

**2012-2017 Michigan Tourism Strategic Plan
Funding Committee Meeting
Grand Hotel Offices, Okemos, September 23, 10am-4pm**

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Agenda

1. Welcome and Introductions
2. Review of July 2 Meeting Notes
3. Status of Action Items from July 2 Meeting
 - a. General – MSUE article on ROI
 - b. General – session on MTSP at next year’s Mackinac Center for Public Policy conference
 - c. General – committee members from the MI Council of Foundations and/or Deloitte
 - d. Obj. 1 – resolution of ROI data
 - e. Obj. 2 – listing of MI associations
 - f. Obj. 2 – distribution of Funding/RTA RFP
4. Update from September 20 Travel Commission Meeting
5. Discussion of Objective Two Funding Mechanism – How to Solicit, Receive, Hold, Disburse and Account for Industry Contributions
6. Next Steps and Next Meeting

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Meeting Notes

In attendance (in person): Jerome Toney (Co-Chair), Steve Yencich (Co-Chair), Stephen Kircher, Mike O’Callaghan, Bill Parlberg, Susan Sherer, Rick Winn, Sarah Nicholls, Louise Smith.

Absent: Mary Carroll, Kellie Dean, Linda Hoath.

Welcome and Introductions – New committee members (Travel Commissioners Kircher and Parlberg) welcomed. Introductions made by all.

Review of July 2 Meeting Notes – Request to move tourism trade associations up into primary category (page 3, Partners/Sources of Funding). No other changes or additions.

Status of Action Items from July 2 Meeting –

- a) General – MSUE article on ROI –co-authored by Sarah with an MSUE colleague – “Tourism marketing return on investment: Interpret ROI with care!”
http://msue.anr.msu.edu/news/tourism_marketing_return_on_investment
General discussion of ROI data and methodology. Critical to note that comparison of state tourism economic impacts or ROIs, or different industries’ impacts or ROIs within the state, is NOT possible since studies use different methodologies to calculate different types of impact and ROI. E.g., the Michigan ag numbers include indirect and induced spending, whereas the Michigan tourism number (i.e., the \$18.1 billion for 2012) reflects direct spending only. Similarly, some states calculate ROI on advertising spend, some on PR, etc. Discussion of how firms’ unwillingness to reveal their ROI methodology might impact the credibility of ROI numbers. Desirability of calculating an overall economic impact number for MI tourism. Discussion of state-funded research – auto and ag receive monies from the state to fund industry research, tourism no longer does since TTRRC closed in 2007. Impact and ROI numbers critical in the argument for more Pure Michigan monies.
- b) General – session on MTSP at next year’s Mackinac Center for Public Policy conference – brief discussion, no decision made.
- c) General – committee members from the MI Council of Foundations and/or Deloitte – still pending.
- d) Obj. 1 – resolution of ROI data – ROI of Pure Michigan only calculable at state level.

- e) Obj. 2 – listing of MI associations – Developed for the CCP committee. Could be used to target potential partners once a fundraising strategy is put in place.
- f) Obj. 2 – distribution of Funding/RTA RFP – This was distributed to the Co-Chairs of the other six implementation committees on September 15, with a due date of November 14.

Update from September 20 Travel Commission Meeting – Provided by Travel Commissioners Jerry Toney, Stephen Kircher, Bill Parlberg and Susan Sherer.

Four new TCers as of the September meeting, including Stephen and Bill. Also Camille Jourden-Mark (Vice President and General Manager, Michigan's Adventure) and Christian Øverland (Executive Vice President, The Henry Ford).

Discussion of Pure Michigan funding – Is there a plan to get to the \$50 million as stated in Obj. 1 in terms of annual increments? Requires an average increase of \$5/annum. Smaller annual increases likely more palatable than one large raise. Discussion of timing of budget cycles – Governor announces his proposed budget for fiscal year beginning October 1 in the January of that year, therefore any lobbying is required in the year before, i.e., one year in advance. ROI data critical. Discussion of how to deal with a future downturn – need to push for increase in PM monies now, while industry and economy on an upswing. What is role of Travel Commission re. this issue?

Discussion of MTSP governance – who/what is the lead person or entity?

Discussion of Objective Two Funding Mechanism – How to Solicit, Receive, Hold, Disburse and Account for Industry Contributions –

Reminder that all committee members are volunteers. Discussion of potential controversy that allocation of funds raised might generate. Purpose is to unite not divide the industry. Discussion of when to commence fundraising. Desire to be able to identify a target amount prior to solicitation for funds. First target could be based on response to RFP (above). Reminder that these monies are completely separate to Pure Michigan campaign monies. Desire for the raising of these funds to be seen as investment by the industry in the industry, not as a threat to PM funds.

Per previous notes, some holding options = 501(c)(3), 501(c)(4), 501(c)(6), L3C:

- 501(c)(3) exemptions apply to corporations, and any community chest, fund, cooperating association or foundation, organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes. Absolutely prohibited from supporting political candidates, subject to limits on lobbying. E.g., “Friends of ...” groups.

- 501(c)(4) refers to civic leagues and other corporations operated exclusively for the promotion of "social welfare," such as civics and civics issues, or local associations of employees with membership limited to a designated company or people in a particular municipality or neighborhood, and with net earnings devoted exclusively to charitable, educational, or recreational purposes. May inform the public on controversial subjects and attempt to influence relevant legislation, may also participate in political campaigns and elections. E.g., Tourism Improving Michigan's Economy (TIME) Alliance.
- 501(c)(6) refers to non-profit business leagues, chambers of commerce, real estate boards and boards of trade. Can engage in lobbying. E.g., Ann Arbor SPARK.
- L3C = low-profit limited liability company. A for-profit, social enterprise venture that has a stated goal of performing a socially beneficial purpose, not maximizing income. A hybrid structure that combines the legal and tax flexibility of a traditional LLC, the social benefits of a nonprofit organization, and the branding and market positioning advantages of a social enterprise.
- Tax-Exempt Status for Your Organization: <http://www.irs.gov/pub/irs-pdf/p557.pdf>

Discussion of proposed structure of entity: Board to include Funding Committee Co-Chairs, TC Chair, George Z. Executive committee of TCers and implementation committee Co-Chairs to vote on disbursements. Discussion of timing of disbursements – will this only occur after scheduled TC meetings (currently four per year) – could delay some activities. Could TC also conduct telephone meetings between four in-person ones? Non-industry entity to serve as fiduciary.

Next Steps and Next Meeting – Sarah will send Doodle to group.

Action Items –

- Sarah to prepare a one-page summary of the ROI methodology and data.
- Sarah to prepare a brief summary of the former TTRRC's activities.
- Sarah to share list of Michigan associations (as developed for CCP committee).