TOURIST DEVELOPMENT COUNCIL
VIRTUAL MEETING

Friday, July 17, 2020
9:00 A.M.

MINUTES

The Tourist Development Council meeting was called to order by Orange County Mayor/TDC Chairman Jerry L. Demings at 9:01 a.m.

Quorum: Established

Present: Chairman/Orange County Mayor Jerry L. Demings
Mayor Buddy Dyer, City of Orlando
Mayor A. Dale McDonald, City of Maitland
Jodi Bainter, Director, Central Florida Sales and Marketing Distribution Strategy, Disney Destinations, LLC
David Bartek, Vice President of Operations, Loews Hotels at Universal Orlando
Jörg Heyer, Area General Manager, Sheraton Vistana Resort
Jesse Martinez, General Manager, The Alfond Inn at Rollins
Rick Pullum, President, One Florida Bank
John Stine, General Manager/Director of Business Development, Icon Park

Pledge of Allegiance – Mayor Buddy Dyer

Call for Public Comment – There were no public comments to be entered on record.

Approval of the March 13, 2020 TDC Meeting Minutes

A motion was made by Mayor A. Dale McDonald and seconded by Mayor Buddy Dyer to approve the minutes from the March 13, 2020 meeting of the Tourist Development Council. The motion carried by a unanimous vote of all members present.

Economic and Corona Forecast

Sean Snaith, Ph.D., Director, Institute for Economic Competitiveness, University of Central Florida, presented an Economic Outlook and Coronavirus Recession and Recovery Forecast. Dr. Snaith began his presentation by stating the U.S. economy entered a recession in March and exited as of May or June. Based on indicators such as May's 18% increase in retail sales, and an upward position in June, it is likely we have emerged from the recession. Dr. Snaith stated recovery will depend on public health measures and the avoidance of further shutdowns. With the avoidance of a return to what March and April looked like, recovery should look like a Bent V, but should not be the mirror image of a deep recession. We should look forward to a pronounced

economic recovery that will strengthen at the second half of 2020. He also stated implementations of shutdowns will plunge the economy into an even more severe recession.

Dr. Snaith's presentation included U.S. Gross Domestic Product (GDP) statistics, peaked unemployment rates, labor markets and anticipated recovery, effects on payrolls from shutdowns and consumer spending. The U.S. quarterly data shows a 35% climb in GDP second quarter activity and unemployment being at its highest levels since the great recession of previous down turn. Florida's impacted tourism sector and travel are showing some recovery with reopening. Economic impact for 2020 has been severe with over 700k jobs lost, and the unemployment rates at the highest since 2008/2009. Quarterly, state GDP compared to one year ago shows us remaining negative into 2021. Levels of GDP are expected to expand at a fairly rapid pace in the second half of 2020 as the economy tends to reopen.

Dr. Snaith introduced https://tracktherecovery.org, a close to real time tracker that provides data for an inside look at how the economy is fairing. He indicated Orlando is showing indicators of recovery with the reopening of parks, employees returning to work and surrounding businesses benefitting from the tourism sector as it slowly reopens. He concluded that a combination of public health measures, elimination of shutdowns and financial incentives from the federal level should get us the scientific vaccine success needed to render COVID-19 a non-factor.

Mayor Demings opened the floor for questions/comments:

Mayor McDonald asked Dr. Snaith what impact school reopening's might have on the economic outlook. Dr. Snaith stated, if we don't reopen schools there will be significant spillover effects in terms of the ability of parents with school age children to work. He also stated it is an important decision that has significant implications for parents who have school age children and may not be fortunate enough to work from home.

David Bartek asked a question regarding reports of air travel in and out of Orlando not recovering until 2026. Dr. Snaith stated air travel would take longer to recover and depend on people's willingness to board planes without fear of contracting COVID-19. Dr. Snaith also stated the development of a therapeutic vaccine would relieve some of that fear.

Orange County Convention Center Report

Mark Tester, Executive Director, Orange County Convention Center, presented a report that included a recap of convention/tradeshow activity for first quarter, rescheduled and cancelled events due to COVID-19, COVID-19 recovery efforts, upcoming activity for July - September, recovery and resiliency guidelines and updates on the proposed North/South building expansion.

Mr. Tester noted there were 35 scheduled events as of first quarter with an expected 331,000 attendees and an economic impact of $740 million. He went on to recognize Global Pet Expo and Orgill Spring Dealers for their donations to Orlando area organizations. He also stated event cancellations began early March with HIMSS being the first, followed by other groups who either outright canceled or rescheduled to another time. The Convention Center anticipated 2.9 Billion in economic impact (now 1.5 billion), 1.4 million attendees (now estimated at 600,000), 143 events (now estimated at 93) for the first and second quarters of FY 2019-2020. He indicated strengthened relationships allowed the Convention Center to successfully reschedule 45% of the events to future dates ranging in years 2021 to 2028. As of July 7, 2020, there were 32 rescheduled conventions with $485 million estimated economic impact and 256,000 estimated total attendees; 39 cancelled conventions with a total of $904 million estimated economic impact

and 386,000 estimated attendees.

Mr. Tester reported on Convention Center's COVID-19 recovery efforts which includes reassigning nearly 100 employees to a work from home solution to assist with the County's COVID-19 response with Career Source as call takers for unemployment, assistance with the Cares Act, and the PPE distribution program. He mentioned the Center made available one of the remote parking lots was established as a COVID testing location where medical staff have administered approximately 65-70,000 area residents have been able to participate in testing.

Mr. Tester was pleased to announce the Convention Center would kick off the third quarter by hosting AAU Junior Volleyball which has an economic impact of $15.6 million with 11,000 attendees, and Together Again Expo which has an economic impact $5.1 million and 2,000 attendees. Together Again is an event to bring together event planners to talk about the new normal of planning and hosting events face to face safely in the convention and hospitality industry considering the current day concerns. Approximately 17 smaller local and consumer events scheduled for the remainder of the 2019-2020 fiscal year.

The Convention Center has been working with the CDC on implementation of Rapid Implementation of the Recovery and Resiliency Guidelines for health and safety protocols for attendees and guests; participation in the Global Biorisk Advisory Council's (GBAC) STAR accreditation; and collaborating with Orlando Health medical professionals as a medical concierge for health guidance and support. These will help our clients develop guidelines to ensure everyone has a safe and well attended event.

Mr. Tester concluded his presentation with noting the North/South expansion has been indefinitely postponed until TDT funding returns. He mentioned it would take months of consistent TDT funds at approximately $15 million a month to even begin to proceed with these conversations of construction. Once construction is approved at a later date by the BCC, the construction will be planned for completion in phases.

Mayor Demings mirrored Mark Tester's comments that the BCC has postponed any expansion plans indefinitely, and stated these conversations would resume as we move forward with the economy developing sustained revenue over time.

Mayor Demings opened the floor for questions/comments:

Jodi Bainter's first question was regarding rescheduled events 2020, and if they were moved to 2021, which quarters? Mr. Tester stated, events were moved from 2020 to 2021 and beyond in order to avoid cancellation penalties.

Ms. Bainter's also asked if face coverings were required. Mr. Tester responded masks are required during specific intervals of playing and sideline seating.

John Stine asked, with postponement of the expansion, were any large groups expecting those expansions spaces to be completed? Mr. Tester responded, we were able to move groups to West and N/S who would have enjoyed the additional exhibit space, but these groups will be moved to other available space in the West Concourse. We do not expect to lose any of the definite events at this time.

John Stine asked a second question: Have we seen any cancellations due to conventions in other markets that were coming here in the following years, and making their commitment to stay

in the convention city they were holding their convention this year? Mr. Tester responded, we have not seen any cancellations. Some events cancelled in other destinations where they weren't getting positive affirmation and they will plan to exhibit in Orlando.

Orange County Comptroller Report

Robin Ragaglia, Director of Finance and Accounting, Orange County Comptroller's Office, presented the Convention Center's preliminary financial statements as of May 31, 2020, the status of Tourist Development Tax (TDT) Revenues and Lodging statistics. The Cash and Investments Accounts, Renewal and Replacement Reserve stands at $239.0 million and of the Bond Debt Service Accounts, the Bond Reserve account stands at $80 million which is the maximum annual payment due on outstanding bonds. This amount is required to be maintained per the County's TDT Bond Covenant. Combination of the two reserve accounts produces total reserves of $319 million at May 31 and this total is $4 million less than combined total reported at last meeting in March. The ongoing reserves target for the County to maintain is $140.9 million, consisting of the $80 million Debt Service Reserve and $60.9 million which represents 4% of the value of the building and equipment and that is set aside for property replacement. Actual month end balance for May is $178.1 million above the minimum target.

Convention Center operating revenues total $44.9 million—down $11.7 million or 20.7% decrease from previous year, operating expenses total $51.8 million—increase of 3.3% or $1.6 million compared to FY 2019. At this point in the fiscal year, operating expenses have exceed revenues by $6.9 million. As set forth in the tourist development plan, available TDT funds can be used to subsidize the Center's operations. The Cumulative Operating Subsidy for fiscal years 2018, 2019 and 2020 shows as of May 2020 a subsidy is needed for this fiscal year to date. The State of Florida stay at home orders related to the Coronavirus pandemic have had a significant impact on Convention Center activities causing current year revenues to fall below growth seen in 2018 and 2019.

Regarding TDT revenues, the Comptroller's press release issued on July 1 indicates receipts for hotel collection month of May totaling $1.1 million—95% below the current budget expectation by $22 million and 95% below prior years actual receipts at about $21.5 million. On a cumulative basis, TDT revenue stands at $146 million which is nearly $55.7 million or 27.6% below budget and $53.3 million or 26.7% above 2019 actual. Monthly collections of TDT are shown to be higher in the current fiscal year than prior fiscal years except in the three most recent months. At this point in the fiscal year, monthly actuals show a historic decline in receipts over prior fiscal years.

Occupancy/Lodging Data shows tri-county rates for May 2020 are at 22.8% representing a 69.5% decrease compared to May 2019, Orange County May 2020 showed 22% - 71.9% decrease compared to May 2019, and the national average occupancy rate experienced decrease by last year of 51.7%. Average Daily Room Rates for Metro Orlando - May $64.68, Orange County $67.05 (decreases of 46.8% and 39.9%); National average rate of $79.57 per day for Metro and Orange County areas. Ms. Ragaglia's final slide displayed hotel and motel supply of available rooms by end of 2019 were 125,167 and 64,308 available rooms at the end of May 31, 2020 for a decrease of 48.6%.

Comptroller Phil Diamond briefly addressed the Council by commenting that six months ago we had a reasonable expectation that we would collect $300 million this year. In historical context we experienced a decrease of $130 million. June's results will include the impact of the first wave of Universal and Sea World reopening (due out first week in August). July results will include Disney's reopening (due out first week in September). We are fortunate to have strong reserves

and they enable us to currently weather the storms. His recommendation is to not take on any additional TDT obligations. He concurs with the Mayors decision to postpone Convention Center expansion.

Visit Orlando Update

George Aguel, President/CEO, Visit Orlando, presented an update on the state of tourism, meetings, recent efforts to deal with community challenges, and Visit Orlando's promotion of our destination. Mr. Aguel opened his presentation stating we have made gain with hotel occupancy levels, which have more than doubled since April. Occupancy point shows us still behind Florida (statewide). Without new developments in science, recovery track shows slow, but steady into July 8. This impact includes the opening of Universal in June and Sea World following, but does not include the impact of Disney's reopening. What Disney is doing is gaining a lot of media attention globally. Mr. Aguel stated during 911, the lowest occupancy was 33.6% and the lowest in the great recession 40.1%. Occupancy levels were at 39.7% where July 4th weekend when we enjoyed the highest occupancy since mid-March, which was the start of the shutdown. Aquatica sold out July 4 weekend and this is reinforcement of consumer comfort level and desire to be outdoors. Referring to Ms. Ragaglia's statistics on occupancy, Mr. Aguel mentioned those numbers are based on room availability and may not show increase depending on the demand as more hotels open. Visit Orlando has been tracking hotel occupancy, which is heading in the right direction. He did mention that current numbers do not include Disney hotels.

Mr. Aguel presented a graph showing airline activity from early March through July 13 with a seven-fold growth pattern. He said no predictions can be made at this time regarding recovery. However, airlines are working aggressively to modify their manner of creating and enforcing the state of flying again. Mr. Aguel announced the opening of a new high end J.W. Marriott that concentrates on family oriented activities along with its conventions and meetings. The newest sentiment from national meeting planners is they are focusing their attention on 2021 as they have sustained significant revenue losses through 2020. Eight of ten planners are choosing dates in 2021 for events, three in four plan to host virtual/hybrid events for next year and seven in ten planners will require and supply face masks. Planners have indicated they want CVB's to focus on detailed safety measures from all related venues, health and safety guidelines by local government and destination updates in one location without having to check everyone's website in regard to hotel openings, theme parks, venues, air travel, etc. Mr. Aguel noted we are pioneers with the medical concierge program, which provides a network of medical and healthcare services incorporated into conventions and tradeshows. He also reported planners expect Orlando and Las Vegas destinations to be the most ready for upcoming events. He indicated Visit Orlando will continue its strong marketing campaigns to the domestic market as air travel recovers to ensure our leisure visitors, convention industry attendees to promote the Orlando destination as a safe place to visit.

The next meeting is scheduled for Friday, September 25, 2020 at 9:00 a.m.

Other Business - None

Adjournment – The meeting was adjourned by Mayor Jerry L. Demings at 10:46 a.m.