recognized that there is a statutory obligation for the Board to oversee and approve a budget. That has not happened and yet we have a budget going forward for approval. That's problematic. And so what I would like to do is I would like, offline, for Brenda and yourself to get together and to figure out legally so that the Board can ensure that it carries through its obligations.

WARD: Madam Chair, can you --

MARSHALL: Yeah, go ahead.

WARD: I can hear you and I fully understand, and I understand Commissioner Santos' position. Do the emergency directives give any authority to do anything without following the statute? In other words, has the statute that requires the Board to take action, has the emergency directives there waived those statutory requirements, and I will get back with the Board.

MARSHALL: I appreciate that. And I understand, Brenda, that you're under a lot of pressure and that these are extraordinary times, but I guess, extraordinary times can require the Board to act more often and quickly and I don't want the Board to not meet its obligations, especially when these are very, very stringent times. Okay? But be that as it may, we'll get back to that and if we have to call a Board meeting quickly, you know that in these days you can call one in three days. So, but if you will go through the budget review, I think that the Board members would appreciate that. Thank you.

SCOLARI: I apologize. We would've normally presented a legislatively approved budget and not a revised budget. So, I'm sorry for not understanding there. I'll discuss it and get it rectified as quickly as possible. So, we'll return to item F, the analyst presentation of travel sentiments.

SHULZ: Yeah, thank you, Brenda. This is Kyle Shulz again for the record. I just wanted to introduce Erin Francis Cummings, who is the CEO of this nation analysts. we use their survey results to inform our projections. They're one of the things that inform what travel demand might return to. So, in order to expedite the time, Erin, if you want to take it away with your presentation.

CUMMINGS: Okay, thanks, and I will prompt with the word 'next', to advance the slides. Hello, everyone, it's a pleasure to be here with you. My company, Destination Alice, is a market research firm that provides insights that supports increasing the positive impact of tourism to communities and we're very proud to have served the state of Nevada for 15 years. I'll be sharing an update on how Americans are thinking and feeling, approaching their decision making, and behaving when it comes to travel in the period of COVID-19 from our Coronavirus travel sentiment index study. Next slide please. This study is comprised of a survey of Americans who traveled prior to COVID-19 that we have conducted each week since March 15th. A sample of 1200 American travelers from each of the four major regions of the US is collected each week. The data is then weighted to reflect geography and demographics. The confidence interval, and the top line findings that you'll see today is plus or minus 2.8 percent. What I'll be presenting on the slides today reflects data collected June 12th through 14th although we completed the analysis of this week's survey yesterday. So I'll be providing you updates on that were relevant. You'll hear me say these verbally, but they will not be on your slides. Next slide, please. In the last two weeks, Americans were faced with news of rapidly growing case counts in areas all over the country. So let's start with how safe we are feeling now to travel. Next slide, please. Starting with perceptions of the pandemic in the US, last week saw a 13 percentage points increase in Americans who expect the severity of the pandemic to get worse in the US over the next month. It has further gone up this week, so that now 50.6 percent expect the coronavirus situation to get worse and less than 20 percent expect it to get better. Next slide, please. Looking at this over time, there was a peak in pessimism about the pandemic the week of April 5th, when there was a wide gap between the number who thought it would get worse and the number who thought it would get better, but by April 19th, we approached an equilibrium which remained for the next three weeks before a gap widens again the week of May 11 as states began the opening, but we approached an equilibrium again over the next few weeks, then with the news of the growing cases and outbreaks the past two weeks, the gap has winded up once more and even more dramatically

this week, than last week. Next slide. Americans believe that the coronavirus situation will be resolved by fall registered a nine-percentage point decline in the last two weeks. Next slide. Concerns about personally contracting the virus remain elevated. Now 69.7 percent say they have some level of concern and that's up slightly from 68.2 percent last week. Next, please. Concerns about the safety of friends and family and contracting the virus also remain high with 74.9 percent expressing concern for the safety of their loved ones, and that's up from 73.1 percent last week. And another way of looking at this: for every one person who has little concern about their friends and family contracting the virus, there are now, this week, five people who are highly concerned. Next slide. Looking at the ratio of concern to unconcerned over time, we see the improvements in American safety perceptions that occurred over the previous two months. However, note that this trend has reversed course as of this week, and these ratios have gone back up. Next, please. However, the latest increase in outbreaks this week has not appeared to further rattle American sense of financial safety, although last week, and what you're seeing on screen, we saw those highly concerned about the virus' impacts on their personal finances rise to 59.1 percent, know that this week that's dropped back down to 56.5 percent. Next, please. We see the same trend in concerns about the national economy, which, while still very high, did drop this week slightly to 83.8 percent. Next slide, please. Again, looking at the ratio of travelers with high concerns for their financial safety to those with lower concerns does show an overall improvement over the last two months. Next slide. We track the safety perceptions of a number of different travel-related activities. This chart is showing you the percent who rated each of these activities we are tracking as either somewhat unsafe or very unsafe. In general, the things that you'll see at the top of this chart, which means they're commonly seen as unsafe are non-personal private transportation on experiences associated with uncertainty, crowds and indoor confinements. Casinos fall in the middle of this chart but I want you to keep in mind that this is across all Americans, and safety perceptions are likely much better amongst those who are regular gamers and likelier to improve as Las Vegas leads the way in setting the example for safe casino operations during the pandemic. Okay. Meanwhile, at the bottom of the chart, non-scene outdoor recreation road trips, seeing friends and relatives, and shopping are now commonly by Americans as safe. Next slide, please. While Americans had shown increasing confidence in the safety of these travel-related activities, this week unfortunately continued the reverting of that positive

trend. The baseline of safety ratings from when our study began, March 15, is shown in black, that's the black line there, and as you know, we had several weeks of really fine fear followed by weeks of Americans then gradually feeling safer, but last week, the proportion of travelers rating each activity as unsafe increased slightly from the week before and then it has increased again this week. Next slide, please. When asked about their confidence that they could travel safely in the current environment, while the majority of the Americans do feel a higher degree of confidence, still some four in ten are lacking in their beliefs that they can travel safely in this environment. Next slide. Increasingly fewer numbers of Americans say they are done traveling until the coronavirus situation blows over in their mind, next slide, but the proportion of Americans agreeing that they will not travel until a COVID-19 vaccine is available increased for the first time in a month last week, and then increased again this week. So now 37 percent have some agreement with this sentiment, but also in equal proportion rejected, this being America. next slide, please. Americans' optimism for fall travel has declined. Now 45 percent expect to be traveling this fall. That's down from two weeks ago, and it was at nearly half. Next slide, please. Interest in short trips in the near term retreated last week when 46.1 percent demonstrated higher levels of excitement to take a weekend getaway in the next month, down from 48.5 percent the week prior. But do note we did see this metric return to 48.3 percent this week. And on this slide, we're comparing the percent who excited for near-term travel to those who are not. If we go to the next slide, you'll see that we've seen the proportion not excited for near-term travel increase a bit and the proportion open to it decrease somewhat. On the next slide, openness to travel inspiration declined five percentage points last week but went up two percentage points this week, and excitement for a near-term getaway travel, openness to travel inspiration has also dropped over the last three weeks. It did improve this week, but it's not yet returned to the level of what it was at the end of May. So you can see why we have to do this survey weekly. On the next slide, price cuts and discounts are also a less powerful travel motivator than they were two weeks ago. When we asked if price cutting made traveling in the next few months more interesting, this week 37.1 percent agreed, which is down from 39.3 percent two weeks ago. On the next slide, in summary, expectations that the coronavirus situation will worsen in the US over the next month have increased dramatically and more Americans report concerns about contracting the virus. The consistent improvements we had seen in safety concerns for individual

travel activities stopped this week. Four in ten American travelers still remain lacking in confidence that they can travel safely in the current environment, and enthusiasm for near-term travel destination, inspiration have wanes over the last two weeks and discounts have lost some ability to motivate travel. On the next slide, so as you've been discussing, we know that feeling safe is so basic to travel right now, and information is paramount to our feelings of safety, so we examined how travelers feel about the performance of the travel industry in pandemic management and communication. So, on this slide you'll see almost 65 percent of travelers gave the hotel industry a good or excellent or very good rating for how it has communicated measures it's taken to keep travelers safe from coronavirus. On the next slide, the airline industry's performance in this regard was rated a little bit weaker than hotel. However, nearly 60 percent of travelers gave the airline industry a good or better rating for how it has communicated the measures it's taken to keep travelers safe from coronavirus. On the next slide, right now over half of American travelers consider themselves well-informed about the coronavirus-related risks that are possible when traveling, and actually relatively few consider themselves ill-informed. On the next slide, however, we can see the importance of good communication on an industry level when we revisit what I showed you earlier about confidence in traveling safely. On the next slide there's a chart showing the percent of confidence of traveling safely by the level of informed a traveler believes themselves to be. Clearly, the more information that the travelers are provided with, the more confident they feel traveling. In fact, those travelers who demonstrate high degrees of trouble readiness rate the communication of the travel industry in this environment much better. On the next slide, in summary, for most travelers the hotel and airline industries were seen as effectively communicating measures they have made to keep travelers safe and importantly, more knowledge leads to greater travel confidence. So how are Americans traveling or planning to travel in the pandemic? On the next slide, Americans are traveling and planning to. Although this week again saw some decreases in reported future travel plans throughout the remainder of 2020, research still shows that almost seven in ten American travelers has at least one trip planned or the rest of 2020. On the next slide, in terms of a deeper impact the COVID-19 pandemic is going to have on travel behaviors at least in the near term, a majority of Americans will be traveling in 2020 continue to say that they will avoid crowded destinations. They also continue to say they will avoid places with perceived sanitation issues. They are getting less likely

to say they will avoid air travel and places slow to implement social distancing, cities and specific foreign countries. Many will, however, avoid the places hardest hit by the coronavirus. So given that, let's look at which destinations that are being associated with coronavirus issues: New York, as you can imagine, continues to be the most talked about destination when coronavirus issues, although this is declining; Florida on the other hand is a different story. With its notable increase in cases (inaudible) news (inaudible) week (inaudible) California for the number two spot on this list. Two weeks ago, only 20 percent named Florida as a place associated with coronavirus issues; this week, almost half of those surveyed named Florida. I also want to mention Arizona. Two weeks ago, less than two percent named Arizona; now more than one in ten do. For Nevada, Las Vegas has actually fallen to 6.7 percent this week. The association and conversation are really more greatly centered elsewhere outside of Nevada. On the next slide, let's now look at some insight to this question. What effect does the pandemic and months of sheltering place have on destination desires? Are travelers looking for new destinations or seeking the comfort of ones that they already know? On the next slide, as it turns out, most travelers, 60.8 percent report that their next trip will be to a destination that they have visited previously. On the next slide, when asked about their interest in visiting destinations for the first time versus destinations they're familiar with, 37.7 percent reported that in this current environment, destinations they are familiar with are more or much more appealing to them. Just 17.1 percent said familiar destinations are less appealing right now. Moving onto the next slide, how does the media coverage of crowding impact aspiration for a destination in this time of COVID-19? It's something we have a sense of and many in your position are concerned about, so we wanted to provide some quantitative measurements of this. So, on this chart, you'll see that two thirds of travelers in court having seen media coverage of destinations that were overcrowded or where people were not maintaining appropriate distance from each other. On the next slide, we then asked them to think of a destination that they were interested in visiting and then imagine if they saw media coverage of that destination being crowded or people not maintaining appropriate distance from each other and asked how that would affect their interest in visiting. 61.2 percent of Americans travelers said that that would consequently make them less or much less interested in visiting that destination if, again, they had seen those behaviors covered in the media. On the next slide, for other impacts we've been tracking, 44.1 percent of American say car travel

will displace some of their air travel this year, and that's stayed virtually unchanged over the last month. On the next slide, half of American travelers continue to say they'll probably take more regional trips while avoiding long haul trips due to the Coronavirus. On the next slide, in summary, during the pandemic, the comfort of knowing a place appears to be highly valued. Much travel in the upcoming year will be two destinations with which travelers are familiar. As Americans continue to want to avoid crowds while traveling, being portrayed as a crowded place or one where safety protocols are ignored is indeed bad news for a destination's brand, and road trips and regional travel continue to be likely summer options for many. And then next I'll end with a profile well of those who are indexing as most ready to travel and be marketed to right now. On the next slide they skew Caucasian Suburban Nights and also matching with what the LVCVA found, they also are skewing male and affluence as well. They're optimistic about the coronavirus and the situation in the US. They tend to think it will improve in the next month. They also feel comfortable going out into and experiencing their own communities, and this week we learn they're likelier than the average American traveler to have already dined out and hung out with friends and even taken a leisure trip in the last month. They're likely to feel the federal government has done a good job of managing efforts in communicating with the public. They also feel like the travel industry has well-communicated measures they've taken to keep travelers safe, and they personally feel well informed about coronavirus-related travel risks and are confident they can travel safely in this environment. And on the next slide, when it comes to travel, at this moment nearly all would feel safe, taking a road trip and visiting friends and family. They expect to be traveling this fall and have definitive plans to take a leisure trip this year, including in the summer and, in fact, we learned this week that the vast majority of this group plans to take at least one air and one road trip this year. They're not going to avoid any of the travel activities we tested in the current or post-pandemic period. They're even comfortable taking bus tours this summer and they say that discounts and deals make them more interested in traveling in the next three months. And where they'd be receptive to travel marketing, we learned this week, it's particularly online on websites found via search engines, and articles and blogs, as well as email campaigns. That concludes my update on Americans and travel in the period of COVID-19. I look forward to answering any questions you may have. Thank you, and I wish you all safety and success.

MARSHALL: Thank you, Erin. If people have questions, can you please stay in the chat if you have a question? Herb?

MUN: This is Cynthia.

MARSHALL: Oh, Cynthia, sorry.

MUN: Hi, thank you very much for the presentation. This is Cynthia Mun, for the record. I did have a question regarding the more information and more confidence page --

CUMMINGS: Yes.

MUN: -- regarding the very poorly informed to very well-informed. In those numbers, I just wanted a clarification. When you say poorly informed that it says 19.6 percent and 1.7 percent, but 19.6 percent, what does that mean? Is that 19.6 percent are confident of that whole 20-something percent area, and what does that represent? So I guess, let me just try to -- so when I see that graphic, it looks like the majority of people who are poorly informed are confident, is that correct?

CUMMINGS: No, so the percentages in there are the percent that are -- if they're very poorly informed zero percent of them are very confident about traveling. So, the percentages are how confident they are and they're just showing the very confident and confident. So if you start over to the right, that that column is the people who are very well-informed or feel very well-informed about the risks of traveling in this environment and so of that group who feels very well-informed, we see that 40.3 percent are very confident in their ability to travel safely in this environment. Another 16.9 percent say that they're confident.

Mun: Okay. So, on the very well-informed, there is 100 percent in there of very well-informed and of those 100 percent, 40 percent feel very confident, and 16.9 percent are confident?

CUMMINGS: Yes, that's correct.

MUN: Okay. So then in the poorly informed, 100 percent of those people are poorly informed --

CUMMINGS: Yes.

MUN: -- but only 19.6 percent feel confident?

CUMMINGS: Yes.

MUN: So why do the graphics look sort of out of proportion? But maybe that's just the graphics. Okay. Do you know what I'm saying? That graphic there --

CUMMINGS: Uh --

MUN: -- if this is 100 percent of people who are poorly informed and only 19.8 percent, that graphic looks like it's 99 percent of those people are confident.

CUMMINGS: Okay. I can certainly look at recharting that for you.

MUN: I'm trying to understand the graphics and the numbers, and I can't seem to understand what percentage of those people are poorly informed. If those are 100 percent --

CUMMINGS: I see, I see. Oh, okay. I see what's missing. Okay. Of the American population, you want to understand what group, like the poorly informed --

MUN: Exactly.

CUMMINGS: -- represents. I see. Okay. Yes. Well, we can get you an updated graph.

MUN: Thank you.

MARSHALL: Hey, I think I texted everyone. So, the order is Brian, Jennifer, Pam, and Cindy. I hope I have you in the right order. If I don't that's your order. So, Brian, you're next.

KROLICKI: No, Madam Chair, thank you, but that question was from the budget cycle. So, I'll pass on this round.

MARSHALL: Oh, okay. Then, Jennifer?

CUNNINGHAM: I'll jump in. Erin, you spoke about people obviously being much more comfortable in doing road trips in their personal cars. Do you have research that addresses people's perception of what a viable drive market would encompass?

CUMMINGS: We do. We've asked that a few times, and I will say that the threshold always surprises people.

CUNNINGHAM: Mm-hmm.

CUMMINGS: -- when we ask them how far they're going to go on their next road trip, the last time we asked, the average was well over 300 miles.

CUNNINGHAM: You've just clicked out. How far?

CUMMINGS: I'll grab you the exact number, but it was over 300 miles when we asked them how far they would go on their next road trip.

CUNNINGHAM: Yeah. I would expect it to be even further.

CUMMINGS: Yeah, I think the last time we asked, I think 20 percent of them said that they would even go 1,000 miles --

CUNNINGHAM: So --

CUMMINGS: -- which was interesting because then we saw, national parks, western national parks, we're seeing visitation from east-coast people. So, there is a percentage of Americans willing to travel that kind of distance in their car.

CUNNINGHAM: Thank you.

CUMMINGS: You're welcome.

MARSHALL: Thank you. Pam?

ROBINSON: So, thank you. A couple of questions. One is, in the expectations for fall, the statement was I expect the coronavirus situation will be resolved. Did you define what be resolved is? Is that gone, or?

CUMMINGS: We asked that. Okay. So, yeah, we wanted to let the survey respondent, answer based on what they felt resolved was, but, Pam, that's such a great question and it's one that I kept getting. So then this week we asked people in more detail, what does resolved mean to you and the way we asked it was, how is it resolved enough that you feel some kind of normalcy that you're comfortable with, and 68 percent said when there's a vaccine, I'll feel that there's a normalcy that I'm comfortable with. And I also want to point out, 40 percent said that when people start behaving, with social distancing and face coverings --

ROBINSON: Mm-hmm.

CUMMINGS: -- that would make them feel a normalcy they're comfortable with.

UNIDENTIFIED SPEAKER: Cato (phonetic). Cato. Cato.

UNIDENTIFIED SPEAKER: (Inaudible.)

CUMMINGS: -- and I bring that up because of your earlier conversation about, doing everything you can to make sure that, your visitors are behaving in a pandemic-etiquette appropriate way.

ROBINSON: Just one follow up on that. So, you're polling people every single week, and is your sample audience different every single week, the people --

CUMMINGS: Yes.

ROBINSON: -- are different or are we going back to the same people every week to see how the same people respond?

CUMMINGS: No. We specifically request to have new people each week.

ROBINSON: Okay. All right. Thank you very much.

CUMMINGS: You're welcome.

MARSHALL: Cindy?

CARANO: Thank you. Very interesting, Erin. I went onto Travel Nevada's business website and I saw that this is available on a weekly basis to our business partners and my question is basically from Cynthia's question. Is there a question and answer? Can we chat with you so we can actually understand the methodology if we have a question about it?

CUMMINGS: Oh, certainly. Yeah. You're always welcome to contact me or our team. Yeah.

CARANO: Like, anybody on the website, is there a back-and-forth option and do we pay for this through Travel Nevada and is anybody able to -- like, my marketing team, can they come on and chat with you as to what your methodology is?

CUMMINGS: Oh, yeah. And also, we welcome you also to send any ideas that you have for topics that we can cover that can help you right now. In fact, that media question, the inspiration for it came from conversations with Travel Nevada and so any -- yeah, absolutely, our team welcomes you all to just send us anything that we can cover that will be helpful. And, again, since we're doing it every week, it's very easy for us to include it.

CARANO: How long will you be doing this every week?

CUMMINGS: I just told everyone today that given the changes that we keep seeing that we will definitely be doing it at least through July at a minimum.

CARANO: Thank you.

CUMMINGS: Yeah. And we release it every Monday through email at 8:00 AM Eastern and then present it every Tuesday at 11:00 AM, and you're of course all welcome to join us for that.

MARSHALL: Brenda, if Board members want to join, would you want to send out a number that they could call in and if there's any -- you know, I'm sure you don't want everyone -- sometimes people might need to join listen-only or whatever, if that's possible?

SCOLARI: For the record, Brenda Scolari. I'll have Kyle arrange that access.

MARSHALL: Okay. Are there any other questions? Erin, I thought that was a great presentation. I really appreciated it. That was wonderful. And thank you, Brenda, for having that brought forward. That was really, really, trying to understand where people are in their thinking. I thought that was lovely. Thank you very much. Appreciate it.

CUMMINGS: You're welcome. Thank you for having me.

MARSHALL: Yeah. And stay safe. Okay. So, I think we're on Travel Nevada's recovery plan, agenda item number H.

SCOLARI: Lieutenant Governor, we have one more presentation regarding economic forecasts from Chelsea Wahlberg, who is with the Governor's Office of Economic Development.

MARSHALL: Oh, I'm sorry. So, are we still on G?

SCOLARI: We're on F. Item F, we have one remaining presentation regarding research.

MARSHALL: Oh, I see. Okay. Sorry, guys, I was too eager here. Okay. F then. I apologize. We're still on F. Okay, go ahead.

I'm sorry.

SHULZ: Hello, this is Kyle Shulz again for the record. Again, we just wanted to introduce Chelsea Walberg from the Governor's Office of Economic Developments. She's going to run through, as Brenda mentioned, some of their forecasts, some of the work they're doing, and also kind of run through the calls that we have with them each week. There's several interstate agencies on that call. It's one of the more important calls that we have and especially me personally has each week to share data and discuss how other state agencies are looking at things. So, Chelsea, if you want to take it away? Thank you.

WALBERG: Hi, everybody. For the record, Chelsea Walberg, research manager with the Governor's Office of Economic Development, and I am so excited to present to you today. So as Kyle mentioned, I'm going to do a quick overview of our economist group meetings and some of our findings from that group and research. So, moving onto our first slide, within our economic advisory group, there are contributing economists from all over the state, all sorts of state agencies, including DETR and the chief economist, Mr. David Schmidt, DHHS, Kyra Morgan, the state chief biostatistician participates. This is organized by Bob Potts, my boss, the deputy director of GOED. From Taxation, Hemi Owens (phonetic) and Jeff Hardcastle participate. Mr. Kyle Shulz also participates from tourism, and from the private sector, John Restrepo of RCG Economics and Dr. Rowan Steven (phonetic) of SRI participates as well. Our goal in this group really is to have a well -rounded view of different statistics and what's going on in this state, in terms of COVID. Our discussions typically revolve around economic statistics, updates. Every week each economist gives an overview of what's going on in their functional area of economics. I have a COVID-19 economic impact that I provide analysis on, there's phased opening analysis based on the governor's phased openings, consensus forecasts for each of the economists, and health and economic data integration. So, I'll start with economic updates. This is just going to be a brief overview of the types of statistics we typically talk about each week. An economist or a statistician, or even sometimes Dr. Zom (phonetic) from DHHS will provide us with a health dashboard update, review anything of note. This is nothing that you wouldn't find in their dashboard that's publicly available, but it's good to set the stage for our discussions that week. And then DETR will give us labor force statistics updates. We only are able to get statistics updates from them about once a month, but in the current employment statistics and local area unemployment statistics, data is released. And then Alessandro Capello (phonetic) from that office will also provide us

weekly statistic updates on the unemployment insurance, initial and continued claims. From taxation, they will discuss tax collections data, and that data is very, very sensitive so they only discuss the public data that's available as it's released. And then Mr. Hardcastle will often provide us some survey updates from open table and nationscape just to give us some additional information that's kind of outside our typical scope. On the private sector view of the situation, Mr. Restrepo typically will provide business anecdotes, local articles, anything that he's hearing from the local side of things in Las Vegas. Mr. Steven will often provide us national statistics, GDP, stock market, those types of things, as well as global economic and health statistics. And then finally Kyle provides us with the travel survey updates, passenger counts, room rates, occupancy rates, and internal estimates. So the COVID-19 business survey that I mentioned a bit ago, that is a survey that GO-ED and pushed out to all businesses in the state and our goal was to get a gauge in real time of how the COVID disaster has affected businesses. So, what you see on this slide is essential and non-essential business distribution, and this is based on my own list of the industry codes. I went down to the six-digit level and assigned each of them an essential or non-essential designation based on the list that the governor had provided. So, these are by no means official, just my view of the situation. So, looking at the aggregate economy, the official data, if you could go back one slide, sorry -- 81.3 percent of our economy typically is in the central business and looking at the survey, 71.5 percent of people who responded were essential. So moving on to the next slide, looking at the job distribution, the actual data, the aggregate economy, 71.2 percent of employment is essential and 71.6 percent in the survey was essential so that aligns pretty closely to reality in the survey, looking at employment. And on the next slide, so this shows what happened. In the survey, we asked how many employees did you have prior to the COVID-19 pandemic and what is the expected number of employees after the pandemic. So, the pie chart on the left would be prior to the pandemic, and you can see that 71.6 percent distribution of the central employment, and post the pandemic, 79.5 percent is essential, but you can see that the pie chart actually shrunk. So, 30 percent of employment was essentially gone from the businesses that responded to the survey. So, moving onto the next slide, this is employment contraction by reaching for those 950 companies with known employment during the disaster that responded. Statewide, they expected to lose 26.4 percent of their employment. You can see that southern Nevada was the hardest hit, losing 29.6 percent, and northern Nevada realized the

least amount of contraction at 20.7 percent. Moving onto the next slide, this is statewide job contraction by industry. So, these are the industry codes. I don't think it should be any shock to anyone that accommodation and food services, those who responded to the survey in that industry, they thought they would be hit the hardest 67 percent expectation of job contraction. All industries was 26.4 percent down from prior to the disaster. Moving onto the next slide. So, what I did after I got the results of our survey, I applied the percentages of job contraction for each industry, and I applied those percentages to our actual job counts. So, this is the quarterly census of employment and wages data. The most recent data is for the fourth quarter of 2019. So this represents that data, and if I apply the percentages from what those businesses represented in the survey, accommodation and food services would have lost 215,000 jobs if that were reflective of reality, and some of these things didn't make total sense, when they were brought over that way but, I think this ended up being fairly close to reality. Accommodation and food services is a little inflated. I think it was more like 140,000 jobs were estimated to be lost in the current employment survey, from February to April, but I still think this gives us a good idea of what we're looking at in phase zero. So, moving on to the next slide, this is revenue contraction by region. So, we also requested that businesses let us know what their revenue was a year prior to the disaster and what they estimate their revenue to be a year post-disaster. So statewide, all companies were estimating about 28.3 percent decrease. Northern Nevada, while they had the smallest decrease in jobs, they were expecting the largest contraction in revenue, down 31.4 percent, and the balance of state was expecting the least contraction in revenue at 20.3 percent. And again, this is contractions by industry. Wholesale trade expected to see the greatest revenue contraction, at 56.4 percent, and utilities is actually expecting a gain of 35.7 percent, and again, you can see the all industries is 28.3 percent. So moving on to phase opening analysis, before I get into this section, I did want to clarify again, that what this is based on was I got the list of what the governor said could be open and not open and I went through all of the industry codes and assigned some designations. This is by no means an official count of anything, just some internal analysis. I also wanted to outline that these are not necessarily projections. What they are the 2019 key for data and the percentages of that snapshot of time, what would be allowed to operate or be employed under the phase-opening assumptions, if that makes sense. So this is closures in phase zero. 81.3 percent of businesses, and this includes self-employed persons, so that

data is not typically included in KCW. 81.3 of businesses would be allowed to be open; in phase one, another 9.8 percent is added to that -- allowed to reopen; and then in phase two, another 3.7 percent on top of that. So, if you're looking just straight at businesses right now, the majority of businesses are allowed to be open. Moving on to the next slide, so this is the same statistics, but rather than looking at businesses, we are looking at employment levels. You can see the figures here are a little bit sadder. 67.2 percent were allowed to be active during phase zero. In phase one, we added only 1.9 percent back to that total. And in phase two, 10.3 percent could be added in to being allowed operate and to be employed, and I think these statistics align pretty well with what our unemployment rate ended up being, about 20.6 percent inactive is a little less than the 25 percent or so unemployment rate that's estimated for May, but I still think it makes sense with these estimates. So, moving on to the next slide, this is just a quick overview of each of the phases, phase three and phase four, especially, I was guessing, what I thought would make sense to be open at that point. So, I think by phase four, we would expect that all businesses are allowed to operate because that's the new normal. In phase three, I think the majority of businesses will be back, vast majority, 0.9 percent won't be able to open yet, if not 100 percent. We'll see what the governor says at that time. Moving on to the next slide, the distribution of employment is a lot more drastic, but I do think by the next phase, we'll be seeing a lot more people employed hopefully, and like I said 100 percent in phase four does not mean that we'll be back to 100 percent full employment; it's just that 100 percent of people will have the option of going back to work, by the definition of what's allowed to be open and not allowed to be open. So, moving on to the next slide. So, the consensus forecast, these are projections, these aren't forecasts. These consensus scenario projections, each economist in our group provided what they believed the best, most likely and worst-case scenarios would be for the unemployment rate job growth, the (inaudible) volume, and taxable sales. We're thinking most likely in March 2021, unemployment rate will be at 13.8 percent. I think that's pretty likely. Most of the economists around the country I'm hearing are saying ten to 15 percent. I think 13.8 percent is probably right in there. Job growth, the most likely case was negative 13.1 percent. I don't think anybody thought we would be seeing actual growth year over year in jobs at that point. Visitor volume, our most likely was negative 29.1 percent year-over-year growth, and in taxable sales growth, we believe it will be about negative 18.9 percent, and all of these are based on our own assumptions as

professional economists. These are unprecedented times, so we have to go off our bet, for the most part. And our final slide, so Bob Potts, he took the phased-opening analysis that I did, and he applied it to the local area unemployment statistics, their employment scenario or their employment figures, and you can see a most likely best case and worst case scenario. I think all of these scenarios, where we assume that we're not going to have a second wave of the virus, at least not a terrible second wave, so most likely you can see we're at 1.2 million employment. That's nowhere near where we were in March before this really took hold, but I do think that these projections are pretty accurate, looking forward where we stand right now, and with that, I would be really happy to take any questions and I hope I didn't confuse you all too much. I believe you are muted.

SCOLARI: Unmute it, Lieutenant Governor.

MARSHALL: You know, what I said was, really brilliant.

WALBERG: Thank you.

MARSHALL: You know, if you --

SCOLARI: Oh, man.

MARSHALL: -- if you want to ask questions (inaudible) in the chat so I can see? Okay. Well, Chelsea, I really appreciate it. You know, economic step (inaudible) or not so, I appreciated your presentation. Thank you very much.

WALBERG: You are welcome. I'm so glad I could be here today. I hope you all stay healthy and safe.

MARSHALL: Oh, I think Julie Pazina has a question.

WALBERG: Sure.

PAZINA: First of all, thank you so much for the report. It was really interesting and thank you so much for putting all of the time into it. And thank you, Lieutenant Governor, as well. My question would be looking at, some of the graphs, we talk about the different industries for job contraction and everything else. Out of curiosity, when it comes to (inaudible) and conventions, which are such a huge business here in Nevada, and you think about the teamsters and the carpenters and electricians and the labor force

behind that industry, not to mention all the other different contractors, where are they included? Are they under accommodation and food services, arts, entertainment and recreation? Where would they be? Where would we find them?

WALBERG: So, the vast majority of those, artists, the people who are on stage and those performers, stagehands, all of that would be on arts, entertainment and recreation. But if you're talking about lighting, electricians that come on, even if they're just doing lighting for the stage, they actually fall under construction.

PAZINA: Okay. And I guess I'm thinking of it in terms of the teamsters that put the shows together, but do the pipe and the drape and the carpet, the Freemans, the GESs, the shepherds, the different trade show contractors that put the shows together.

WALBERG: Yeah, and it's a little bit difficult, because all of those people would be technically contracted employment so they wouldn't be counted under traditional unemployment insurance or in that quarterly census of employment and wages; they should be accounted for to some extent in what I showed you because I included an estimate of self-employed. I did actually get quite a few responses from the teamsters in that survey, and I separated them out and I did my own little analysis of self-employed persons and I would be happy to pass that on to you if you want to see it.

PAZINA: Yeah, it's really interesting to me and thank you again, cause it was a great report.

WALBERG: Sure.

MARSHALL: Chelsea, if you want to get anything you have to Brenda, and then she can get it out to the people that want it. Pam, and then Bob. So, Pam?

ROBINSON: Thank you. Thank you, Chelsea. That was very helpful. And I just need some clarification --

UNIDENTIFIED SPEAKER: -- have made that decision. We're waiting on the air races.

ROBINSON: Oops. So on, number 11, the page 11, where it's the statewide job contraction by industry, these then are not based on the actual numbers of jobs we know that were lost, these are based on people who answered your survey and said this is what we think is going to be lost in our industry?

WALBERG: That is correct.

ROBINSON: Okay. Thank you.

STOLDAL: Chelsea, before you got on, I don't know whether you saw the previous report from destination analysts. Do you take any of that because that was some really important, valuable information on travel -- is that built into any of your meetings that you are holding? Are you accessing this data?

WALBERG: Yes. Kyle will answer -- Kyle provides information every single week, on our calls. We definitely take that into consideration.

STOLDAL: Great. Thank you.

WALBERG: Mm-hmm.

MARSHALL: Are there other questions? Okay, thank you, Chelsea. Really appreciate it. And like I said, any information that people ask for, if you can just get that to Brenda and then she can make sure to circulate it, okay?

WALBERG: Yes, I certainly will.

MARSHALL: Thank you. Brenda, where are we now?

SCOLARI: For the record, Brenda Scolari. We are, at long last on item G, --

MARSHALL: Oh, okay.

SCOLARI: -- budget review and apologize for the error in not having this an actionable item on the agenda. We'll get a vote scheduled as soon as possible, but if you don't mind, let's review the thought process in the spreadsheet I sent and I'll field any questions, and we'll just review all the material now.

MARSHALL: Yeah, no, Brenda, just make sure you get with DAG and then just report back if there are things that the Board needs to do so that we can do our obligations. So, no worries. You know what I mean? I understand the pressure, but just make sure that you clarify with the DAG so that the Board meets its obligations. Okay? But yes, agenda item G, budget review. Sounds good.

SCOLARI: Okay. Let's bring it up. I'm going to bring it up on screen and I do want to say there is an error on the spreadsheet, which it does say fiscal year 2020 on the top, and it should say 21. So, what we're looking at -- well, let me begin by just kind of explaining our thought process. Once the governor closed businesses throughout the state, we had to act for the point. Our single source of funding is lodging tax and lodging tax is elected with a six to eight-week delay, so we knew we would be seeing impacts sooner than any other state department. In fact, I do have the distinction of directing the department most impacted by the fiscal crisis. Kyle gave us preliminary projections to determine changes in the short term -- so we had to eliminate external transfers and reduce internal transfers. We also met with the GFO almost on a weekly basis. Because factors related to health and the economy are so volatile, we chose the conservative approach, the conservative scenario, that we reviewed earlier. Let me kind of go through the approved, the revised, and the difference. As you can see, our cash reserve, which we have to maintain a cash reserve because we have no general fund, that is not the case for some --

UNIDENTIFIED SPEAKER: (Inaudible.)

SCOLARI: you can see that our taxes are -- which is the top line item, carries over from fiscal year to fiscal year. So, the amount, the legislator from the approved amount, is reduced because we had to essentially use some of those funds in Q4 of FY2020. Because these projections that Kyle presented are annualized, so our 60 percent projection, we realized the majority of funding revenue in potentially Q4 of FY 21, we had to break our annualized budget down month to month, to really, control expenses, through the period of no funding. So we started to see a 90 to 95, percent reduction in funding as of the end of May, and that will be reflected through the period of closure well into Q1. Payroll is a major monthly expense, and you've got to make the difficult decision of staff reductions. we have reduced pay --

MARSHALL: Brenda, you need to -- your slide is starting on line 29. You need to move it down so we can see all the lines.

SCOLARI: I'm sorry, wait just a moment. I'll have Ron adjust that.

MARSHALL: I mean, just so that we can see the line you're on, you know what I mean?

SCOLARI: Yes. Hold on. Other way. There we go.

MARSHALL: Thank you.

SCOLARI: And we'll scroll up as needed. So, these staff reductions became necessary, as did the need for payroll cuts. When the governor declared the state of fiscal emergency, I was able to invoke voluntary leave without aid within the division of tourism, so they have been taking a 30 percent temporary pay reduction since May 18th, and we anticipate that being the case, at least through Q1. We hope to alleviate that situation in September. Tourism transfer reduction, which doesn't reflect our entire projection of the 60 percent reduction in lodging tax, is still 50 percent. That has a profound impact on the cultural agencies, who have also had layoffs and and similar leave without pay, invoked upon staff. Our cash reserve will help us meet expenses through Q1 in the first quarter, and we'll assess the situation in October, once we can see what lodging tax revenue is realized. As you can see, the external transfers with the help of the governor's finance office have been zeroed out in FY21. Normally, we would have transfers of those amounts to state parks, to the film office within GO-ED, and to support, the governor's Washington office. If you could scroll up just a bit, Ron. Some of the state assessments and allocations at the bottom of the spreadsheet -- Ron, if you could just scroll up a bit, there we go -- I did negotiate with the finance office to be deferred out of the first quarter. Again, that period reflects the most funding deficit for us. So, firming those expenses at least helps us be viable through Q1 of FY21. Are there any questions? You know, I hate to go on and -- I can field questions now.

MARSHALL: And so, I think that we have a question from Brian and then from Jennifer, is that right? Or Cynthia, did you also have a question? Okay, Brian?

MUN: I didn't have a question.

STOLDAL: And I --

MARSHALL: Okay. Brian, and Jennifer, and then Bob.

KROLICKI: Madam Chair, I will have questions. Brenda, are you finished or are you just taking a pause?

SCOLARI: I'm more or less finished. I would like to make final statement about it, but please go ahead, please ask your question.

KROLICKI: Again, I feel like your med presentation and -- thank you, Madam Chair, that's still a lingering question from the previous budget, so we need to refresh your screen but, just looking at these items, I would love to see -- and before I even say these things now, you and your crew have been under extraordinary circumstances. Madam Chair has already said that, but I can't imagine -- no, I somewhat imagine cause I had to do this similar drill in 2000, eight, nine, 10. So I've been here before, but certainly not to this extent, but I appreciate all you do. So, I ask these all gently, but it's important. The breakout of the numbers is, again, to be candid, very broad. You know, for example, the \$10.8 million spread in marketing and advertising. You know, would love to see the numbers behind that because, there may be bits and pieces that we might want to break out of there so we just can't see all the decision making. So it would be nice to be able to see those items if we do come back and approve this more formally as statutes do I believe require, and also you have a negative ending balance for fiscal year 21 of the 7.6 million. Is the intent here to hope and shout for some assistance from the federal government to states and that would pour down, or is the plan to just try to knock that out in the next quarter or two when we have a clear view that that 7.6 million shortfall continues to be real, if not greater?

MARSHALL: Brian, I think that that's the difference. I think they're showing you an ending balance of -- I think you balanced it, right? Didn't you balance it, Brenda?

SCOLARI: Okay.

KROLICKI: Is this --

SCOLARI: (Inaudible.)

KROLICKI: I'm sorry. So, it is a balanced budget that you've presented?

SCOLARI: Yes. And I can say that these -- the GL column at the far left represents the budget categories that are legislatively approved and our lodging tax, then the deficit there does indicate the level at which category 31, which your (inaudible), that is a lump-sum category that represents the majority of what we expend in terms of media buys, et cetera. However, you will notice that things like the grant program, the grant funding, those are a separate category. And, turning to Angie Mathiesen here, who is our finance manager, so she may help me answer some others. This is normally the type of budget summary we bring to you. We're

happy to, give you any other level of detail related to any categories, but this it is the budget, and the extent of the detail of that we have submitted to GFO as a revised budget.

KROLICKI: Wow.

MARSHALL: Thank you, Brenda. I think that if it turns out that the Board may be involved in approving this budget, I think that what Brian's asking for, -- I think what's good is to just break out those marketing numbers a little bit more just because we did have some information on, marketing, effectiveness in terms of online marketing versus other types of marketing and the Board members may have some questions about that. I think the next person is Bob.

STOLDAL: Thank you. What I'd like to really see -- I think there's clearly two missions that we have, and one of them is to get the industry back on its feet, the travel industry and along with that is the team that does that and that's the employees both at tourism and where my little line on the org chart is, it's a museum system. I don't think that it's clear that our employees on tourism out at the museum are treated completely differently than every other state employee in the system. We talked about voluntary leave. That's a terrible term because it clearly is not voluntary. Some of the employees in the state museum have had to make the decision to where they are losing three, four days per pay period. Per pay period, not per month. That's potentially six to eight days a week in order to maintain some sort of an income level. That clearly needs -- and the same thing that goes with the folks in tourism. You're facing the same -- we're all in that same boat. But that needs to be clearly explained to the governor's office and to the interim finance committee that we have an over -- not the right term, but overabundance of layoffs that we have had to make. You look at those org charts that were sent this morning, I think. Just get down to the last one that says Nevada's (inaudible) society, seven FTEs. They're not seven FTEs. Four of those are frozen positions. There's only three FTEs and those three FTEs are working, only on a part-time basis. I think and I hope that the decision is made that a budget comes back and can be discussed. I know that you and Myron with the museum have worked hard and you've got a real challenge, but I think that that challenge needs to be put before the finance committee and a red flag with the governor. Brian was here when he had to do this in 2008. The state museum system, 20 -- or, 12 years later, we have not recovered. We have not recovered, staffing and the employees that we lost,

the great people back then for the same reasons now. We just need to make it part of a plain budget, a part of the budget package that we move forward. So, Chair, thank you for your indulgence.

MARSHALL: Thank you, Bob. Pam?

ROBINSON: So thank you and first, Brenda, I know you and your crew have had a huge challenge ahead of you and I do want to say that, as I follow on Instagram and Facebook, and that they are just out there working with the territories to promote Nevada and travel Nevada and it's been wonderful to see, and as each of the different areas, talking about how they're opening up and as we go through our phases. So, it's great to be able to have those tools during this time to still keep people engaged and thoughtful about Nevada. I have a couple of the same concerns. One of my questions was we got two of the emails about reduction in staff and then voluntary reduction in salaries before the governor ever announced his plans for the rest of state government. Did we have special dispensation to do that, or was that done at the direction of GFO? It seems like there probably needs to be some continuity and consistency among the departments so that the employees have some kind of assurance that they're not being treated differently just because of the way they're funded, cause we have all kinds of departments in the state that have different kinds of non-general funding associated with it. So that's one of my questions. The other is I am a little concerned about a couple of the non-transfers to particularly the Washington DC governor's office and state parks, because in DC, it's obviously integral to have them working on our behalf on a federal level in ways we don't have the capacity to do it at the state, frankly. And then, we are so intertwined with parks on how we do our marketing and how we're doing our promotions and working on the PR side of it. So those were a couple of concerns for me. Thank you.

MARSHALL: Thank you, Pam. I think next is Herb and then Cindy, I believe had a question.

SANTOS: Thank you, Madam Chair. I think part of this is just me trying to understand some accounting principles and in looking at the budget that was submitted, why is it that -- I was taught that when you put parentheses around a number, that was a negative number. Is that -- am I wrong in understanding that?

SCOLARI: That is correct. Yes.

SANTOS: All right. So why -- when I look at line, let's say line 21. We had the approved money that would go to the motion pictures. We're not going to -- revised budget, we weren't given any. That number does not have parentheses, yet if you go down under training and marketing, those numbers do have parentheses, when it's the same type of calculation.

SCOLARI: in response, Commissioner Santos, I believe that's because if we don't transfer the money, it becomes a positive revenue.

MARSHALL: I think, Brenda, what he's saying is that you're not transferring money to state parks and it shows up as a negative, you're not transferring money to the governor's Washington office, it shows up as a negative, you're not transferring money to motion pictures, it shows up as a positive.

SCOLARI: Okay. There is an inconsistency there. I apologize. If I could respond to some of these questions, to return to Commissioner Krolicki's question about category 31, we have yet to apply a lot of detail to expenditure within that because the \$9,000 in lodging tax revenue is a projection, and until we start to get some consistent months on which we can base better immediate planning, we really are going to prioritize those expenditures almost month to month. That does not mean that isn't the way this is normally presented. It is just a category lump sum, as I explained, but that's why we can't give you better level of detail right now. The LWOP situation, I did get authority or approval from the governor's finance office at the point at which the governor declared a state of fiscal emergency. That was done in order to limit the number of layoffs. So that went as somewhat of a misnomer, as Commissioner Stoldal pointed out, it's voluntary, yes, but it's voluntary or you don't have a job, unfortunately, and --

MARSHALL: Brenda? Can I ask, I understand that you work with finance, but did you also connect with human resources and the DAG, because I think the point that Bob brought up was that you have similarly situated employees being treated differently, and I don't want to expose the department to risk.

SCOLARI: Correct. We were very careful within the classified category that classifications were treated the same. you are correct. We did consult with agency HR and the DAG.

MARSHALL: Cause, I mean, maybe they were treated the same within tourism, but if someone happened to be working in tourism versus working in another agency for the state and have the same level, right, program manager 1 for example, they are being treated differently, which I think is Bob's point.

SCOLARI: Well, everyone, with a few exceptions within the Division of Tourism, are unclassified employees and we were careful with both layoffs and pay reductions, as I said, to work with HR and make sure that anyone who is laid off within the classification was able to take a job of a lower classification if it were available.

MARSHALL: I see. So, most of the people that were laid off were unclassified, you're saying?

SCOLARI: Correct.

MARSHALL: Can I follow up and ask -- I know Cindy wants to ask a question, but I wondered, we heard about furloughs versus layoffs. Did you consider furloughing people given the amount of fluidity of information?

SCOLARI: Furloughs, though they were announced as a proposed reduction measure, can only be approved by the legislature. So that's why we're waiting for a special session to enact those. We are hoping that once that's done that, we will be able to trade out all of this voluntary leave without pay reduction time or furlough time, which does --

MARSHALL: What about the people you laid off?

SCOLARI: The people we laid off, with only maybe a few exceptions consider those true layoffs, which is once we are fiscally whole again, we would have those people back. One of the durations also within layoffs is given we had to reduce so many of our programs this year, is -- was it appropriate to have staff employed for a year more, who didn't have the workload they formerly did? So, there was a certain amount of appropriateness and workload considered when the layoff decisions were made.

MARSHALL: Yeah, I think that's valid. Did you consider how close someone might be to retirement before you laid them off?

SCOLARI: Yes. We did do that, and we were obligated to offer someone -- I don't even believe it is associated with age necessarily, it's associated with years in state service. So we are, obligated to offer them a certain percentage of service credit as part of their payout.

MARSHALL: Okay. Cindy, I think you had a question?

CARANO: Yes. Thank you, Lieutenant Governor. My question is going back to Brian Krolicki's, regarding the marketing budget. I am asking, are you utilizing the tremendous assets that you have here in talent, marketing, or have you had a marketing committee meeting, and would you consider having a marketing committee meeting ASAP in order to determine what you're going to do with \$4.5 million versus \$15 million? I would suggest that that's where you start, before you come back to us for approval. That's my suggestion, okay? Have you had a meeting?

SCOLARI: Correct, yeah, we have a marketing subcommittee, as you know, currently chaired by (Inaudible) Brunelle who's the VP of marketing for the LVCVA, and have all sorts of incredible marketing professionals, including (inaudible) Mun's, marketing brain on that subcommittee. So, we will absolutely be doing that. Yes. I'm hoping each of you will also weigh in on a recovery plan, which kind of will be our guiding document for marketing throughout the year. So, it doesn't break out all of the expenditures yet because, as I explained, it's difficult to do until we have a little better gauge on what our revenue is going to be in the fall, but we'll certainly get there.

CARANO: We're all in the same boat. We're all operating under crystal balls right now. So, it's just my suggestion. I know this is my last meeting, but the -- that you Zoom this marketing committee monthly, weekly, however long it takes to make sure that you have a great marketing plan, use your resources. I mean, you have some tremendous assets on this, Commission.

STOLDAL: Madam Chair? Stoldal for the record. Brenda, this is a process question. You said this is going to be presented to the interim finance committee. When, and will you present it or will it be for through the governor's office or what will the presentation be?

SCOLARI: Commissioner Stoldal, I have to admit some ignorance in this, in that I just learned of that, that all of the budget reductions would be brought before IFC on Thursday. That's every state department, all of the proposed reductions. So yes, I will be on the call. Myron Freedman will be -- all of the agency heads that would be on the call.

STOLDAL: I guess my question really is, what -- is interim finance committee going to say yes, that's okay, that's the budget, they're going to approve that, or is it simply going to be a presentation, because if it's Thursday, this Commission doesn't have enough time to weigh in on a official vote of the budget.

SCOLARI: And I'll go to our analysts with the GFO and ask that very question.

STOLDAL: Thank you.

SCOLARI: I was somewhat confused about the IFC's process on Thursday versus the special session and what would be decided about state revenues, just generally.

STOLDAL: So special session is not going to be put off until July? Chair, thank you very much.

SCOLARI: Correct.

MARSHALL: Okay. You know, Brenda, I think that the same thing happened to the lieutenant governor's office and so, I understand that it's kind of all moving quickly and part of that is because of the situation everyone's facing. The one thing I'm concerned about is if you can just get with the DAG and understand whether the Board has to weigh in prior, see, cause you can, of course, to the IFC and explain that a process has to be done and we can try to do it as quickly as possible, to try to keep this going. I think that Cindy brings up a great point that you have resources here, and I think people want to help, and want to make sure that tourism is -- and cultural affairs is positioned as best it can going forward. So if you can try to do that, I realize it's hard, you're in a rock and a hard spot there, but if you can just try to do that before. One of the issues that has come up I know in my department, in the lieutenant governor's department, is that for us, if you are furloughed, just like Jennifer was saying, then you get benefits. You get your PERS, you get your health care. If you are in some other capacity, you lose those. If you're laid off, when you restart, you may have a different, percentages applied to your PERS because it's a restart time. The formula may be different. All those things, when we have the kind of unemployment we have, right now affects both that individual and their family, but ultimately affects our economy also, which is one of the reasons that I was asking you about, furloughs versus these other things, because as much as you can, we want to keep some sales tax, property tax, revenues working in this economy and we also don't want, people in this

department of tourism bearing on their shoulders much more water than other people in other departments. So these are awkward things right now and I think the Board would like to be able to ask questions that may help you through them, so whatever you can do to try to get back to us as quickly as possible so, we can --

SCOLARI: Okay.

MARSHALL: -- (inaudible) and help you if we can, and perhaps make your life slightly more (inaudible), but, so. Are there other, questions, people?

SCOLARI: About pay reductions and layoffs, and as I said, some of those decisions are also driven by programs and workload and just the alignment, of that. I would like to address if I could, Commissioner Robinson's --

UNIDENTIFIED SPEAKER: (Inaudible.)

SCOLARI: -- transfers.

MARSHALL: Yes, please.

SCOLARI: I do have to say that though, and certainly state parks, we consider a partner like no other, and we have been working with the governor's Washington office, to understand federal funding (inaudible) home office also. It's not that we're deprioritizing their importance, but when I've had to reduce the tourism transfer internally and see the hardship and the loss within departments that I supervise, it's very difficult for me to substantiate (inaudible) tourism dollars that don't yet exist, to other departments. I hate to put it that way, because as I said, I don't want it to prioritize any funding source or their mission. I believe in them too, but it was a necessarily decision and I did have Susan Brown's help in talking to department heads about those losses, and how they would recoup them within their budgets.

MARSHALL: No, I appreciate that. I know this is difficult. I've been there. I recognize how hard it is to make these decisions and those are important. Everything has to balance so.

SCOLARI: Yeah. Well, if there aren't any additional questions --

MARSHALL: Yeah, we can --

SCOLARI: -- I'll revisit this, as soon as this meeting ends, with the DAG and try to get at an answer and then see how we can make that change within the IFC agenda quickly if necessary, so we can get this voted and move forward with it.

MARSHALL: Thank you, Brenda. Okay. So, did you want to -- so I want to be mindful of people's time. I knew it said it said 1:00 to 3:00, I think was the idea. Are we okay? We have a couple more things. Is the Board okay moving forward? Okay.

SANTOS: So, Herb S -- yeah.

MARSHALL: Okay. So, agenda item number H, then, possible action Travel Nevada recovery plan.

SCOLARI: Well, let me just introduce this with, if you could bring the plan up. In the world before COVID, we would normally be bringing you our strategic plan for the biennium. Our funding and focus with tourism partners, within recovery, is to meet their needs in this changing industry. Our essential programs will inspire and support tourism efforts that fit the new travel environment that -- one that will address ongoing health concerns and limited expendable income, in a possible recession. We are confident however that Nevada is well positioned to be the destination of choice for those eager to indulge spirit of freedom and the open road. With that, I will pass it on to Emmy Kawchack, our chief marketing officer, who will step you through the first part of the recovery plan.

KAWCHACK: And this is Emmy Kawchack, for the record, and I'll just briefly go through, the (inaudible) brand portion of the presentation. Our core value of freedom positions does really well. As people begin to look for more wide-open travel experiences, we must be sure that all of our creative and content remains consistently aligned and promotes safe travel and will continue to be fluid in our ever-changing environment. We'll continue to carefully monitor travel or sentiments, as destination analysts went through today, work with other state and federal agencies, and continue to have our partner updates. The key to making sure we can efficiently market to potential visitors will be watching visitor behavior now, not just in person, but in the digital space. We want to make sure that we are listening to what potential visitors are searching for and how they are consuming content so we can raise funds and pivot as needed. Engaging our audiences through CRM functions, like email, gives us an opportunity to speak to those who are interested in exploring Nevada, providing them the most relevant information so they can make the choice to visit. It is

important that our programs remain tightly tethered to the overall brand. We are not in a position to essentially throw against the wall to see what sticks, so we'll be continuing to take those opportunities to A, B, C, D test in our own environment so we just anticipate results when we are in a position to start spending money. So, I'll pass this over then to Christian to talk about the next section, which is destination development.

PASSINK: Good afternoon. For the record, my name is Christian Passink and I'm the director of sales and industry partners for Travel Nevada. The Travel Nevada rural programs for the most part include the rural marketing grant program, the projects relating to tourism infrastructure grant program, the administering of the six volunteer territory organizations, and putting on the annual Rural Roundup conference. But what we are missing is the destination development program. We want to start making changes to how we approach our real programs to ensure that the tourism industry throughout Nevada has a more positive financial impact on a broader group of Nevada communities. We would like to start to make the long-term investment in our rural communities to improve the visitor experience in a sustainable and environmentally responsible way to create an improved visitor economy that doesn't harm the character or livability of our unique communities, sensitive areas, historical and natural resources. We would like to get our local convention and visitors bureaus and other tourism promotion organizations to start thinking more in terms of becoming destination management organizations as opposed to destination marketing organizations so that they can better manage, develop, and promote the attractions and natural resources' points of interests that are available in each community. We would like to see our constituents start to develop long-range, tourism-based community planning, and as someone who has been involved with these programs and these communities since 2008, I only wish that we would have started this sooner. We have a lot to offer our visitors in terms of outdoor recreation but feel that we need to do a better job of converting a visitor and an activity and the economic benefit for our rural communities because that leads to jobs. We have identified as Lincoln County and the city of Caliente as a destination that has met all of the criteria and we will use this as a pilot program to assist us in gaining the knowledge that we will need to use these techniques and strategies to transfer over to other communities. This is a large endeavor and will require strong partnerships so we will be working with the Governor's Office of Economic Development, the

Bureau of Land Management, the Governor's Office of Outdoor Recreation, our main-street programs, the Nevada Silver Trails Territory, Cooperative Extension, Lincoln County Community Action Team, Lincoln County, and the city of Caliente. On July 9th, the Travel Nevada sales and industry partners staff will undergo our first interactive destination development workshop via Zoom. Fortunately, a lot of this training and preliminary work can be accomplished remotely, but we are definitely looking forward to getting back out into our rural communities as soon as possible and assisting them with our long-range planning. The feedback that we have received from our industry partners about destination development programs has been overwhelmingly positive, and they are all looking forward to participating and we look forward to reporting on this, at the next Rural Roundup in Virginia City in October.

KAWCHACK: This is Emmy Kawchack again, for the record, and I'll go through the Discovery of Nevada portion of this. I know that a lot of you have seen Discovery of Nevada as a campaign. It's taken many forms over the years. Our fellow Nevadans has supported businesses over the last few months due to COVID with neighborhoods rallying around to-go orders from mom-and-pop restaurants and ordering Nevada Pride gear online. Discovering Nevada is by extension buying local. Educating Nevadans about what can be experienced closer to home is timely for both health and economic reasons. This hometown tourism effort can extend beyond traditional tourism marketing efforts and will rely on local publications, production companies, and business groups to implement successfully. No and low-cost marketing tactics will be implemented. So, over the last few months, we've been building our audiences, to allow future efforts to be very targeted. Our content is relevant to all travelers, but the voice and tone changes for the local audience. Highlights will include reasons to stay overnight, spotlights on local communities and points of interest, (inaudible) road trips, and even competition between Nevadans to out-Nevada each other, which we all like to do. Work with partners will continue to be key as well as discussions with instate tour operators and travel agents. We're also in collaboration with Nevada Magazine, our cultural agencies, and the department of education for our curriculum program to implement next year in the fourth-grade classrooms, and I'll pass it over to Brenda to talk about public affairs.

SCOLARI: So public affairs are always paramount in a legislative year and with the economy is so changed, or so devastated, we will want to underscore the importance of tourism in small communities and how it always invigorates and enhances the quality of life for both residents and visitors alike. So, we will be communicating with stakeholders and lawmakers about the programs outlined in this recovery plan, their effectiveness to progress, and then of course be ready to defend, whatever our three-eighths of one percent (inaudible) tax looks like in January. But public affairs will very much be a part of each of the programs outlined here. I think now, I'll hand it over to Christian.

KAWCHACK: No, it's me. I'm going to talk about domestic markets.

SCOLARI: Oh, sorry. Not very -

KAWCHACK: I'm sorry. This is Emmy Kawchack again for the record. Domestic marketing efforts will as always be data informed. you saw a lot of the data that we're using right now to inform our decisions moving forward. We will continue to use that sentiment, research, and monitor performance and interest on search and social, and also keep a pulse on our DMO partner efforts to determine the best, most strategic opportunities available to us within our limited budget. Our ability to build audiences and target markets has continued and we will reevaluate all marketing opportunities. Rich alliances through our own channels and through search efforts will be key and cost-efficient and we'll also start working on efforts to complement our smaller, but relevant (inaudible), sell to an industry partner who will identify affordable and productive. He could be in consumer shows, taking into account the dry market, and then we're going to move into the short haul before moving to longer-haul markets. The industry has shifted to the virtual world and we just in fact hosted a virtual media film last week. These efforts can also be implemented for virtual training webinars for travel agents and tour operators. We'll also be looking at new travel itineraries that are self-guided, and the SIP will be talking to their counterparts in other states to build borderless drive itineraries. We're seeing a lot of states embrace the road trips, just like we have over the last several years for decades since I've been here, and our content can be layered and customized dramatically to add a unique edge to each. So, I'll talk (inaudible) over to Christian to talk about --

MARSHALL: Emmy, can I just ask you a question?

PASSINK: For the record, Christian Passink, director of sales and industry partner.

MARSHALL: Can I --

PASSINK: I would like to give an international update.

MARSHALL: Christian, can I interrupt you for a minute?

PASSINK: So, this has certainly been an unprecedented time for the travel industry. Never before have we seen entire continents with all inbound and outbound travel suspended. Right now, Travel Nevada maintains ten international contracts, so I would like to name those off for the benefit of the group, and for the record, the contracts we currently have is Australia and New Zealand, Latin America, Canada, German (inaudible) Europe, which includes Germany, Austria and Switzerland, France, the United Kingdom, South Korea, Japan, China, and India. So, you can imagine that we've been monitoring this situation about as closely as we possibly could, especially starting out with our Chinese office. We realized early on that this is going to have major ramifications to the travel industry, so we started early on discussing with our colleagues, with the LVCVA, Travel California, LTDA, and other similar organizations that had international programming. What we realized early on was that this was going to be long, and it was going to be deep. So, any thought of leaving money in any of these accounts quickly went away, because the uncertainty was so much that we felt any spending that was going to be done would be much better spent on the other side of this crisis than anything beforehand. So, the good news is that eight of these ten contracts have just signed four-year contracts. So as of June 30th, it will be the end of the first year of a four-year term. So, we have the benefit of time and patience when it comes to the international offices. The two that aren't on that same cycle would be Latin America and China. The Chinese contract will expire December 31st, and the Latin American contract is good through June of 2021. We felt that as we knew that there wouldn't be a lot of international or any international promotion in the near future, there was still a lot of benefit to maintaining these offices, cause we're not sure which parts of the world will come online before others, so it gives us a lot of flexibility to be able to open up new markets and ramp things up in areas or take advantage of certain situations as they arise. We keep constant contact with them. For the most part, the reps have been furloughed as well, so most of the contact is with the general managers or owners of these

businesses. We've had them come back with supplemental plans just to try to get a ballpark figure of what easing into this market would look like. Obviously, we think we would open up with social and with PR and to try to move fast and frugal in areas where they make sense, and we would follow our partners with the LVCVA and look to start to see the resumption of normal, reliable, long-haul travel. So until then, we continue to work with them, keep them updated, and for the most part, we feel that once we build a more permanent budget, we're going to have to make some difficult decisions at that time where we feel that we won't be able to fund ten international offices fully, and so we will work our international partners to try to find ways to tier these markets, maybe scale back on some of them, and maybe do project-only situations in some markets so we can still take advantage of certain opportunities. I think that that's pretty much the status report for the ten offices, and I'll turn it back over to Director Scolari.

MARSHALL: (Inaudible.) if you have questions, can you guys, put it in the, -- Julie, did you have a question?

SCOLARI: I'm sorry. I said on mute that we do know the recovery plan to be a living document, so it will be updated regularly and, kind of our guiding document for the marketing efforts, post-COVID. Are there any questions?

MARSHALL: Yeah, I think we had Pam and Julie, so Julie, do you want to go?

PAZINA: Hi, thank you, Julie.

SCOLARI: Governor, I can't hear you very well.

MARSHALL: Okay. I --

UNIDENTIFIED SPEAKER: (Inaudible) we can hear you fine. It just seems like the (inaudible) can't hear you.

MARSHALL: Okay. Julie, why don't you go ahead?

PAZINA: Hi, this is Julie Pazina for the record. Thank you so much for the presentation. In regards to the (inaudible) portion, (inaudible), was one of the plans for the partner to (inaudible) you letters and social media for constituents? I feel like coming into special session, even just in the next few weeks and into the future, when you're looking at legislative priorities, the best possible way we'll be getting all this information out to as many of our partners as we can. I don't know if there's an email list that

we have, but the US travel associations had so much success with this as have a number of other industry associations like IWE and IBM. So, I would love to see if we could include that here.

SCOLARI: Yes. Absolutely. For the record, Brenda Scolari. We do have industry partners, database and newsletter. So we will be using that, regularly the coming year.

Pas: Great. Any templates we can get out to our partners? You know, there's obviously the finder legislator tool, but any template for social media and for letters is going to be incredibly helpful.

SCOLARI: Absolutely.

MARSHALL: Pam?

ROBINSON: Thank you. Yes, that was one of the things I was going to mention as well. I think that as Cindy said before, you've got a vast variety of talents and experiences and expertise on the Commission, that this is an area where I think you'd know if it's helpful to you to tap us to help in some of those conversations with particularly the legislature going into special session and different partners, that would be a good place to utilize some of our different talents. The other thing I was looking at, we didn't really go over the organization chart with some of the boxes that are vacant and not but – the document that you guys have put together, I really like this new brand type. It's not a brand, I know, but I'm not using the right word. But it is full with references to PR and it looks like from the org chart, the PR department of Travel Nevada has been eliminated. And so, I'm wondering how we're going to do this terrific PR effort where we don't have the PR structure that was in place before.

SCOLARI: I can address -- I planned on addressing this, Pam, in the staffing changes item under division reports. I can do that now if you'd like, but in reference to your thought about utilizing the Commission, I will absolutely do that, and plan to have you on speed dial.

ROBINSON: Just don't hesitate. You might be hesitant to reach out, but that's what we're here for.

SCOLARI: Lieutenant Governor, would you like me to address the org chart now, or under --

MARSHALL: I think since it's this is for possible action and the org chart is not, I think they need to keep them separate, but, I think, Bob, you had a question?

STOLDAL: Yes. When you went over global partners, and the two that were -- Latin America that expires next year, I think in March or April, but the one that expires this year is China. So basically, we're shutting down any connection with China, at this point? Is that the decision was made, how?

PASSINK: Contract with East West Marketing this year was up for RFP this year. When the COVID crisis hit, it was almost right in the middle of when other firms would have to start their RFP process and start to pitch for this situation. We figured that it was important for us to maintain consistency.

STOLDAL: I'm sorry, who is talking? I can't --

PASSINK: -- but we extended their contract for six months. Does that answer the question that -- the East West Marketing contract with China was extended to December 31st to get us through this crisis basically. I have a feeling that if the way things are going, that we would probably let that contract lapse and not go out for RFP for China until further in the future.

STOLDAL: And, Brenda, is that your decision?

PASSINK: Can you repeat the question, please?

STOLDAL: Brenda, is that your decision? I mean, who makes the decision which global partnerships we should move forward with and not?

PASSINK: That decision is made between Director Scolari, Deputy Director Kawchack, myself, and the market managers.

STOLDAL: I'm sorry, who's speaking? I'm sorry. I can't hear him.

UNIDENTIFIED SPEAKER: Believe it's Christian.

SCOLARI: That is Christian Passink. He is the director of our sales and industry partners' team. So his staff oversees all of the international markets

STOLDAL: All right. Thank you.

MARSHALL: I think that, Brenda, if you could find out what goal the Board has in -- I think that you bring the contracts in front of us so whether or not the Board has a role in providing you information and direction on which contracts we should keep, or which we should let go, would you also find that out?

SCOLARI: I will. We haven't historically brought contracts before the Commissioner. They're of course approved by the Board of Examiners, and that will be a consideration in the coming year. I know we had an item before them this month that had to be withdrawn because of its size, just based on the circumstances, so we'll have to be aware and gauge the appetite for some of these larger contracts, but we will certainly bring that thought process before the Board and include you. I think there are so many changes ahead. The thing -- international markets, the -- it's a big conversation.

MARSHALL: And then can I ask you in the budget that you've presented to us, what percentage of those marketing costs are currently be used to simply maintain international offices at this time?

PASSINK: At this time, we're not incurring any costs. We asked each international office to close out their books as if it were the end of the fiscal year. They don't expend any money until it's approved by a market manager from Travel Nevada. So, what would have to happen in order for them to start spending money is we would have to approve a scope of work and we would have to give them budget authority to a certain amount. So every time they go to execute one of the efforts on their strategic plan, they need approval from the market manager to do those expenses. So right now, we're not expending any costs whatsoever of the international offices. So, they are all officially on pause.

MARSHALL: I'd like to thank you for that information. If I can ask, on the domestic markets update, there was discussion between short haul and long haul, and I wondered what those definitions are that you're using, because we heard earlier that people were willing to travel over 300 miles, and so I just wondered in domestic markets, when you talk about short-haul and long-haul travel, what were your definitions?

PASSINK: For the record, Christian Passink. The definition of a long-haul flight is any flight that's over six hours in duration.

MARSHALL: I'm sorry --

PASSINK: That was considering too, for the most part, is international flights.

MARSHALL: Yes, I'm talking about domestic markets. Emmy mentioned it in --

PASSINK: Yeah.

MARSHALL: -- (inaudible) presentation.

KAWCHACK: This is Emmy Kawchack for the record. We're defining short haul as our drive markets and also known markets, our regular markets that we're in. Right around March when we were supposed to have our last marketing committee meeting, we were planning on talking about expanding our markets, and that was going to be a big discussion point. So any new markets for us, like long haul, I know, for example, Reno looking at Atlanta, that would be put on hold for a while until we can kind of look and see what the interest level is and if there's the ability to fly here.

MARSHALL: Okay, thank you. Are there any other questions of Board members?

KROLICKI: Madam Chair -- it's Brian Krolicki. This is to both Christian and Brenda. I know you don't have resources to do certain things, but not to repeat the theme, but you've got decades of experience and relationships on this mission to help you and even if funds are not available to, for example, the international markets, again, I totally accept that, that is a discussion. That is a budget decision that has been put forth to Board before, certainly in years past and perhaps the relationships, the Board members often were on the RFP committees, there were regular updates at our quarterly meetings, certainly at the governor's conference, so the relationship between the international and this Commission has really lagged a little bit, a lot of it's because of the current circumstances. So again, I don't want to complain without a solution, but engaging this Board, these Commission members on these kinds of decisions, there should be a strategy working. And I think, Christian, you even touched it quickly, but with LVCVA and Steve Hill less so, but the Reno folks, the California folks, we're all in the same boat, but what is the strategy not to lose some kind of

presence? What are these partners willing to do to get from here to there? They're not excited about not -- they wish to get paid, but they also understand these are extraordinary times and come early next year, I think goodwill will help them. So again, I just think the game plan, the strategy is important and another reason why, perhaps if we can break out some of the budget items and again, that spreadsheet, Excel sheet's a little hard for me to still to read, but, just break these out so we can have a handle on them, know where you have to jettison, know what is at risk and how we might be able to bridge the gap from here to there. But, again, I think these dialogues are incredibly important, Brenda. Use your Commission, please. Thank you.

MARSHALL: Thank you, Brian. And – I mean, this has come up before, Brenda, where I think you're really hearing the Board say that they would like more communication, and that they would like to be able to participate more and have a little bit more, transparency. So, I know we're in extraordinary times, but we've had this same discussion before, so we really need to bridge this a little better going forward, you know.

SCOLARI: I agree, and I hope it was appreciated that I did send communication to the Board in between Commission meetings and honored my promise to do that, and I will get to the bottom of this contract issue. It's not a preference or a -- just in the length of time I've been here, contracts haven't been brought before the Commission, but again, let's revisit that and let's talk about how to involve the Commission more. I'm absolutely willing to do that, Lieutenant Governor.

MARSHALL: I appreciate that. So, this is for possible action. So, do I have any more Board questions before I'll take a motion? If not?

UNIDENTIFIED SPEAKER: I'll make a motion to accept the -- let me make sure I get the title right -- the travel Nevada 21 Recovery Plan. Okay, some of the comments that had been put forth by Commissioners, for approval.

MARSHALL: Okay. do we have a second?

MUN: Second.

CARANO: Cindy Carano. I'll second it.

MARSHALL: Okay. So, I have a motion and a second. Do I have any discussion? All right. Hearing none. All those in favor, say aye.

SPEAKERS: Aye.

MARSHALL: Any opposed? Okay. So, I don't see any sad faces, so motion passes. Brenda, I realize that you and your staff are doing extraordinary work in extraordinary times, and we're having these conversations and some of them are a little difficult, but it's all with the idea that we want you and, DCTA to be the best it can be and we support you. Okay?

SCOLARI: I absolutely understand that. You know, we're on the same team.

MARSHALL: Okay. Moving then to discussion, I, the Nevada Division of Outdoor Recreation.

SCOLARI: For the record, Brenda Scolari. I wanted to explain, before I hand it over to Megg Mueller, who's the -- oh, it's Colin. Oh, I'm sorry. I'm stepping ahead. Yes, item I is, Colin Robertson, who we are honored to have give a presentation related to the Nevada Division of Outdoor Rec, which will be a partner for us moving forward, and is part of the destination development program that we just outlined in the recovery plan. Welcome, Colin.

ROBERTSON: Thank you so much. Can everybody hear me Okay? Thanks very much. Madam Chairwoman, Lieutenant Governor.

MARSHALL: Please tell me you're not really outside in that beautiful location, because if so, we are all very jealous.

ROBERTSON: I really want to be, but it's a virtual backdrop of the (inaudible) Canyon, in Lincoln County so.

MARSHALL: That makes me feel so much better.

ROBERTSON: Madam chairwoman and Lieutenant Governor Marshall and Director Scolari, thank you so much for having me, and members of the Commission on Tourism. I appreciate the opportunity to visit with you and I know a number of you from other parts of my professional life, so I'm glad to see you in virtual ways here today, and to talk a little bit about the exciting opportunity adventure that I have undertaken as the inaugural administrator of the Nevada Division of Outdoor Recreation. I want to say at the outset thanks for hanging with me. I know you're well beyond time expected for this meeting, so I'll try to keep it efficient and brief.

So, the Nevada Division of Outdoor Recreation is new, a new division in the Department of Conservation and Natural Resources. It was created in the 2019 legislative session through assembly bill 486, which was carried by Assembly Person Maggie Carlton. That legislation passed and created my division, and my role as the administrator, for which I'm extremely happy and grateful. At the time that it passed, the governor also designated Deputy Director Dominique Etchegoyhen from the Department of Conservation and Natural Resources to sign Nevada onto what's called the Confluence of States, which is a kind of informal association of the states with offices of outdoor recreation that have been created largely in the last three years or so, and there's a guiding kind of document framework for that association of states that's called the confluence accords. They're not particularly really binding, but it's an agreement, sort of informally agreed to by those states with offices of outdoor recreation to stand them up and to operate them in a more or less uniform way, and there are four pillars of that confluence accord which I thought I would just outline for your awareness briefly, because it ties into what I'm here to do, and what I'm here today to talk to you about. So those pillars are upper recreation oriented economic development, which is also, as I see it, kind of the business case for conservation as we know it. The second pillar is conservation and stewardship, particularly meaningful in light of the fact that my role as an administrator falls in the larger department of conservation and natural resources. The third pillar is health and wellness. And the fourth pillar is education and workforce development. I should say that underlying and kind of embedded across all four of those pillars is I think an important diversity, equity, and inclusion value and commitment that is embedded in each one of those pillars. So, it's not a separate pillar from those four areas of focus, but embedded in each of them, if that distinction makes sense. I want to just explain a little bit about why offices of outdoor recreation have been popping up in states across the country. One of the primary reasons has to do with the economic impact of outdoor recreation. So there are a couple of national studies that are very important and recent, but depending on which of them you look at, you get different kinds of detail, but according to the Bureau of Economic Analysis, there's about a \$427 billion – with a B – economic impact annually across the United States, in terms of outdoor recreation, and in Nevada, according to that same Bureau of Economic Analysis, that represents about \$4.5 billion worth of annual economic impact. Just as a kind of reference, that compares favorably to construction, which nationally is about a \$780 billion industry, and in Nevada

is about \$7.5 billion dollars annually, and that's important to understand in terms of overall gross domestic product as well. So, in Nevada, that percentage of Nevada's GDP that's tied to outdoor recreation specifically is about 2.8 percent, and that's greater than the national average of 2.2 percent. Some states go as high as 4 percent, and some states as low as 1.5 percent. But in Nevada today, this is pre COVID numbers, of course, there are 57,000 outdoor recreation jobs in Nevada across all industries. That would include jobs like, for example, RV dealership, salespeople, as well as state parks, rangers and so forth. But it's a significant number, and the impact about the recreation is only growing, and that's one of the kind of clear reasons that offices of outdoor recreation have been beginning here in the last several years. Second is kind of tied to the conservation ethic and it is important to note that my counterparts in other states, about half of them are housed in governor's offices of economic development, about a quarter are housed in departments of tourism, like Travel Nevada, and another quarter are housed in departments of conservation and natural resources, and I think it's very important in Nevada that, especially given the high percentage of our public lands and waters that are managed and maintained by federal partner agencies, that in the end, Nevada's Office of Outdoor Recreation landed in the Department of Conservation and Natural Resources. In part, that is also because in states where those offices have existed in other departments, I think are facing serious challenges and even threats to some degree, around the conservation side of things, because the land and water resources that people use as outdoor recreation destinations, if you will, are in some cases just too highly visited, too much of a good thing is loving a place to death, and that lends into tension with visitation. So, it's an interesting kind of fine line to walk, I think, between that preservation and conservation ethic and the outreach and publicity and engagement piece. I want to also just touch on two of the other two pillars, health and education, briefly to say that, in Nevada, I think there are -- so Nevada is, as we know, sometimes on the bottom of a lot of good lists, on the top of a lot of bad lists, when it comes to specific kinds of indicators, and that's particularly true of public health and wellness indicators. So there are quite a wide variety of research indicating certainly the correlation, if not the causation of, experiences in green spaces and outdoors having a very beneficial and positive impact on people's health and wellness, and I think that's been particularly clear during this COVID situation. People have come out of the woodwork to be able to be outside, and that's one of the few things that people could do during the most severe

portions of the lockdown without causing themselves increased risk and/or not abiding by the governors' or the federal guidance from the CDC regarding the coronavirus situation. Also, I think it's very exciting that in Nevada, we have, for example, in the Department of Health and Human Services, an office of minority health. And so those health indicators that I was referring to are even more stark for minority populations across the country, and Nevada is certainly subject to that as well. So, I have started a really nice relationship with the Office of Minority Health, looking at ways that we might be able to integrate some of our efforts between health indicators, for the general populace of Nevada and Nevadans and outdoor recreation opportunities. And then finally that pillar of the education and workforce development, there's a lot going on as we all know, in this moment of difficult economic circumstances and uncertain economic futures, but there are I think some very interesting opportunities to see outdoor recreation as a more sustainable economic development strategy moving forward, and certainly as a recovery and revitalization strategy going forward, and, I think from an education standpoint, there's opportunities in Nevada to engage with outdoor recreation as an industry, for long-term education and workforce development goals, so I'm pretty excited about that. There's some more sort of preliminary irons in the fire as it were, to try to make Nevada a centerpiece of trail building and trail building training and education throughout the west, which I'm excited about. And I just wanted to mention also the University of Nevada Reno has annually held for the last eight years what's called the Sontag Entrepreneurship Competition, which was won last year in 2019 by an outdoor-recreation-oriented company called Stern Designs, which designs and manufactures kind of overland and van-life inspired vehicles, and the first of their prototype vehicles was completed here this spring. That speaks to the economic impact in Nevada of the wide range of businesses that operate in the state. So I think she had to step off the line a bit ago, but Chelsea Walberg has been instrumental in helping me identify a list of all the businesses in Nevada across a wide range of categories for the diverse array of businesses and companies operating in our state that are tied out to recreation directly and that's a pretty exciting story to be able to shape and tell, for the next legislative, session. I will say -- I'm sensitive to the time, so I want to just keep this brief and say that I'm honored that Lieutenant Governor Marshall is also the chair of the Nevada Division of Outdoor Recreation Advisory Board, and a number of the people on this call are also connected to that advisory Board indirectly or directly, including Director Scolari.

I'm very excited about the prospects of how outdoor recreation and tourism and Travel Nevada will have to overlap, because I think this destination development program is specifically linked very directly to some of the work that I've begun doing pre-lockdown in communities like Caliente and Ely in particular, as well as Boulder City and elsewhere in the state. So, I think I'll leave it at that and say that I, again, really appreciate your willingness to hear some words about outdoor recreation in Nevada, and glad to see some of you in your digital app avatars and, look forward to working with you as we go forward. Certainly, happy to answer any questions that there might be as well.

MARSHALL: Thank you, Colin, and I see that -- so Colin gave his email also in the chat, but if anyone has any questions -- does anyone have any questions of Colin? He's doing a phenomenal job.

STOLDAL: Chair Marshall, that was just great. I was going to -- that was an excellent presentation and overview, and, I was excited this office was created and it was great to at least hear and see originally what -- that sounds great. So thank you for all the work you've put in and look forward to successes in the future. Thank you.

MARSHALL: Cindy, did you have a question?

CARANO: Oh, I'd just like to mention to Colin that I didn't recognize you. A little bit outdoorsy there. You took it on. but welcome to the Commission and to, Travel Nevada and congratulations, and good luck to you.

ROBERTSON: Thank you so much.

MARSHALL: Any other, questions? Thank you, Colin, I really, really appreciate it and I think you're pretty amazing and I'm not even commenting on that beard, so.

ROBERTSON: It's the corona beard.

MARSHALL: Okay. Okay. All right. And so that was for discussion only. Again, thank you, Colin, and thank you for waiting. I realize that our -- we're kind of a little later today. Let's move to, agenda item J, which is Nevada Magazine.

SCOLARI: Yes. For the record, Brenda Scolari. I just want to queue up Megg Mueller, the managing editor of Nevada Magazine. I got her (inaudible). She'll fix that for me. Last legislative session, the finance committee asked us to devise a strategy

for ad revenue. Because the magazine operates as an enterprise fund, they are expected to be self-sufficient. So in March, I gave a preliminary report to the LCB about this process we undertook, and in September, I will have to report again about the conclusion and the report itself, which Megg is about to summarize for you. So, take it away, Megg.

MUELLER: Good afternoon, everyone. Megg Mueller, Executive Editor Nevada Magazine, for the record. I took over the publication's leadership in March, when our publisher, Janet Geary retired, March 11 to be exact. So, I have great timing. But we have been working with the Coraggio Group since January to discuss the future success of Nevada Magazine and in the handout that you have on the screen and in your packet, you have our insight report and our final scenario report. So, you've got tons of information about what we've been looking at since January. I'm going to share with you today the short and sweet summary of what we've decided to embark upon for our future success. So part of our discovery process was to reach out to our readers and our advertisers, along with the stakeholders of the magazine, and it was the first time since 2011 that we've done a reader and an advertiser survey, and the results were incredibly positive in so many aspects, and it also confirmed some of the challenges we already knew we were facing. And as usual, it brought up some new opportunities that we hadn't recognized before. So, speaking with the stakeholders about the magazine after that survey really helped us home in on what our best chance for future success looks like, and to that end, we've got some changes going on. Nevada Magazine is now publishing quarterly, with an increased page count. Our first quarterly issue will go to the printers July 17. So we're a little off on the cycle this year, but we will be now publishing a winter, a spring, a summer, and a fall issue, so four issues per year, and we're gently repositioning the magazine to appeal to a younger demographic while keeping our core and incredibly loyal audience happy. This will be a gradual process, because we've got -- I was going to say it's not broken, so we're not going to fix it, but we are, we're going to make it better. We're going to enhance it. We're exploring new advertising opportunities, such as advertorials and digital partnerships to better serve our clients and to engage new ones, which is something we've been needing to do. Our digital presence is going to increase so that we grow our more web savvy users. We're going to be posting more web-only content, targeting our content to social media in a more effective manner, and we're going to increase our newsletter content. All of these things have been done in the past with great

success, but they haven't been focused on quite enough. So, we're also going to do this with a really cohesive marketing strategy, so that our clients, our readers, and our potential readers know exactly what we're doing, why we're doing it, and how it's going to benefit them. (Inaudible) speaking this plan, live for FY21 and for all the obvious reasons, this is going to be delayed about a year, but as you can tell, we've implemented some of the changes right now as in the quarterly publication. So that's the quick and dirty. There's lots of information for you. If you have any questions, let me know.

MARSHALL: Thank you. Do any of the Board members have questions?

UNIDENTIFIED SPEAKER: Just a comment. I'm super excited about this, Megg. I think you're doing a great job and I love seeing what you do when you're out on the road in Nevada. Good job and keep it up.

STOLDAL: Stoldal for the record. Do you see this becoming strictly an online product at any point in the future?

Mueller: I'm sorry, Commissioner Stoldal, I didn't hear the question.

STOLDAL: Do you see Nevada Magazine becoming strictly an online product in the future?

Mueller: Oh, that's a great question. No, actually during our research, and you can find that in the information in your packet, it was determined that that's probably not the best future for Nevada magazine. People love our print products. What we want to do is increase the readership that is digital and print, because those were our most effective users. They buy into our social media, they're more engaged in all of the products we sell. So, no, I don't see the magazine going to print only anytime soon.

STOLDAL: The reason I ask is --

Mueller: Or, excuse me, online only.

STOLDAL: -- as a household that gets far too many magazines and has stacks of them that I'm going to read, my four sons don't read magazines, they're strictly online, and that's where they get it. We're trying to get to a younger audience. I don't know where that balance is, but certainly I think we need to have a much stronger presence online.

Mueller: I agree. I agree. And that is something that we've been working toward in the last couple of years is getting our digital presence stronger and that is a big component of this plan, moving forward. At this point we won't be throwing out the print

product to do that, and I don't think we need to, I think we can enhance both products efficiently for the print audience that still values, that coffee table read, and our digital readers. I think we can do both.

MARSHALL: Cynthia Mun? Cynthia?

MUN: Yes. I've got a comment. So, I love the direction that this is going. I think it's a great idea it's going to a quarterly and I believe that with greater distribution that this is a great magazine for travelers who come Vegas as well, and in different areas where you need a coffee table, not at your house, but at a restaurant or wherever people are looking at this information, and I love the fact that you guys are going in a direction of having younger readers as well, because I've seen this magazine, I get it, and I flip through it, and there's some great content in there, and it's a beautiful magazine. And I think overall, with the direction you're going, that you'll get a lot more out of it and I like that you guys are going after larger advertising clients as well, because I think this magazine has a lot of potential. So, I'm really excited that you're taking this to another level.

SCOLARI: Thank you. I agree.

MARSHALL: Herb?

SANTOS: Thank you. Herb Santos for the record. I would be remiss if I didn't make a comment, to ensure that this magazine stays in a printed form. My 92-year-old mother-in-law calls me from Las Vegas, who will never travel to Nevada cause she's already living here and she's never going to leave Nevada, but she will go over almost every article with me. She just enjoys it so much, so I'm very happy. She would be mad at me if there was an inkling that it would go to digital, that I didn't stand up and call her. For those folks that will never turn on a computer, but enjoy that magazine and, it's a great magazine, the content's awesome. I mean, just looking at those -- I enjoy this, the cover pictures, because it is just so stimulating to the senses, beautiful photographs. So, I can call her up when I get off this meeting today and say hey, I saved it. It's going to be in a written form forever, so I can stay on her good side for at least another week.

MARSHALL: I'll support you, Herb. I'll tell her it was you. Okay. other comments? Okay. Thank you so much. The magazine is really a lovely addition. I think we all like it very, very much. Anyway, so, okay. I think we're going now to agency reports. Brenda?

SCOLARI: Yes. For the record, Brenda Scolari. I do want to address the org chart as part of our staffing change and update item. We did go over some of the layoffs and pay reduction situations. I do want to say this does reflect in graphic form the hardship, department-wide that we've been asked to endure, due to lack of funding and I'd like to say that I want to on-record commend the staff throughout the department for their pure hearts and commitment, being asked to do more for less, with fewer resources, and I just couldn't be prouder, and I couldn't have a more dedicated team. And I do want to address though, in answer to Commissioner Robinson's question about PR, as part of this assessment of personnel, we did a restructuring within Travel Nevada. So it isn't that we don't have PR professionals. What we did is embed one in the marketing department, Tracy Barnthouse and Chris Moran, who has been doing such good industry partner work for years, within Christian sales and industry partners too. We also have a very deep bench, related to PR in terms of our PR contracts, in that we have standing contracts with folks for probably more time in the (inaudible) agency. PR isn't leading any of the programs outlined within the recovery plan, but they're a vital part of all of it. So, I really think we have still, PR firepower to address any situation and get the message out there. Are there any questions about the -- because I can go into it in detail. As you can tell from the legend, the purple boxes reflect unfilled positions and oftentimes, especially within the arts council and museums and history, the unfilled positions were used to address the general fund reduction, which for the cultural agencies within the department is 16 percent in fiscal year 21. The blue boxes, vacated positions or the layoffs. Are there any questions?

STOLDAL: Brenda, -- Stoldal for the record. On the chart that shows the Board of museums, it's really helpful, but I think there's a couple of things. One is in the border view or the, the museum system, in fact, we have -- it looks like there's only one, two, three, four frozen positions; there in fact are 19 positions that were frozen in order to save jobs. So, there's really -- across the system there, within the museum's role, there are 19 frozen position as well as six layoffs. So, as well as the administrator, the head of the department, although Myron Freedman is the interim, and is doing double duty with running the state museum there in Carson City as well, so like the rest of the administrators, everybody has got -- doing two and three jobs in tourism.

SCOLARI: That is correct, and I know, I have since been updated by Myron that there are two additional layoffs. I'm not sure where, and we do reflect 19-and-a-half full-time positions in the state museums Las Vegas box. I don't know if that's accurate. So, we may have some errors within that, but it was --

STOLDAL: Well the 19 -- I think we can address that, but, and I wasn't aware that we were ready to announce the two additional layoffs, but, and there may be -- well, we'll leave it at that. Thank you.

MARSHALL: So, can I just ask Brenda -- it looks like there's four positions that have been cut and two positions that have been frozen, but what I hear Bob and you saying is that it's actually significantly more in this particular -- in museums?

SCOLARI: I can tell you that at last report within museum (inaudible) history, there have been seven layoffs, 19 unfilled positions, and voluntary leave without pay for 55 employees.

STOLDAL: But that's system-wide, that's not at one museum. So, if I -- (inaudible) gave you the impression that it was all in Las Vegas, -- that's system wide.

MARSHALL: Well, are there other -- so does this org chart need to be updated in terms of -- I mean, that's not reflected in this chart. So, is there a different chart where the complete picture is reflected or?

SCOLARI: You know, we have this org chart in place, not normally for this, sad purpose.

STOLDAL: Yeah.

SCOLARI: Though, Angie, our finance manager, just did her best to kind of reflect where the vacancies and unfilled positions were, but yes, it obviously needs updating and some of the losses within museums and history are very recent, so we just didn't have an opportunity to demonstrate that.

STOLDAL: Brenda, and not sure that, (inaudible) put together a detailed list by each department or each museum and each classified position, and this is what I got two days ago, and it sounds like it's changed, already in the last, 48 hours. So, we can send out -- send to Brenda, although I think you may have it in some form or another, but it does need to be updated. And maybe it's supplemental to this, to the org chart, as a backup explanation. Thank you.

SCOLARI: Yes.

MARSHALL: Okay. I think that, it might be helpful to get an updated and more complete org chart for the next meeting. Also, some of the positions are circles and some are squares. Is there a difference between those?

SCOLARI: The circles are classified positions.

MARSHALL: Okay. Okay.

STOLDAL: But I would say -- Stoldal for the record. I think they're closed, your classified positions within the museums, are they not?

SCOLARI: Right. It's just that, Bob, we didn't -- because of the majority of staff are within museums, we couldn't represent all the employees. We were just trying to do that underneath each director position.

STOLDAL: Yeah.

SCOLARI: So that's where this isn't the best org chart. It needs to expand below it to reflect every employee. It just becomes a very large chart, with over 100 people on board, that's tough to do, but we'll work on it. We'll do it.

MARSHALL: Do we still have a presence in Las Vegas?

SCOLARI: We have arts council staff still in Vegas.

STOLDAL: (inaudible) at the museum. We do have a presence of museum. We're planning to open a virtual museum three days a week, but we also have wonderful online exhibits that -- we have a real exhibit and then we have an online exhibit on women's suffrage, which was launched about ten days ago. So please get on the website and take a look at that as well. So, we're alive and well in Vegas.

MARSHALL: Thank you. Edward?

ESTIPONA: Sorry. I had to unmute. I just want to -- I've been quietly sitting back and taking in all of this and -- not all great news obviously, but I want to be careful. Some of the things I'm hearing, like things like this org chart, I understand we need to update it at least to be able to get an accurate head count, but I'd rather be careful about trying to ask staff to do all these reports

when they're already undermanned – or under-personed, so to speak -- and then having them to create new org charts that, at the end of the day, we need to be able to say what's the head count that we have, and are we down, and again get those same important position, like what's on this Clark org chart now, but I think, again, we're all on the same team. I just want to be careful not to overtax staff with extra reports that's already making it difficult for them to get us information, because I run a small business and when you go lean and mean, that means everybody kind of roll up their sleeves and works together and yeah, communication isn't always perfect, but at the end of the day, we're working towards the same goal, and I just want us to kind of remember that, because these are crazy times, nobody wrote the book about this stuff, we thought 2008 was the one for the record book. No, that was a warmup. So, I would rather look at this and say how do we work together, and I'm willing to roll up my sleeves, however capacity Brenda needs me or anybody else needs me. So, I'm just putting that out there as a comment.

MARSHALL: Oh, I think that's a fair point. And if it would be easier, Brenda, for you to do just counts, if that would be easier than some kind of fold-out chart, right?

SCOLARI: Okay. Yeah.

MARSHALL: Yeah.

SCOLARI: My biggest part of the issue is that our finance manager doesn't normally do this sort of thing.

MARSHALL: Yeah, okay. I think that's a fair point, and thank you, Edward, for bringing that up. I think that's important. Herb, did you have a question?

SANTOS: I did. Thank you, Madam, Chairman. In looking at this chart -- and looking at everything that we've talked about today, it seems to me that with COVID-19, our complete focus is not rebranding the state, but sending out the message through our marketing and advertising and PR that we're a safe destination for people to come to. And when I look at the chart and I see that -- the vacant where it says that the director of marketing and advertising, that really scares me because even though we've got other people that are doing public relations -- you have a public relations manager and public relations specialist, who's basically the captain that's, in that whole section right there of all those folks and development specialist, art director, project analyst, who is

there -- who's the person that's going to be basically their leader to basically report to you, Brenda, to make sure that -- I mean, I think this is going to be the biggest challenge for tourism in the state of Nevada. It's convincing people it's safe to come here because they don't think it -- and I think we can look at what Mr. Hill said with the Las Vegas Visitors Authority, their study is that that's one of the major things that people are concerned about, is the safety of coming here, and I think are we sort of putting ourselves behind the eight ball by not having that person overseeing -- I'm looking at each of these columns as a department, overseeing that department to make sure everyone's on task and then to go to Ed's comments about overworking everyone and then sort of making it too streamlined. I mean, I don't know if we're sort of setting ourselves up for disaster.

SCOLARI: For the record, Brenda Scolari. Some of this isn't due to willingness, Commissioner Santos, in that the administration has frozen all unfilled positions, so we aren't allowed to hire anyone probably through fiscal 21. I can tell you that, Emmy Kawchack, who has taken the position of deputy director, is also acting as chief marketing officer, which was her former position. So, she is doing double-duty, as is Myron Freedman, who is the acting museums and history administrator, who also is the director of the state museum in Carson City. So, we have several people who are taking on multiple roles, in addition to the other hardship that is rife throughout the department. We have an answer to your question about messaging health and safety and are we ready. We have authored a reopening plan or our tourism partners, which was part of my communication to the Commission in the last couple of months. So we addressed each service category within state tourism, and told them about all the best practices relating to their particular industry, and that is aligned with the governor's reopening plan, and that's also a living document that is on travelnevada.biz that all of our tourism partners have access to. So yes, I am fully aware that isn't ideal, and we could obviously need a chief marketing officer. Maybe a silver lining is that in the current state of the economy, and with so many people losing jobs, there might be just the right person out there once we have the ability to hire again.

MARSHALL: Okay. I have a question from Pam and then Cynthia.

ROBINSON: So just quickly, Bethany -- not Bethany, Brenda -- would you be willing, on the vacancies, excuse me, that are on and as opposed to putting their -- you know, their budget code for what their job is, to actually put what the job is, so that we've got

some context in where and who and what the positions are that have been either furloughed and/or laid off, as opposed to just, PCN 0003 or something like that?

SCOLARI: Yes, I can absolutely do that. We are required to adhere to a classification point, that's a classification, limited job description when it's a classified position, so some of the vacant citizen positions within Travel Nevada, we could actually rethink, right? They do have to fit within a certain salary range that is, that particular PCN is type 2, but we can think about what are the needs moving forward within the department.

ROBINSON: I guess I'm looking -- I'll use this as an example, right off -- as the person that reports to you, and it's vacant, it's PCN 0006U9009. That means very little in this conversation and context. What was that position that's now vacant there?

SCOLARI: That was the executive assistant position, which was Dee Dykes, who's every --

ROBINSON: Yeah.

SCOLARI: -- everyone familiar with. She did great work here for the commission. Everyone was familiar with Dee. As you will note, each of the administrative positions within Travel Nevada, everyone was laid off. That was one of the first decisions was, especially when we were working remotely, that those positions had very little work to do, and that they were typically interfacing with staff daily, and we weren't here to do that, so unfortunately, none of the professionals within Travel Nevada have any administrative help right now.

ROBINSON: I guess that would be helpful to know that was the administrative assistant. It wouldn't have to be a name necessarily, just what the job is or was.

SCOLARI: As I think I said, the org chart typically is just an internal document. So those PCNs are meaningful to us, but to anyone outside, not so much.

SCOLARI: Are there any other questions?

MARSHALL: Yeah, I think just Cynthia.

MUN: Yes, Cynthia Mun for the record. I was just curious, I thought the HR department would have a application where they -- I mean, cause it's a large organization that it would spit out org charts as part of their application. So, does that not exist for State of Nevada?

SCOLARI: It does not. Not to my knowledge.

MUN: That's really surprising. Okay.

MARSHALL: Okay. Brenda, you did an amazing job. You've been here since 1:00, four hours on the hot seat. Very amazing. So, if there no more questions or comments, wanting to make as part of your chair report?

SCOLARI: I do not.

MARSHALL: Okay.

SCOLARI: Except maybe recognize staff.

MARSHALL: We can recognize all your staff for sure. Okay. Upcoming meetings. I think that -- can you get back to us on this?

I think one of the things that I'm feeling, and I don't know if the other Board members are feeling, but quarterly is too long to wait.

This is not a two-hour meeting, and I think it's hard for people. I normally in my other Boards try to have meetings every other month, and then if somehow there's nothing for that meeting to be -- I just schedule it out and if there's nothing there, then we don't have the meeting. Right? But it's on the calendar for every other month. I don't know how -- I would like to ask other Board members how you would feel. We obviously may need a more immediate meeting depending on what the DAG and Brenda find out about the budget, but in terms of meetings in general, what is the Board's -- I need your feedback.

SANTOS: Herb Santos for the record. I would support that, especially now with what's going on with the COVID-19, everything's so fluid. We need to be able to make decisions or provide assistance quickly and efficiently. So, I would definitely support that at least while we're going through this pandemic.

KROLICKI: Yeah, and Madam Chair, it -- I'm sorry, Bob. Go ahead.

STOLDAL: Stoldal for the record. At the State Museum Board, we're quarterly as well, and that's not working. So, what we've started to do is have public posted meetings for our subcommittee budget meetings, and that's on a regular basis. I think, as Herb said, things are moving very quickly, good, bad, but things are moving very quickly, that every other month would be a good thing. Thank you.

KROLICKI: Madam Chair, I also completely support that notion. It's Brian Krolicki. We all know that tourism and hospitality is and has been the most critical part of Nevada's economy, and what's going on with COVID, if not now, when is this Commission's input and experience and assistance to Brenda and her team and to others, more necessary? So, we've not had a chance to convene since December. Again, we've been canceled by COVID issues, but again, I think we don't cost anything. It's just time and commitment and you know you've got the passion from this Commission so I would urge more regular meetings at least during this critical time.

MARSHALL: Brenda, how would you -- I'd like your input. If we tried every other month to the end of the year and saw how it went, and it ended up not being necessary, we could take another temperature then. What do you guys -- Brenda, how's that -- would you be able to not have a four-hour, five-hour meeting?

SCOLARI: Well, my first thought is to Edward's point, as long as it would be understood that the level of reporting would not be this detailed, because this takes a great deal of time. And with reduced staff and an overabundance of workload, the level of reporting would be different. As long as our expectations -- we could make you happy with the expectations related to the Commission meeting, because it wouldn't be as detailed and maybe we'd have a much shorter agenda --

MARSHALL: Could you divide things between different months?

SCOLARI: -- and we can certainly have a conversation about this, but also the expectation that we have the marketing committee meet, which we were attempting to do prior to each Commission meeting to kind of ladder up and report back to the Commission related to in-depth marketing issues, but that wasn't something the Commission had to review. (Inaudible), it's difficult to schedule multiple meetings and have that all make sense. So, I think we have to have further conversations about this. I'd be

happy to meet with you, Lieutenant Governor, and discuss how we could schedule it. It's also difficult because it's a large group, to get everyone to agree on dates, but let's discuss it and --

MARSHALL: Okay.

SCOLARI: -- and (inaudible) to work out. I think the first concern is the ability of staff to spend -- because it is quite a few man hours to make these meetings happen, have them be meaningful so, and I don't know, related to the public meeting law, if we're recording and presenting, obviously we have to put the majority of the materials together for you. So, there are some concerns, but I certainly at the same time understand what you're saying, and yes, this is the biggest disruption and the biggest crisis our industry has faced.

MARSHALL: Edward and then Cindy.

ESTIPONA: Edward Estipona for the record. Yeah, I think what we need to look at is -- all the formulas are broken, like as they were in 2008, and now there's an opportunity to create new formulas, and part of the new formulas is what do we report, what are we formally reporting to make sure it's on the record, and so on, again so that we're abiding by whatever rules that we have to follow, but again, what can we streamline so that we can have more productive meetings, so again, that people feel like they can help and I think we just need to look at that as an opportunity at this point to change a little bit of the rules, whatever we can within our committee. Again, there's laws and then there's rules that we have established, and so whatever we can change on our end, I think just streamline things for Brenda and her team, I think that would be very beneficial. At the same time, I think it would be beneficial for all of us to be able to pitch in and be able to help and add some ideas and thoughts at a more corporate level, because yeah, it's been way too long since the last meeting, and that's why this one's taken a long time.

MARSHALL: Cindy, and then Julie.

CARANO: Okay, thank you. I would agree that during this period of time that we meet more often. It's been really troublesome that we haven't met. In the meantime, the subcommittees, and I know the marketing committee, but are there other subcommittees that you could form and actually get some of the work done that will actually support you during this time. To meet

with 50 people on a Zoom is not all that productive, and it's just going through and going back and forth with papers to the computer. So smaller meetings, and yes, less reporting if possible. I'm not sure what the statute says. A financial update on every meeting would be great, but the marketing committee, this is a marketing division of the state and to have these minds available is just against the rules not to use them. So, if we're going to create more rules, I would create that one -- I'm saying you need to meet more often and yes, less reporting, but more meat.

MARSHALL: Julie?

PAZINA: Thank you so much. Julie Pazina for the record. I think what I'm hearing everyone say, and it was really what I planned to say. We are all here to be a resource, and we're definitely not look (inaudible) at all the reports today, but really what we're look (inaudible) how can we help you, especially going into special session, things are going to need to get decided. We just want to be a resource so that when those decisions are made, we can do whatever we can for Travel Nevada to help us make it through, because as a member of the tourism and hospitality industry, I am crushed right now looking at my friends and colleagues, everyone who's suffering in our industry just wants to get back to work. So, we want to be here to help Travel Nevada and the state do whatever it can to get back up and running, and I think more meetings are necessary to do that.

MARSHALL: Okay. So, I will -- Brenda, we can talk, I hear your concerns and I also hear the Board, and so let's see how we might be able to bring that together going forward. So, can I just have you get back to us with upcoming meetings? I would like you to check on the budget, and then perhaps we can have you can come back to us with some upcoming meeting dates. We can talk about that. Does that sound good to the Board as opposed to voting on actual dates? Okay. I'm seeing lots of head nods so I'm going to take that as a -- okay. All right. Yeah, I see Bob. Bob, that's it. That's it. That's where we are. All right. This is the time for Commissioner comments. Oh, we couldn't vote on the meetings anyway. It's for discussion only. Okay. Commissioner comments, any Commissioner comments? Herb?

SANTOS: Thank you, Madam Chair. I couldn't get my mute off button quick enough when you were talking about the trail and the Nevada recovery plan. So I'm not sure if someone put a little virus on my computer to shut me up, but one of the things I

was thinking of, this Commission has worked so hard to get the international market going, and it was going full steam, and now we get this curve ball thrown at us, and when I look at the recovery plan, it seems to me that what I wanted to do was to add an amendment when we voted on, but I didn't get it quick enough, but I would really submit that what our tourism needs is an international committee which has people that have the experience of China, of all the other countries and having those connections so that they can work towards making sure that we don't have to reinvent the wheel when it comes time to inviting folks from outside the United States back to Nevada, and I think that that's an important committee that we should have. I think it's something that there is a wealth of experience and relationships that could really be used to the benefit of the state of Nevada, and also to this Commission. And so, I just want to throw that out there that I think that's just, our marketing committee is so important. I think an international committee with all the experience that we have from Board members on here could really be enhanced and assist the staff on those relationships outside of the United States.

MARSHALL: Thank you. I think, Cindy and then Brian.

CARANO: Thank you. As I mentioned earlier, this is my last meeting. I've been on the Commission for 11 years, and three governors reappointed me, so I took it seriously and spent a lot of time on it, and most of the time didn't spend very much time, and so I do say that the Commission needs to utilize the commissioners more than they do. I wanted to say thank you. I think I've also had five executive directors, one acting, right? Larry was acting. Brian was lieutenant governor at the time when I came on so, thank you very much and I really enjoyed my time and I wish you all the best and please, market our state.

MARSHALL: I really enjoy getting to know you, Cindy. It's been lovely actually. Yeah. (inaudible)?

CARANO: Oh, thank you.

KROLICKI: Madam Chair? When we make a motion to adjourn, I hope we can do so in honor of the service of Cindy. We can give her a virtual ovation or, I think Herb and Bob just performed an actual virtual standing ovation, so well done. Cindy, you've been extraordinary. You live and breathe this industry every day, and it's in your DNA, and your insights have been invaluable, always delivered with succinctness and the message, when Cindy – people do listen, and you've just been an extraordinary part of

this, and vice chairman to the Commission. Thank you for your service, and Godspeed as you move forward. I think, you've got some busy times ahead of you so.

CARANO: Thank you.

KROLICKI: Herb, and for Madam Chair, I think the international is something that we can absolutely help with. So, I volunteered in the past, I continue to, but it really goes into this is about helping Christian and the team, it's about helping Brenda. So Brenda, I get it and I know there are public meeting requirements that make some of this hard just to have conversations, but we're not here to have meetings to make your day harder, it's to make your work easier. Just the budget things that you've had to essentially bear alone or very small group, you've made horrific decisions in the past few months and I think (inaudible), the hugging of this Commission around those decisions would serve you and the entire Commission department well, and so I hope it's in the spirit of taking the best out of this, and not being an additional chore is how we move forward, if we have the opportunity to meet more regularly during this time. Madam Chairman, thank you.

MARSHALL: Thank you. Any other Commissioner comments? All right. So now we have the time for public comment. Do we have any public left? If there's any public comments, if you want to put in the chat and you want to comment and then I can call on you if anyone would like to comment. Okay. So now we have for possible action adjournment, but I think that what we need to do is we need to adjourn with a recognition for Cindy. So, I will accept that motion if someone would like to make it.

KROLICKI: So, moved.

MARSHALL: So, moved? Okay. And do I have a second? How about second, Cindy?

CARANO: I second.

MARSHALL: Okay. Cindy seconded. All right. So, all those in favor, you have to clap or do this, okay? Recognize.

CARANO: Unmute.

MARSHALL: Unmute. Woo. All right. Thank you, guys. I know this was a long, hard meeting. Thank you, Brenda, and thank you your staff. We really, really appreciate it. Thank you, Cindy. Thank you, all you Board members. You guys are great.

CARANO: Thank you, everybody.

KROLICKI: Thank you.

CARANO: Take care. Bye.

KROLICKI: Good luck. Bye.

Adjournment

Meeting adjourned at 5:07 p.m.

APPROVED