

September 30, 2014

Dear Mayor Clodfelter and Charlotte City Council Members,

Enclosed you will find our Charlotte Regional Visitors Authority (CRVA) Annual Report for fiscal year 2014 (FY14). This year was met with organizational progress that further drove the continued collaboration needed for a "One CRVA." Together, we're shaping CRVA's future collectively and fostering a culture change that's deeply rooted in a sound strategic plan. This report shares that plan and its specific learning and growth, process, financial and customer objectives.

Performance indicators for the hospitality industry were strong in FY14 as well, allowing us to set new hotel performance records for the region that surpassed even our best year in 2007. Visitor spending generated more than \$6 billion for the entire Charlotte region, while in Mecklenburg County the economic impact of tourism grew by 4.7 percent, with visitors infusing \$4.6 billion in domestic spending into the county.

I encourage you to read more about our year in review that's detailed in this document. We welcome the opportunity to address any questions or concerns. Thank you for your time in advance.

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Murray", with a stylized flourish at the end.

Tom Murray
Chief Executive Officer
Charlotte Regional Visitors Authority (CRVA)

CRVA FY14 Annual Report

About CRVA

The Charlotte Regional Visitors Authority (CRVA) works to deliver experiences that uniquely enrich the lives of our visitors and residents. Through leadership in destination development, marketing and venue management expertise, the CRVA leads efforts to maximize the region's economic potential through visitor spending, creating jobs and opportunities for the community. Brands supported by the CRVA include the Charlotte Convention Center, Time Warner Cable Arena, Bojangles' Coliseum, Ovens Auditorium, NASCAR Hall of Fame and Visit Charlotte in conjunction with the region's destination marketing brand, 'Charlotte's got a lot.'

Organizational Overview

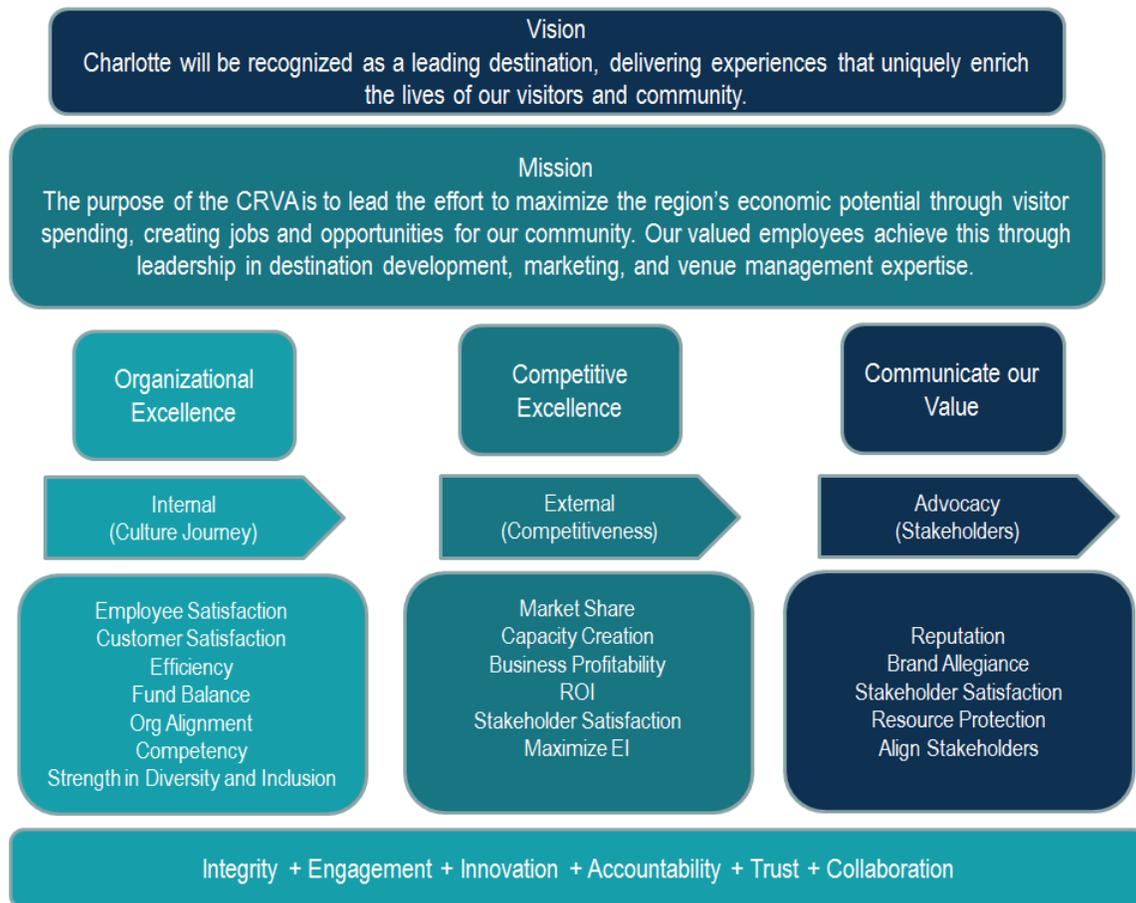
Two years ago under the direction of new leadership, the CRVA completed an Organizational Improvement Plan, which laid out the steps needed to enhance its infrastructure devoted to its employees as well as to create increased effectiveness by eliminating silos, thereby establishing "One CRVA." This restructure and subsequent work was strengthened in FY13 and FY14. Functions such as human resources, marketing/communications, accounting, research and many others were centralized and now work across the organization, rather than in separate silos and for just one CRVA brand. Areas of improvement in establishing this work environment are continuously being identified, which shows that this level of collective commitment to collaboration requires steady reinforcement to ensure the CRVA is making progress.

The CRVA is very focused on the development of a strong organizational culture that puts an emphasis on "employee first." The philosophy there is that by investing in employees and creating an atmosphere that fosters strong engagement, employees will in turn devote their energies into their work and deliver a higher level of customer service, quality and commitment to CRVA brands.

This focus on the employee also extends to the way they're managed and encouraged to carry out their jobs each and every day. The CRVA has embraced the management style of distributed leadership, where employees are empowered by their managers to pursue opportunities to lead, learn new responsibilities and make decisions that impact the greater good of the CRVA. Distributed leadership extends to every level of the CRVA – every link in the leadership chain is encouraged to adopt this ideal and pass it on to their own employees until the concept works its way throughout the entire organization. Open lines of communication are critical to distributed leadership and require managers and employees to regularly communicate and establish critical interpersonal relationships that strengthen overtime. It's equally important among peers as well - employees need to ensure they're communicating with each other consistently.

In FY14, the CRVA also embarked on a new strategic planning process. With the focus on the organization and its employees gaining momentum, an effort to identify areas of growth for the CRVA that required strong vision over the next five years was identified. This vision needed to be bold and take a hard look at where Charlotte as a destination was headed and where tourism stacked up in that equation. It also needed to look outward. Instead of using year-over-year benchmarks that measured the organization's progress against itself, the CRVA determined it needed to examine its competitive set to see where strengths and weaknesses lie. The strategic planning process enlisted the CRVA's Executive Leadership Team led by CRVA CEO Tom Murray to pinpoint the specific areas of focus that would guide the direction. "Organizational excellence," "competitive excellence" and "communicating value" emerged as the three themes that would guide the strategic planning process.

“Organizational excellence” speaks to an ongoing commitment to employees and the efforts to enhance the “One CRVA” approach. “Competitive excellence” describes the CRVA’s endeavors to enrich and enhance the Charlotte region through visitor spending. Lastly, “communicating value” focuses on the advocacy needs of the organization to better demonstrate the value that tourism and hospitality brings to the community via economic impact and job creation. To best reflect this aspirational process, the CRVA revised its vision and mission to the following.



After these areas had been established, CRVA’s Senior Leadership Team led the strategic planning process using the key themes to frame the new plan. Months later, the collaborative process led to the result on the following page. The plan follows a structure where each layer builds on the next.

The “Learning & Growth” objectives speak to the ongoing “employee first” culture, which serves as the keystone for the entire strategy map. Without an “employee first” culture, the CRVA is unable to leverage its best resources – its people – in building a brighter future for the organization. The CRVA is heavily invested in honoring its commitment to the employee through actions that foster a culture synonymous with its core values of integrity, engagement, innovation, accountability, trust and collaboration.

The next level of the strategy map is “Process” objectives, which seeks to leverage the organization’s core competencies in ways that create effectiveness and accountability, not only internally but through the CRVA’s leadership in the

community and stakeholder engagement. Following “Process” are “Financial” objectives, which target the overall fiscal health of the CRVA and specifically speak to the increasing revenue opportunities and ensuring the CRVA brands are financially sustainable in the long-term. Building on the “Financial” level are “Customer” objectives. These address the customer-facing objectives that will increase Charlotte’s competitiveness for years to come and reinforce that tourism is a driving force that better the Charlotte community.

Strategy Map

Customer	Lead in Destination Visitor Experience	Lead in Destination Asset Development	Create a Convention District	Advocate the Value of Hospitality and Tourism	
Financial	Increase Revenue Opportunities	Maximize Customer-Facing Resources	Ensure Funding for Long-Term Sustainability		
Process	Excel in Critical Business Services	Execute Effective Decision Making	Create Stakeholder Alignment		
Learning & Growth	Create Competitive Advantages Through Technology	Develop a Highly Engaged Team	Cultivate Employee First Culture	Foster Collaboration Across the Organization	Provide Actionable Business Information
Our Values: Integrity + Engagement + Innovation + Accountability + Trust + Collaboration					

The CRVA Board of Directors were involved in the process throughout FY14. An appointed Strategic Planning team made up of board members was utilized every step of the way as the new strategic plan came together. Now completed, the plan will not just sit on a shelf. It’s designed to be the roadmap that steers leadership and decision-making throughout the organization. Measurement of progress is also a critical piece in ensuring this plan is embraced and adopted by all CRVA team members. A balanced scorecard has been developed with specific measures that have been classified for each supporting initiative of the larger strategy map. These measures are also matched up with lead teams responsible for each item as well as targeted deadlines.

Operational Performance

While undergoing significant organizational and cultural change in FY14, the businesses operated by the CRVA recorded improved performance in comparison to FY13.

1. Customer Service Ratings:

- a. Goal: Scores at 4.5 or above (on a five-point scale)
- b. Performance: Visit Charlotte, the NASCAR Hall of Fame and the Charlotte Convention Center recorded customer service ratings that exceed the 4.5 goal. Ovens Auditorium recorded ratings that fell just short of goal (4.37). Bojangles' Coliseum recorded a customer service rating of 4.00, which were driven primarily by customer opinions about the age of the venue.

2. CRVA Fund Balance Maintenance:

- a. Goal: Reach a fund balance of \$8 million by FY16.
- b. Performance: The CRVA ended FY14 with a fund balance of approximately \$6.8 million, more than half of its established goal to be reached by FY16.

3. Event Bookings:

- a. Visit Charlotte room night goal: 315,000
- b. Actual room nights generated: 319,475

- a. Charlotte Convention Center event goal: 336
- b. Actual events generated: 376

- a. Bojangles' Coliseum event goal: 82
- b. Actual events generated: 64

- a. Ovens Auditorium event goal: 104
- b. Actual events generated: 82

- a. NASCAR Hall of Fame event goal: 269
- b. Actual events generated: 317

4. Financial Performance:

- a. Meet or exceed FY14 funding projections for all CRVA businesses
 - b. Performance: The Charlotte Convention Center, Visit Charlotte, Bojangles' Coliseum, Ovens Auditorium and Time Warner Cable Arena exceeded their financial objectives for FY14. While the NASCAR Hall of Fame didn't necessarily break even, it finished within budget projections for the second consecutive year.
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Performance of CRVA Businesses

Bojangles' Coliseum

In FY14, Bojangles' Coliseum hosted a total of 64 events as compared to a budgeted event volume of 86 events. While the number of budgeted events did not meet initial projections, the quality of events helped increase revenue expectations. The budget revenue shortfalls can be attributed to family show rentals that failed to materialize for 10 events, sporting events for a minor league lacrosse franchise that ceased operations and continued softness in the concert market. Event highlights for Bojangles' Coliseum in FY14 included more than 30 high school and college graduation commencements, God Bless America Crusade, Picadilly Family Circus, Top Shelf Comedy Tour, Casting Crowns Concert, Sesame Street Live, opening ceremonies for the 2014 Special Olympics, the annual AT&T Cadet ROTC Awards program and Women of Faith.

Ovens Auditorium

In FY14, Ovens Auditorium hosted a total of 82 events versus a budgeted event volume of 104 events. The quality of events at the venue exceeded expectations and narrowed the gap in the events totals. The shortfall in budgeted events was caused by a continued softness in the concert and comedy show market, plays and musicals that did not materialize as expected due to lower ticket volume, and less community and miscellaneous events than anticipated in the marketplace. Event highlights for Ovens Auditorium in FY14 include four weeks of nationally televised ministry programs for Revelation Today ministries, Lewis Black, Cedric the Entertainer, Joe Bonamassa, John Prine, Singing Christmas Tree, Fresh Beat Band, Ron White, Celtic Woman, Tyler Perry, Brian Regan, Amos Lee and The Voice Live tour.

Charlotte Convention Center

During FY14, the Charlotte Convention Center hosted 376 events. This compares to a budgeted event volume of 336 events. The difference between budgeted and actual events is mainly attributed to local event volume exceeding budget expectations. For the fiscal year in question, the Convention Center hosted 27 conventions and trade shows, 13 assemblies, 19 consumer shows and 37 local events. These events generated \$13.74 million in operating revenue. Events of note hosted by the Convention Center in FY14 include the Professional Association of SQL Server and the International Association of Food Protection.

Time Warner Cable Arena

The CRVA successfully maintained its partnership with the Charlotte Bobcats, now the Charlotte Hornets, to operate Time Warner Cable Arena in FY14. In this relationship, the CRVA's operational performance is evaluated by its ability to provide effective and efficient back-of-house services for the venue. In FY14, CRVA operations in the Arena were billed to the Hornets at a cost of \$8.8 million. This compares to a budgeted billing of \$8.6 million. The CRVA successfully provided services to 148 events hosted by the venue during the fiscal year.

NASCAR Hall of Fame

FY14 operating revenue for the NASCAR Hall of Fame totaled \$5,974,641, compared to a budget of \$5,993,986. Consumer revenues totaled approximately \$3.2 million, while events, sponsorship and other revenues made up the remaining \$2.8 million. Guest spending increased approximately eight percent in FY14 largely due in part to targeted

messaging in marketing displays and pricing. Membership sales saw a significant rise in FY14, up nearly 74 percent due to a revamped membership program and ramped up marketing efforts.

The NASCAR Hall of Fame attendance for FY14 was 169,724. For reference, attendance was 176,838 in FY13. That includes the 7,104 attendees that came during the 2012 DNC. If the Democratic National Convention is removed when comparing FY13 and FY14 – attendance was relatively flat, only differing by 10 visitors total (169,734 in FY13 vs. 169,724 in FY14). National trends point to attraction attendance flattening out on average during their fifth year. The CRVA managed to make this happen a year ahead of schedule when taking out the DNC, which is a sign of the strengths established as a result of centralizing core functions with the “One CRVA” approach, new branding and marketing efforts, increased membership sales, and special events that choose the Hall.

Visit Charlotte

Visit Charlotte continued to provide destination sales and marketing services to the resurging Charlotte hospitality market in FY14. Year-over-year growth in Mecklenburg County hotel performance set new records in all categories. Mecklenburg County tax collections recorded single-year highs as well, mirroring performance in this industry.

- Occupancy: 4% growth to 68.1%
- ADR (average daily rate): 0.3% growth to \$95.76
- RevPAR (revenue per available room): 4.3% growth to \$65.26
- Demand: 5.5% growth to 6.05 million rooms

Visit Charlotte booked 422 total events for future years in FY14. Approximately 37 of those events were Convention Center events, while 385 were booked as other. Of the 319,475 room nights associated with the 422 events, 95,817 were associated with the Convention Center. Amateur sports accounted for 53 percent of Visit Charlotte's total room night production in FY14, demonstrating the demand and sizable impact this market segment has on the region.

Within Visit Charlotte, CRVA provided services to a wide range of clients and visitors in FY14. Visit Charlotte Convention Services provided support to 125 events, and Visitor Information Center operations, which include the Visitor Info Center at Charlotte Douglas International Airport, serviced 257,340 inquiries via phone, email, letter, mail, ad responses and walk-in traffic.

Operational Summary

Capital Summary for Venues

In FY14, approximately \$3.8 million was invested in capital improvements for CRVA-managed venues. Projects of note included an expansion joint replacement and a new reciprocating chiller at Bojangles' Coliseum, chiller replacement at the Charlotte Convention Center in anticipation of the Alpha Kappa Alpha Boule in early FY15 and a new stage fire curtain and upgraded HVAC unit in the dressing rooms for Ovens Auditorium.

Financial Summary:

For FY14, CRVA venues generated revenues of \$31,881,710 and received external financial support totaling \$22,811,085. Operational and capital expenses for the fiscal year totaled \$53,099,069. The resulting \$1,593,726 surplus is part of the CRVA fund balance.

The CRVA pre-audited working fund balance on June 30, 2014 after adjusting for non-cash items is \$6,836,191. The final audit will be available October 2014.

FY14 Highlights and FY15 Outlook

The outlook for the CRVA in FY14 continues to improve. CRVA-managed venues expect increases in the quality and quantity of events. New branding and resources dedicated to the NASCAR Hall of Fame are showing positive signs of growth in FY15. At the same time, the venue looks for continued momentum in booking special events.

The CRVA had some notable successes in FY14.

- In FY14, the CRVA and Visit Charlotte agreed to absorb the Charlotte Film Commission within its operations beginning in FY15. The resource dedicated to recruiting feature films, movies, documentaries, television programming and commercials transitioned from the Charlotte Regional Partnership. The move is an ideal fit for CRVA given its mission, which seeks to maximize the region's economic potential through visitor spending that creates jobs and opportunities. Crews that utilize Charlotte as a backdrop stay in area hotels, eat in the city's restaurants and use local services, creating valuable tax revenue that benefits the region. The industry has also created a unique talent pool in Charlotte with jobs that rely on and are dedicated to the filming that takes place here. The Charlotte Film Commission resides within Visit Charlotte's Tourism Department.
- In partnership with the City of Charlotte, the CRVA secured the booking of the Guinness International Champions Cup at Bank of America Stadium on Aug. 2, 2014. The booking utilized one of the five free dates the venue promised to the city as part of the stadium renovations deal. The event drew more than 69,300 attendees and showcased the region-wide demand for international soccer matches of this caliber.
- The CIAA Men's and Women's Basketball Tournament agreed to exclusively negotiate with Charlotte in order to keep the event in the region for the next six years. Contract negotiations have extended into FY15 and also incorporate moving the CIAA headquarters to the Queen City. The 2014 Tournament also marked the ninth year the event was held in Charlotte.

- Negotiations continue for the GoodSports project adjacent to Bojangles' Coliseum and Ovens Auditorium, which is intended to help revitalize Charlotte's East Side and expand the city's appeal as an amateur sports destination. The redevelopment of Bojangles' Coliseum to accommodate amateur and youth sports would breathe new economic life into these city-owned, historic facilities. Amateur sporting events represent over half of the room night production generated by the Visit Charlotte sales team since 2007 and this complex would attract new business to boost this demonstrated revenue stream.
- Visitor spending in the Charlotte MSA, as calculated via the North Carolina Division of Tourism, reached a record high with economic impact estimated at nearly \$6 billion. The economic impact of tourism in Mecklenburg County grew by 4.7 percent in 2013, with visitors infusing \$4.6 billion in domestic spending into Mecklenburg County. Mecklenburg led all counties in the state with more than double the amount of tourism spending over the second highest ranking county (Wake County at \$1.88 billion).

CRVA Requests for City Support

As a political subdivision of the City of Charlotte, the CRVA cannot make significant organizational change without the support of the City's appointed and elected officials. In FY15, the CRVA will look to collaborate with the City on the following issues:

1. **Future of Ovens Auditorium and Bojangles' Coliseum:** The redevelopment of the Bojangles' Coliseum complex to accommodate amateur and youth sports as proposed in the City's Capital Investment Plan would breathe new economic life into these city-owned, historic facilities. Amateur sporting events represent more than half of the room night production generated by the Visit Charlotte sales team and this complex would attract new business to boost this demonstrated revenue stream. The City and the CRVA are continuing discussions with GoodSports Enterprises Global on future plans for the complex involving amateur sports.
2. **Development of Visitor Assets and Events:** The City and CRVA should continue to work collaboratively on the future of Charlotte as an improved destination for tourism, conventions and special events. Plans should be created that invest in assets that support this development. Funding should be improved to continue marketing Charlotte to visitors and to create opportunities for Charlotte to compete on a national level for destination-defining events such as the DNC. Tourism dollars have enabled the destination to grow and progress thanks to investments in venues like Bank of America Stadium, the Levine Center for the Arts, the NASCAR Hall of Fame and more. The CRVA strives to be careful stewards of the dollars entrusted to them, and in turn, encourages the city to support the tourism industry and the long-lasting dividends it continues to help procure for the Charlotte region.
3. **NASCAR Hall of Fame Financial Sustainability:** The City and CRVA should continue to work with various NASCAR Hall of Fame partners (Wells Fargo, Bank of America and NASCAR) to collaborate on a financially sustainable model that secures the future of the venue and its positive impact on Charlotte.