

THE STATE OF SOUTH CAROLINA  
In the Supreme Court

**RECEIVED**

JUN 15 2017

---

APPEAL FROM BEAUFORT COUNTY  
Court of Common Pleas

S.C. SUPREME COURT

Michael G. Nettles, Circuit Court Judge

---

Appellate Case No. 2016-000460

---

DomainsNewMedia.com, LLC, ..... Respondent,

v.

Hilton Head Island-Bluffton Chamber of Commerce, .....Appellant.

---

RECORD ON APPEAL  
VOLUME II

---

Robert E. Stepp (S.C. Bar No. 5335)  
Tina M. Cundari (S.C. Bar No. 71951)  
Bess J. DuRant (S.C. Bar No. 77920)  
Sowell Gray Robinson Stepp & Laffitte, LLC  
1310 Gadsden Street  
Columbia, South Carolina 29201  
803-929-1400  
[rstepp@sowellgray.com](mailto:rstepp@sowellgray.com)  
[tcundari@sowellgray.com](mailto:tcundari@sowellgray.com)  
[bdurant@sowellgray.com](mailto:bdurant@sowellgray.com)

**Attorneys for Appellant**

Andrew S. Radeker (S.C. Bar No. 73743)  
Taylor M. Smith, IV (S.C. Bar No. 101584)  
Harrison & Radeker, P.A.  
923 Calhoun Street  
Columbia, South Carolina 29201  
803-779-2211  
[drew@harrisonfirm.com](mailto:drew@harrisonfirm.com)  
[taylor@harrisonfirm.com](mailto:taylor@harrisonfirm.com)

**Attorneys for Respondent**

## INDEX

### Orders

Order Granting Summary Judgment for Plaintiff and Denying Summary Judgment for Defendant (Feb. 22, 2016).....	1
Order Denying Petition for Original Jurisdiction (May 2, 2013) .....	14
Case Management Order (June 14, 2015).....	15

### Pleadings, Petitions, Affidavits, Notices, and Memoranda

Summons and Complaint (Jan. 15, 2013).....	17
Petition for Supreme Court to Assert Original Jurisdiction and to Remove this Case from the Circuit Court (Feb. 15, 2013) .....	29
Affidavit of William G. Miles .....	223
Answer (Feb. 15, 2013) .....	232
Plaintiff's Motion for Summary Judgment (Sept. 30, 2015).....	236
Defendant's Motion for Summary Judgment with exhibits (Sept. 30, 2015).....	240
Plaintiff's Memorandum in Opposition to Defendant's Motion for Summary Judgment with exhibit (Oct. 30, 2015).....	306
Defendant's Memorandum in Opposition to Plaintiff's Motion for Summary Judgment (Oct. 30, 2015).....	317
Plaintiff's Reply Memorandum in Opposition to Defendant's Motion for Summary Judgment (Nov. 16, 2015).....	335
Defendant's Reply to Plaintiff's Memorandum in Opposition to Defendant's Motion for Summary Judgment (Nov. 16, 2015).....	343
Hilton Head Island-Bluffton Chamber of Commerce's Notice of Appeal (Mar. 3, 2016).....	348

### Transcripts

Transcript of Hearing (Jan. 27, 2016).....	351
Transcript of Deposition of Ray Deal (Feb. 23, 2015) .....	407
Direct Examination by Mr. Leddy .....	411
Transcript of Deposition of Susan Thomas with exhibits (Feb. 25, 2015).....	481
Direct Examination by Mr. Leddy .....	485
Cross-Examination by Mr. Stepp.....	540
Transcript of Deposition of Damita Jeter (Aug. 18, 2015).....	689
Direct Examination by Mr. Smith.....	691
Direct Examination by Mr. Stepp .....	715
Re-Examination by Mr. Smith.....	718

### Certificate of Counsel

In the Matter Of:

DOMAINSENEWMEDIA.COM v. HILTON HEAD ISLAND -  
BLUFFTON CHAMBER OF COMMERCE

2013-CP-07-0080

---

RAY DEAL

February 23, 2015

---



Coastal Court Reporting \_ Video

843-785-7739  
schedule@coastalcourt.com  
coastalcourt.com

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

IN THE COURT OF COMMON PLEAS  
FOURTEENTH JUDICIAL CIRCUIT  
STATE OF SOUTH CAROLINA  
COUNTY OF BEAUFORT

DOMAINSNEWMEDIA.COM, LLC,

Plaintiff,

vs.

CIVIL ACTION NUMBER  
2013-CP-07-0080

HILTON HEAD ISLAND - BLUFFTON CHAMBER OF  
COMMERCE,

Defendant.

-----/

The 30(B)(6) DEPOSITION OF THE DEFENDANT  
HILTON HEAD ISLAND - BLUFFTON CHAMBER OF  
COMMERCE, DESIGNEE, RAY DEAL, a witness in the  
above-entitled cause, taken pursuant to Notice  
and agreement, before Kyle J. Saniga, Certified  
Court Reporter and Notary Public, at the McNair  
Law Firm, 23-B Shelter Cove Lane, Suite 400,  
Hilton Head, South Carolina, on the 23rd day of  
February 2015, commencing at or about the hour  
of 11:37 a.m.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

APPEARANCES OF COUNSEL:

FOR THE PLAINTIFF:

T. MICAH LEDDY, ESQUIRE  
Leddy Law Firm, L.L.C.  
2008 Lincoln Street  
Columbia, South Carolina 29201  
micah@leddy.com  
803.799.9966

FOR THE DEFENDANT:

ROBERT E. STEPP, ESQUIRE  
BESS DURANT, ATTORNEY AT LAW  
Sowell, Gray, Stepp & Laffitte, L.L.C.  
1310 Gadsden Street  
Columbia, South Carolina 29211  
rstepp@sowellgray.com  
bdurant@sowellgray.com  
803.929.1400

ALSO PRESENT:

Bill Miles

- - -

I N D E X

	PAGE
EXHIBIT INDEX -----	3
OPENING REMARKS AND STIPULATIONS -----	4
DIRECT EXAMINATION:	
By Mr. Leddy -----	4
CERTIFICATE -----	73

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

D O C U M E N T A R Y E V I D E N C E

NUMBER	DESCRIPTION	PAGE
PX-4	Hilton Head Island - Bluffton Chamber Of Commerce Financial Information Years Ended June 30, 2010 and 2009 and Independent Auditors' Report	11
PX-5	Letter from William Miles to Amy Duffy dated May 3, 2013	67

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 RAY DEAL,

3 having been produced and first duly sworn as a  
4 witness, testified as follows:

5 DIRECT EXAMINATION

6 MR. STEPP: Mr. Leddy, this is Ray  
7 Deal. Y'all met before the deposition  
8 but Ray is our designated witness for  
9 topics 2, 3 and 6.

10 BY MR. LEDDY:

11 Q Mr. Deal, I'm Micah Leddy. I represent  
12 domainsnewmedia.com LLC. Do you -- have you  
13 ever done a deposition before?

14 A I have not.

15 Q Okay. So, a deposition is sworn  
16 testimony. You've been sworn in and it's just  
17 like if you were in court and you were to  
18 testify except we don't have a judge here,  
19 obviously, but everything that you say will be  
20 made a part of the record.

21 If I ask you a question and you answer  
22 it then I'm going to assume that you understood  
23 it, okay. If you don't understand my question  
24 then you need to ask me to clarify it not your  
25 attorney. You're not to ask him questions

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 throughout the course of this.

3 A Okay.

4 Q Obviously we don't have a judge here  
5 but your attorney may object to questions. If  
6 he does, then you will still answer the question  
7 unless he tells you not to answer the question  
8 but typically the objections are all preserved  
9 for later and you'll still give an answer.

10 Okay?

11 A Uh-huh.

12 Q If you need to take a break or  
13 something then just let me know.

14 How long have you -- so tell me where  
15 you work and what your position is.

16 A I am the Controller at the Hilton Head  
17 Island Bluffton Chamber of Commerce. I have  
18 been employed since August 1st 2005.

19 Q Okay. And what does a Controller do?

20 A I handle all of the financial  
21 activities, Human Resources and facilities at  
22 the Chamber.

23 Q Okay. When you say the 'handle  
24 financial activites', do you actually manage the  
25 bank accounts?

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 A I do.

3 Q And tell me how the bank accounts are  
4 setup for the Chamber. Is there one account?  
5 Two accounts?

6 A We have one primary operating account  
7 with Bank of America who also holds the mortgage  
8 on our facility.

9 We have roughly ten to 12 other bank  
10 accounts that are setup to handle surplus cash  
11 throughout the year.

12 Q Those are also with Bank of America?

13 A No.

14 Q Who --

15 A Various, various banks around the  
16 island.

17 Q Are they all local banks?

18 A They have local branches but most of  
19 them, of course, are not based here.

20 Q Okay. So, the one primary account, is  
21 that where the vast majority of the operating  
22 cash for the Chamber resides?

23 A It is where most of the transactions  
24 occur but in the case of -- and generally  
25 speaking to the -- be under FDIC, you know,

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 regulatory \$250,000 obviously guaranteed, you  
3 know, in case something happens we try to spread  
4 the money around to other banks.

5 Q So that's the reason why you have ten  
6 or 12 different banks?

7 A Correct:

8 Q Because I have noticed in the audits  
9 that they make reference to your accounts being  
10 over 250,000 but saying that the credit risk for  
11 that particular bank is negligible?

12 A On occasion there will be some accounts  
13 that go over 250,000. For the main operating  
14 account, for instance, if we have an influx of  
15 cash from say the South Carolina PRT, which  
16 might be more than a million dollars it will  
17 take a few days slash weeks to basically  
18 redistribute that money to other institutions.

19 Q Okay.

20 A So there might be a small time that  
21 there's a balance of over 250,000 in any one  
22 account.

23 Q Okay. Now, who gets to sign checks off  
24 of these accounts?

25 A Bill Miles and I are the primary people

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 that can sign checks.

3 Q Okay. So you can sign checks?

4 A That is correct.

5 Q All right. And will a particular  
6 marketing campaign say, for instance, a campaign  
7 to run ads in Southern Living --

8 A Uh-huh.

9 Q -- will that campaign all be paid out  
10 of one account or could it come out of multiple  
11 different accounts?

12 A It'll all be paid out of one account,  
13 the Bank of America account, yes, sir.

14 Q Okay. So when money comes in from,  
15 let's say it comes if from the -- a PRT grant,  
16 okay?

17 A Uh-huh.

18 Q Yes?

19 A Yes.

20 Q All right. I forgot to tell you that  
21 but you --

22 A Excuse me, yes.

23 Q -- need to answer audibly.

24 A Yes.

25 Q I knew I forgot to tell you something.

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 Say a million dollars comes in, how  
3 does that get coded in terms of keeping track of  
4 what it's used for? Can you explain that to me?

5 A I can. When the million dollars comes  
6 in it is coded in we have a government funds  
7 section of the -- of our P & L on the first page  
8 and those funds are coded to the South Carolina  
9 grant.

10 Now, all of the funds go into the --  
11 physically go into the Bank of America operating  
12 account but they are coded in our Peachtree  
13 accounting system as South Carolina states; you  
14 know, Parks, Recreation, Tourism receipt.

15 Q So you keep a ledger for each one of  
16 the cash infusions, would that be correct?

17 A Absolutely.

18 Q And if you were to get a million  
19 dollars and then transfer 50,000 of that into  
20 another bank's account, one of these ten to 12  
21 other accounts --

22 A Uh-huh.

23 Q -- then the coding saying that it came  
24 from that PRT funds would follow that money to  
25 that bank?

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 A The coding of the original receipt of  
3 the, you know, million dollars, you know, shows  
4 up on the P & L as, you know, as a revenue --

5 Q Okay.

6 A -- for that particular account. Now,  
7 where it goes in the bank is kind of immaterial.

8 Q So, you have -- and I don't mean that  
9 the code would be in the bank itself's  
10 records --

11 A Right.

12 Q -- but it would just be in your  
13 accounting software?

14 A Yes, we know where the money goes, yes.

15 Q Okay. And you keep a ledger that will  
16 have that code, so if you were to click I guess  
17 maybe on that particular cash infusion you would  
18 have a ledger that says 50,000 was transferred  
19 this bank for Southern Living?

20 A Yes. We have a check request when the  
21 move -- when the funds are moved there's a check  
22 request to show exactly, you know, what account  
23 and what date they were moved.

24 Q Okay. And then when that ledger shows  
25 that those funds have been exhausted? How do

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 you keep track of knowing not to spend any more  
3 money on that particular grant?

4 A Well, we have expense codes that are  
5 setup; in the case of the South Carolina PRT we  
6 have expense codes that are setup that show how  
7 -- exactly how the one -- you know, how the  
8 one million dollars is spent throughout the  
9 year.

10 Q Okay.

11 A And that is outlined in our audit on  
12 the last page of the audit.

13 Q Okay. Let's look at an example of the  
14 audit.

15 A Sure.

16 Q Maybe that'll help.

17 (Whereupon, Plaintiff's Exhibit  
18 Number 4 was marked for  
19 identification.)

20 BY MR. LEDDY:

21 Q Are you taking a look at what's been  
22 marked as Exhibit 4?

23 A I am.

24 Q And are you familiar with this?

25 A I am very familiar with this.

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 Q Okay, good. Can you tell me what this  
3 is?

4 A This is our fiscal year ending audit  
5 for the fiscal year June 30th 2010. It was  
6 prepared by JW Hunt & Company.

7 Q Okay. And you were Controller of the  
8 organization at the time that this was prepared?

9 A Yes, I was.

10 Q So you would be very familiar with it,  
11 indeed, I would suppose?

12 A Yes.

13 Q All right. Now, in speaking with Ms.  
14 Thomas, earlier, it's my understanding that the  
15 primary public funding that comes in is either  
16 through Atax or through a PRT grant?

17 A Correct.

18 Q And that's a destination marketing  
19 grant?

20 A Correct.

21 Q And do you know what the full budget --  
22 how much is the total budget for Hilton Head  
23 Island Chamber of Commerce?

24 A \$6.7 million.

25 Q And out of the 6.7 million, how much do

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 you get from Atax and the main PRT grant?

3 A From Atax and the main PRT grant you're  
4 looking at about 1.4 plus two point -- total  
5 probably \$2.7 million.

6 Q Out of the 6.7?

7 A Yes.

8 Q And then how much comes in from the  
9 smaller more specific grants?

10 A Well, are we talking about a specific  
11 year or are we talking just in generalities?

12 Q I guess -- it must fluctuate if you're  
13 asking.

14 A It does.

15 Q Okay. Well, how about the last year?

16 A Okay, this past year, this past year we  
17 received, for instance, in the Town of Hilton  
18 Head about \$1.4 million, which is related to the  
19 state, the two percent state accommodations  
20 taxes.

21 We received almost \$300,000 additional  
22 for the supplemental grants, for instance, for  
23 golf or culinary or tennis or whatever those  
24 were. I can't remember, specifically.

25 Q Okay. So you got about 1.4?

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 A 1.4 from the normal DMO grant and then  
3 another \$300,000, so it was a total of  
4 \$1.7 million.

5 Q Okay. So, last year you got about  
6 300,000 from Hilton Head for the specific  
7 grants?

8 A That's correct.

9 Q So I guess what I'm saying, the point  
10 of my question is, really, you have a difference  
11 of between 6.7 total budget and 2.7 coming from  
12 the main Atax and PRT you have a four million  
13 dollar gap there. How much of the four million  
14 gets filled with private contributions?

15 A The Chamber, as I said, the Chamber  
16 budget, which is completely private, is  
17 1.7 million.

18 The private dollars on the VCB side are  
19 almost 1.5 million and then, of course, you have  
20 to take into consideration Beaufort County, you  
21 know, the Beaufort County funds that come in as  
22 well as the Town of Bluffton.

23 Q Okay. So 1.7 million private for the  
24 Chamber. 1.5 million private for the V and CB?

25 A Yes.

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 Q And then that adds up to 3.2, so we're  
3 about 3.5 million still in a gap there.

4 Where does that money come from? So if  
5 you have 1.7 million private money for the  
6 Chamber, right?

7 A Yes.

8 Q And you have 1.5 million private money  
9 for the Visitor and Convention Bureau?

10 A Right.

11 Q So that's 3.2 million?

12 A Right.

13 Q And your total budget's 6.7?

14 A Right, so the government funds were a  
15 total of 3.5 million, so....

16 Q Okay.

17 A Of which 1.7 million was the Town of  
18 Hilton Head and \$1.3, 1.4 million dollars was  
19 the Parks -- the PRT monies and then \$150,000  
20 from the Town of Bluffton and 322,000 from  
21 Beaufort County.

22 Q Okay. Now, the two -- the main Atax  
23 funding, not counting the specific Atax --

24 A Supplemental, uh-huh.

25 Q -- the supplementals, that comes in

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 quarterly infusions --

3 A That's correct.

4 Q -- from these various municipalities?

5 A Correct.

6 Q Every three months you'll get wire  
7 transfers in?

8 A Wire transfers or checks.

9 Q Or checks.

10 A Depends on the municipality.

11 Q Okay. But every three months they  
12 bring -- they give you a lump sum of cash?

13 A Correct.

14 Q And that's based on a marketing plan  
15 that was submitted and approved and also the  
16 revenues that were actually realized by the  
17 State?

18 A That's correct.

19 Q So, regardless of whatever they said  
20 they would be willing to give you, that number  
21 might go down if tax revenues are off?

22 A That's correct.

23 Q Okay. And do they ever pay you more if  
24 there's more taxes?

25 A Absolutely.

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 Q Okay.

3 A It varies, again, based on the budget.  
4 I mean the budget is a plan. It's an  
5 expectation, but yes, the actual receipts could  
6 differ.

7 Q Okay. So, if you were expecting to get  
8 \$100,000 and you get a transaction or a check  
9 for 125 --

10 A Uh-huh.

11 Q -- you would have a surplus of \$25,000,  
12 right?

13 A That's correct.

14 Q And does that money then end up getting  
15 used for -- how does that money get used?

16 A Well. As Susan explained, earlier, you  
17 know, that's -- that's a decision that's made at  
18 the marketing council level as well as by our  
19 professional staff to say, okay, where should we  
20 bolster our marketing program this year because  
21 we have some more money, and by the same token,  
22 if it's \$25,000 less we need to figure out for  
23 the rest of the fiscal year what we're going to  
24 cut back on.

25 Q Okay. Now, how often do you go through

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 these various accounts and see what has been  
3 spent? Is that what you do all day?

4 A Pretty much, yes.

5 Q Okay. So everyday you look at all the  
6 different accounts and see who spent money on  
7 what?

8 A Yeah, I wouldn't say everyday.

9 Q Okay.

10 A I would say every week.

11 Q Okay.

12 A Everyday is probably a little bit much,  
13 but yes, and we do obviously look at the end of  
14 the month because we produce monthly financial  
15 statements so I look at every single line item,  
16 every single detail, every month very closely.

17 Q Okay. And the monthly statements that  
18 you do, is that for in-house?

19 A Yes.

20 Q And are those transmitted to any  
21 government agencies?

22 A On occasion they are. There are some  
23 grants that ask for what are your -- you know,  
24 what is your last fiscal year financials?

25 Generally speaking, we would give the audit in

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 that case.

3 In some instances I -- and I can't  
4 recall specifically which, the last four, you  
5 know, your year-to-date internal because  
6 obviously the audit hasn't been done.

7 Q Okay. But, you would agree with me  
8 that there are a lot of different marketing  
9 campaigns that are ongoing, at any given moment?

10 A Correct.

11 Q Okay. And each one of those will have  
12 -- you will have an account setup for in your  
13 accounting software?

14 A Yes.

15 Q And so your internal financials show  
16 exactly how much was spent on every single one  
17 of those campaigns?

18 A Yes.

19 Q And do you have, also, in your  
20 accounting software, the budgeted amount that  
21 you were forecast to spend on each one of those  
22 different campaigns?

23 A In the software, itself, we create a  
24 budget at the very beginning of the year, so  
25 yes, there is a budget that's approved by our

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 board in May for the coming -- for the coming  
3 fiscal year, yes.

4 Q So if I asked you to, you could say,  
5 here we are February 23rd and on the Southern  
6 Living account for V and CB we budgeted this  
7 much and we have thus far spent this much. We  
8 budgeted A, we've spent B and the money that we  
9 spent came from the following sources?

10 A Yeah. The answer to that question is,  
11 we don't have specifically like Southern Living  
12 or vendors that are on our internal reports, so  
13 if you ask me how much we've spent with Southern  
14 Living I'd have to run a different report but  
15 generally the budget is, okay, let's talk about  
16 Bluffton DMO marketing so I can tell you exactly  
17 what was budgeted for that line item and what  
18 we've spent.

19 Now, Southern Living would probably be  
20 in that somewhere but maybe there might be a  
21 couple other vendors, too, because generally  
22 speaking one campaign doesn't just have one  
23 vendor, one campaign might have multiple  
24 vendors.

25 Q Right. Do you keep a separate -- do

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 you organize your accounting software to keep  
3 track of it both by vendor and by campaign?

4 A Yes, we do.

5 Q So you could run a report just for  
6 Southern Living?

7 A Yes.

8 Q You could run a report just for that  
9 particular campaign?

10 A Yes.

11 Q And that report could show what the  
12 budgeted amount was versus how much has been  
13 spent?

14 A Correct.

15 Q So that somebody like Susan could say,  
16 we have a surplus that came in, run me reports  
17 for how much we spent versus our budget and then  
18 she could make a decision about increasing that  
19 particular campaign or decreasing that  
20 particular campaign?

21 A That's correct.

22 Q Okay. Now, but when you prepare the  
23 financial data that goes back to government  
24 agencies --

25 A Uh-huh.

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 Q -- that is not your internal financial  
3 documents that you do on a monthly basis?

4 A Correct. It's a summary at the year --  
5 at the end of the year.

6 Q Okay. And --

7 A In the audit, yes.

8 Q And that is actually prepared by a  
9 third party?

10 A The audit is prepared by a third party,  
11 JW Hunt, yes.

12 Q And so they get your -- the documents  
13 and reports that you generate, yourself, right?

14 A Right.

15 Q And they also pull your bank records  
16 and they compare the two?

17 A Correct.

18 Q That's an audit, right?

19 A Right.

20 Q Okay. And then they prepare this  
21 particular report?

22 A Yes.

23 Q And that goes to the government  
24 agencies?

25 A Correct.

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 Q It may be used -- this report might be  
3 used as an attachment to the marketing plan  
4 application for next year?

5 A It generally is.

6 Q It generally is, okay. So --

7 MR. STEPP: And this is Exhibit 4  
8 you're talking about?

9 BY MR. LEDDY:

10 Q Exhibit 4 we're talking about, right.  
11 Now, in looking at --

12 A I would like to -- I do -- that  
13 document is prepared by JW Hunt but the last  
14 four schedules --

15 Q Yeah.

16 A -- that are in the document; Town of  
17 Hilton Head, Town of Bluffton and the very last  
18 page that shows all the expenses and -- or  
19 excuse me, the revenues and expenses, that's a  
20 sheet that's prepared by Susan and myself and  
21 approved by the auditors based on the process  
22 that they've taken, so they don't -- they  
23 approve that last spreadsheet. They don't  
24 actually prepare that last spreadsheet.

25 Q Okay. That's the one that's on page

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 17?

3 A That's correct.

4 Q Okay. And what that shows is on the  
5 left side there's a breakdown of revenue and  
6 then expenses?

7 A That's correct.

8 Q And the first line item under revenues  
9 is Town of Hilton Head Island DMO?

10 A Correct.

11 Q At 1,058,000 and change?

12 A I'm sorry, are you looking at the 2010?

13 MR. STEPP: He's looking --

14 THE WITNESS: I apologize. Yep,  
15 absolutely.

16 MR. STEPP: There you go.

17 THE WITNESS: Yes, 1,058,339.

18 BY MR. LEDDY:

19 Q And that is the direct marketing  
20 organization, is that Atax funds?

21 A Yes, that is the state Atax -- the  
22 two percent state Atax that comes back to the  
23 Town of Hilton Head we are the DMO so we get  
24 30 percent of those funds, that's what that is.

25 Q Okay. Of the line items that are

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 listed as revenues --

3 A Yes.

4 Q -- are all of them, except for member  
5 funding, are all of those public sources of  
6 money?

7 A No. I actually highlighted that so  
8 that you could understand exactly and I have,  
9 2010, so, you know, if you want it you can take  
10 it but this is all the government funds, I  
11 outlined them.

12 Q Okay. Let me have you -- okay.

13 Did I tell you to bring this particular  
14 year? I told you last five years, correct?

15 A Correct.

16 Q Okay. I was just going to say it's  
17 amazing if you did that.

18 A So if you were asking for government  
19 funds I wanted to make sure you knew exactly  
20 what the government funds were for each  
21 particular year.

22 Q Okay. So when I say 'line items', I  
23 mean -- maybe I'm not using the right  
24 terminology because I'm not an accountant or a  
25 Controller.

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 A Uh-huh.

3 Q But I'm talking about, what would you  
4 call these individual things listed under  
5 revenues? For instance, the first one being  
6 Town of Hilton Head DMO, the second one being  
7 Town of Hilton Head Island supplemental?

8 A Yeah, revenue line items is fine.

9 Q Okay, line items.

10 A Sure.

11 Q And those are all government except for  
12 member funding, right?

13 A At the very bottom, yes. It's member  
14 funding. If you -- if you go all the way out --

15 Q Right.

16 A -- those are private funds.

17 Q Okay. And so if you -- as you go  
18 across the page each one of these line items  
19 will then -- you will list how much money came  
20 in from for that particular campaign, right, or  
21 these campaigns or these sorts --

22 A No, those are not campaigns, those are  
23 sources of revenue from the municipalities.

24 Q Okay. So for that first one, Town of  
25 Hilton Head DMO --

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 A Yes.

3 Q -- the Town of Hilton Head contributed  
4 but Bluffton didn't, PRT didn't?

5 A Not to the Town of Hilton Head, no.

6 Q Okay.

7 A No, they're separate.

8 Q All right, right. And that that's what  
9 I mean but I'm just making sure I understand it.

10 A But if you go down to the Town of  
11 Bluffton, DMO funds you'll see Bluffton.

12 Q Where they kicked in how much?

13 A Exactly.

14 Q Okay.

15 A Correct.

16 Q And so, what this spreadsheet allows us  
17 to see is if you add up all the accommodation  
18 tax from Town of Hilton Head --

19 A Uh-huh.

20 Q -- you can see that they actually  
21 contributed to four different line items?

22 A That's correct.

23 Q For a total of 1.6 million?

24 A Yeah, that's correct.

25 Q Okay. And then Bluffton contributed to

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 more than or they contributed to three different  
3 line items?

4 A In that case before we started  
5 splitting them out you can see in the future  
6 years we actually split out Bluffton and  
7 Beaufort County. In this particular case it's  
8 Bluffton and Beaufort County under one line  
9 item.

10 We figured it was a little bit too  
11 confusing so in future years if you look at  
12 fiscal, 11, 12, 13, 14 you'll see where Bluffton  
13 has it's own column and so does Beaufort County.

14 Q Okay. But does this list of line items  
15 include every source of revenue for this year?

16 A Yes.

17 Q So, the total amount of revenue for  
18 this particular year in this Exhibit 4 is  
19 \$5.4 million?

20 A That is correct.

21 Q And the two line items or the one line  
22 item that is private money, the member funding,  
23 what goes into member funding? Is it just dues  
24 or is it also contributions in excess of dues?

25 A Okay, in dues let's talk about the

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 membership column first.

3 Q Okay.

4 A It includes membership dues, it  
5 includes revenue from some of our events like  
6 Chamber Ball, Taste of the Season, some of our  
7 major events, so it's membership dues and  
8 membership projects. It's strictly the  
9 association revenue, the Chamber Association  
10 revenue.

11 The marketing piece, the marketing  
12 private marketing is things for, for instance,  
13 co-op advertising that our major hotel, for  
14 instance, would say, you know, we're interested  
15 in marketing together in Ohio or whatever the  
16 case may be, and so this is money that they  
17 would invest on the Visitor and Convention  
18 Bureau side.

19 Q Okay. So that marketing column is all  
20 Visitor and Convention Bureau?

21 A Yes, sir.

22 Q So we talked about that money with  
23 Susan, which does not include dues?

24 A It does not include dues, that's  
25 correct.

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 Q And that money also would not be used  
3 in the budget for the main Hilton Head Chamber?

4 A Well, it's all the main -- we're one  
5 organization with two divisions --

6 Q Okay.

7 A -- so it's all -- when it all rolls up  
8 it's all together, but that is a VCB revenue,  
9 very specifically, okay.

10 Q Okay.

11 A We do not comingle revenues on the VCB  
12 side and on the Chamber side.

13 Q How do you avoid that?

14 A We have a very good process in place  
15 for both revenue and expenses to avoid --  
16 there's a lot of eyes that see the receipts that  
17 come in.

18 For instance, if the Town of Hilton  
19 Head has a wire transfer for Atax I see it, my  
20 assistant sees it, Susan sees it and that's how  
21 it gets coded into the deposit.

22 From a billing standpoint, if a hotel  
23 is going to participate in one of the co-op  
24 programs there's a billing request that comes  
25 from the VCB so we know exactly before -- you

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 know, beforehand the accounting department will  
3 bill specifically for it, so when it comes in it  
4 gets coded as a VCB revenue.

5 By the same token on the Chamber if  
6 it's membership dues or let's just say it's a  
7 table at the Chamber Ball then those billing  
8 requests are done by, you know, whoever wants  
9 you to bill for those, so they come in as  
10 Chamber revenue so you know it before the money  
11 actually comes in the door.

12 Q Okay. But all the money comes into the  
13 main account first?

14 A Yes, it does.

15 Q Okay. And then -- all right. When --  
16 now, when you say 'co-mingling', what do you  
17 mean by co-mingling?

18 A I mean that a receipt of monies that is  
19 specifically for the VCB or for a VCB program  
20 would not inadvertently end up on the Chamber  
21 side and vice versa on the revenue or expense.

22 Now, it is -- let's just say you're a  
23 hotel and there's three -- two outstanding  
24 invoices, one is for memberships dues and one is  
25 for -- one is for a digital co-op program, so

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 one is a Chamber revenue and one is a VCB  
3 revenue. They might write one check and when  
4 that one check comes in we code what is -- you  
5 know, the membership dues to the Chamber side  
6 and the other portion to the VCB side, so  
7 they're coded, even though they go into Bank of  
8 America --

9 Q Right.

10 A -- they are coded properly so that we  
11 can keep up with, you know, the proper, you  
12 know, revenue and expense allocations.

13 Q Okay. So, you get money from the State  
14 usually on a quarterly basis?

15 A From the State?

16 Q Or from the various municipalities?

17 A Quarterly basis, correct.

18 Q Quarterly basis. What about the PRT  
19 grant?

20 A Comes in in one lump sum, generally.

21 Q Beginning of the year?

22 A Comes in around September.

23 Q Okay.

24 A Or --

25 Q For July, June, July fiscal year?

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 A In this case it's not.

3 Q Oh.

4 A The state PRT funds are actually for  
5 the following calendar year, okay.

6 Q Okay.

7 A All the municipalities run on a July 1  
8 through June 30 fiscal year but the PRT monies  
9 generally we do the grant process during the  
10 summer and it's approved and we get the money in  
11 September or October of every year and it's for  
12 the following January 1st through December 31st.

13 Q So that money is supposed to be used  
14 starting January 1st?

15 A That's correct.

16 Q But you get it in October?

17 A Uh-huh.

18 Q Okay. And when you -- say you go to  
19 transfer money out of that Bank of America  
20 primary account --

21 A Uh-huh.

22 Q -- and you're going to transfer it to  
23 another bank that's going to pay for an  
24 expensive campaign, so -- when I say 'expensive'.  
25 I mean like maybe it's a \$200,000 t.v. buy,

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 would that be a good hypothetical?

3 A No because all of the checks are cut  
4 out of our operating account at Bank of America.  
5 There are no check -- with the exception of  
6 money coming back from another institution into  
7 Bank of America --

8 Q Okay.

9 A -- all of the checks for any programs  
10 are written out of Bank of America.

11 Q Okay. And that makes it easier for you  
12 to make sure that you know when money's leaving  
13 the account?

14 A Yeah.

15 Q Because there's only one account that  
16 it's leaving?

17 A That's correct.

18 Q All right. So only if you have a lot  
19 of money at Bank of America and you wanted to  
20 manage your credit risk for bank failure you  
21 would then farm out portions of that cash to  
22 different banks to spread your risk?

23 A That's correct.

24 Q Okay.

25 A That's why we do it, yes.

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 Q And then as it's needed to fund the  
3 things that you need to write checks for you'll  
4 draw money back in from the other bank down the  
5 street?

6 A Absolutely correct.

7 Q Okay. But a hundred percent of the  
8 transactions happen in that Bank of America  
9 account?

10 A That's correct.

11 Q When you go to write a check from that  
12 Bank of America account --

13 A Uh-huh.

14 Q -- do you know what percentage of --  
15 let's say you have a million dollars in that  
16 account --

17 A Uh-huh.

18 Q -- okay, could you tell me at that --  
19 at any given moment 300,000 came from this grant  
20 and 100,000 came from this? Could you break it  
21 down for me like that?

22 A No chance.

23 Q There's no chance of that?

24 A No.

25 Q So -- okay. So it's not operated like

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 the way a law firm's trust account might be.

3 Are you familiar with that?

4 A Vaguely.

5 Q Okay. So, in a law firm trust account  
6 you would keep a ledger for each individual  
7 client.

8 A Uh-huh.

9 Q And you would -- so I would be required  
10 to tell you at any moment I have this many  
11 thousand in the account and they came from -- it  
12 all came from the following people. That would  
13 not be the case for your primary account?

14 A No, it would not.

15 Q So, would it be possible, at this is  
16 point in the year, you get -- let's say in  
17 October you get that -- a million dollars from  
18 the PRT grant.

19 A Uh-huh.

20 Q You're not to use that money until the  
21 projects that have been approved for January?

22 A (Witness nods head.)

23 Q Right?

24 A Uh-huh.

25 Q But, practically speaking, there's no

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 breakdown in your software that shows that  
3 million dollars as being sort of off limits for  
4 day-to-day operations?

5 A No.

6 Q Okay. And as long as, by the end of  
7 the year when you do your reports, you can show  
8 that we were allocated a million dollars by PRT.  
9 It's allowed to be used for these things and  
10 this is how much we spent and as long as you're  
11 under a million then you're okay?

12 A Correct.

13 Q Okay. But -- okay. So, as -- if we  
14 were to pull your bank statement, today, it  
15 would show a balance and if we were to pull your  
16 accounting software it would show the same  
17 balance --

18 A Uh-huh.

19 Q -- as the bank statement, hopefully,  
20 right? Otherwise you'd have a big headache on a  
21 Monday?

22 A It will.

23 Q Okay. But it would not show and you  
24 will not have the ability to run a report to  
25 tell me what percentage of that balance is from

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 a state municipal -- state funds or from a  
3 private fund?

4 A Correct.

5 Q And it would not be your concern if --  
6 let's just -- let me start over.

7 If you were to spend money this month,  
8 you would not be concerned with exactly where  
9 each one of those dollars came from as long as  
10 you're running a positive balance, would that be  
11 a fair statement?

12 A I don't think so I understand that --

13 Q Okay.

14 A -- question.

15 Q Let's say, for instance, in reality you  
16 have one million dollars in the account today.

17 A Okay.

18 Q And let's say that we just started the  
19 Hilton Head Chamber of Commerce, just today --

20 A Uh-huh.

21 Q -- and we have one million dollars.

22 A Uh-huh.

23 Q And 300,000 of it came from the PRT  
24 grant and 300,000 of it came from Atax funds and  
25 the remainder came from people on the island

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 putting together money and putting it into the  
3 account six -- what is that, 400,000, okay?

4 A Uh-huh.

5 Q If you spent \$500,000 this month, you  
6 would not be concerned with whether those  
7 particular dollars came from private funds or  
8 from state funds?

9 A By looking at the operating account,  
10 itself, no, it wouldn't concern me, at all.  
11 What concerns me is that the monies that -- you  
12 know, if we receive \$1.4 million, for instance,  
13 from the Town of Hilton Head, that those monies  
14 at the end of the year have been spent properly  
15 just as they would for PRT.

16 The dollar -- the actual dollar amount,  
17 this is not a trust, you know, type thing. The  
18 actual dollar amounts that show you in the  
19 account, you know, we have a lot of influx and  
20 -- you know, inflow and outflow of cash and we  
21 just want to make sure that we maintain a proper  
22 operating balance and at the end of the day we  
23 feel very confident that our accounting software  
24 -- and our auditors feel that way, too --  
25 accounts for everything as we put in our audit

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 by each municipality and everything is spent  
3 properly.

4 Q Okay. So one thing that I wasn't sure  
5 exactly how this particular deposition would go  
6 because in looking at this audit, let me see if  
7 I can find the right page, I guess what I was  
8 asking is, say, for instance, the marketing plan  
9 calls for just by example \$300,000 for Southern  
10 Living ad campaign for Hilton Head.

11 A Uh-huh.

12 Q And the V and CB executes that  
13 marketing plan.

14 A Uh-huh.

15 Q And they're going to request you to  
16 write checks to Southern Living, correct?

17 A That's correct.

18 Q Okay. And do you -- do you get the  
19 number as to what the budget is for that  
20 particular campaign? Do you, as the Controller,  
21 get that?

22 A Yes.

23 Q Okay. And do you keep track of whether  
24 or not you've spent beyond that cap yet, at that  
25 point in the year?

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 A Yes, within reason. If it's a very  
3 small variance, you know, a lot of the expense  
4 codes if there's a fairly small variance then,  
5 honestly, you know, I don't -- I mean there's  
6 300 line items. If there's a large variance in  
7 any one category I will talk to Susan about it  
8 and try to figure out why that is but she -- you  
9 know, she and I have worked together, from the  
10 very get-go from the planning, the planning  
11 before the fiscal year and all the way through  
12 the execution of it and we've been very  
13 successful at it.

14 Q So she'll actually talk to you on a  
15 regular basis and say, hey, let me see how much  
16 we've spent on --

17 A Absolutely.

18 Q -- this particular vendor?

19 A All -- every week, absolutely.

20 Q And she knows how much she has approved  
21 in her marketing plan?

22 A Yes.

23 Q Okay. And when you say 'a slight  
24 variance', what, to you, would be a significant  
25 variance? Let's say it's a \$300,000 line item.

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 Where do you start to get concerned about where  
3 are we going to get the money to cover in excess  
4 of 300,000?

5 A Well, it -- again, a lot of it depends  
6 on what our receipts are for the coming year  
7 because in a year where we are going to get  
8 200,000 or \$300,000 more than we had expected,  
9 you know, a couple thousand dollars here or  
10 there we have to figure out where to absorb it  
11 in the rest of the budget, so...

12 Q Okay. And so you and Susan will  
13 routinely make -- you will have a meeting and  
14 say, our receipts are less than what we  
15 anticipated and so this particular line item  
16 we're going to have to change how much we spend  
17 in the next month, you might have that  
18 conversation?

19 A Yes or the next several months,  
20 depending on what month we're in in the fiscal  
21 year, yes.

22 Q Okay. And then you and Susan and other  
23 people at the Chamber will make that decision  
24 and you'll write a check for a different amount  
25 than was perhaps called for in the marketing

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 plan?

3 A Well, if it's a supplemental grant and  
4 it's a very specific, you know, \$150,000 will be  
5 paid for golf and then that -- that is what it  
6 is but if there's a -- if there's another  
7 program that say isn't doing as well as we had  
8 expected then we might, you know, cut that short  
9 a little bit in order to move funds over to a  
10 different program. You know, the environment  
11 changes, the world changes and if we have to  
12 adapt to that during the year.

13 Q Okay. So just to be clear, at any  
14 given moment your balance in your primary  
15 account is not broken down into how much money  
16 came from each particular source?

17 A No.

18 Q And but at the end of the year when you  
19 created this table that's on page 17 of  
20 Exhibit 4 --

21 A Uh-huh.

22 Q -- the amount of money that was  
23 attributed to total revenues from the Town of  
24 Hilton Head is 1.675 million --

25 A Yes.

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 Q -- and change?

3 A Uh-huh.

4 Q Is that right?

5 A That's correct.

6 Q Okay. And then the total expenses, at  
7 the bottom of that page, equal exactly the same  
8 dollar figure?

9 A Correct.

10 Q And all of those expenses are broken  
11 down into many different line items; including  
12 leisure or the recovery plan --

13 A Uh-huh.

14 Q -- or meetings and groups are broken  
15 down into a very particular dollar figure of  
16 \$148,567, right?

17 A That's correct.

18 Q How do you -- can you explain to me, if  
19 you don't know at any given moment where each  
20 one of your dollars in your account came from,  
21 how do you nail it down to the exact same amount  
22 of money that came from Town of Hilton Head from  
23 three different -- four different funding  
24 sources and then attribute that exact same  
25 dollar figure to all of these different line

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 items, how does that happen?

3 A Because a program -- a program will  
4 have an expense code in our Peachtree accounting  
5 software and so whether it's trade media or  
6 sponsorships or digital co-op or there's  
7 multiple -- you know, there's a multitude of  
8 programs.

9 When that expense -- when that invoice  
10 comes through the Chamber it is looked at by,  
11 you know, the person who -- always by Susan  
12 Thomas on the VCB side but the person who  
13 actually approved the expense, by Susan, by my  
14 assistant, by me and by Mr. Miles, so we make  
15 sure that that specific expense if it's for a  
16 trade show ends up in the trade show line item  
17 and then at the end of the year we add up all  
18 the expenses that went into the trade show and  
19 that's how the Town of Hilton Head gets charged  
20 with that trade show.

21 Q Okay. So, you could have a trade  
22 show --

23 A Uh-huh.

24 Q -- and that would be coded as a meeting  
25 and since it was a trade show where we talked

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 about Hilton Head Island it would be coded as a  
3 trade show for Hilton Head Island?

4 A That's correct.

5 Q And now you don't know, right before  
6 that trade show starts, exactly how much it's  
7 going to end up costing, do you?

8 A We have a good idea. I mean, because  
9 when you go to a trade show you have the booth  
10 price, the airline ticket and incidentals, so  
11 generally speaking we have a good idea.

12 Q Okay. But incidentals would be if I'm  
13 the one that's going for -- if I'm the person  
14 who's going to travel to it for the Hilton Head  
15 Chamber I might decide to eat at Restaurant A or  
16 Restaurant B, so my per diem may get totally  
17 used or it may not, right? It'll be different  
18 by a few dollars?

19 A Correct.

20 Q Okay. But my --- I guess what my  
21 question is, you get the funding at the  
22 beginning of the year, right? You don't know  
23 exactly how much of it you're going to spend  
24 through the course of that year, we've talked  
25 about that.

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 A Uh-huh.

3 Q Just things change, right?

4 A Uh-huh.

5 Q And then even on talking about one  
6 particular little trade show there could be a  
7 few dollars difference and then but yet at the  
8 end of the year when you do all the numbers,  
9 together, they add up exactly to the exact same  
10 dollar figure that you got from the Town of  
11 Hilton Head and I guess I don't understand how  
12 that -- because you don't -- say for instance  
13 you spend a little bit more, today, at that  
14 trade show, that doesn't effect how much money  
15 you actually got from Hilton Head, right?

16 A Correct. But when you're talking about  
17 accommodation tax dollars, generally speaking  
18 they're in a range. If you were to ask me how  
19 much we were going to get from the Town of  
20 Hilton Head next year in DMO funds, okay, we got  
21 1.4 this past year, it'll be between 1.35 and  
22 1.5 -- there might be \$100,000 variation  
23 depending on what happens with the economy,  
24 etc., etc., we expect it to go up, we don't  
25 expect it to go down. We're not going to have a

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 fluctuation of \$3 million on that line item,  
3 it's just not going to happen, it's going to  
4 stay -- so everything is relatively consistent.

5 Q Okay. And relatively consistent is one  
6 thing but I guess my question is, have you ever  
7 added up the total expenses for one of your  
8 funding sources and it been any different than  
9 the total revenues from that funding source?

10 A Okay, so what -- the line item that you  
11 need to look at is actually the very last item  
12 on the page and it shows sales, marketing and  
13 administrative, okay.

14 So, essentially the VCB is charged an  
15 administrative fee every year because they share  
16 in the building, for instance, they share in  
17 some of the staff, including myself, because,  
18 again, there's two divisions.

19 Q Right.

20 A The VCB and the Chamber. Now, there  
21 are a hundred percent Chamber employees, there  
22 are a hundred percent VCB employees but there  
23 are shared resources; the Accounting Department,  
24 Communications Department, the Executive, the --  
25 and building, itself, so, we charge off of the

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 two and-a-half million dollars that are  
3 personnel building, operating expenses the VCB  
4 takes a portion of that and this portion is  
5 about 1.3 million, so we do a fair cost  
6 allocation across the Town of Hilton Head,  
7 Bluffton, PRT and private funds, okay. So  
8 that's why you see all perfect zeros at the  
9 bottom there.

10 Q And when you say 'a fair cost' -- what  
11 did you say?

12 A A fair cost allocation.

13 Q A fair cost allocation, that's not set  
14 to any particular percentage at the beginning of  
15 the year?

16 A It's -- in the case of the Town of  
17 Hilton Head it's roughly about 40 percent but it  
18 -- you know, it may change, depends -- again, it  
19 depends on what some of the programs and thing  
20 that are done but that cost allocation, which,  
21 as I said, in the case of actually in this  
22 fiscal year I don't know what it was but in the  
23 case of fiscal 2014 it was about \$1.3 million,  
24 so out of \$2.5 million of personnel and admin  
25 costs, the Visitor and Convention Bureau was

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 charged off with about 1.3 million.

3 Q Okay. So that's -- that percentage can  
4 be -- I don't -- message might be make a  
5 pejorative in your line of work.

6 A Well, you have to make a decision on  
7 when you are the destination marketing  
8 organization for many municipalities you have to  
9 figure out what a fair share cost is for each  
10 one of them. You know, if we were strictly the  
11 Town of Hilton Head that'd be one thing but  
12 we're Hilton Head, Bluffton, Beaufort County and  
13 PRT as well as our private funds, so, the  
14 administrative, the administrative overhead is  
15 fairly spread across those municipalities.

16 Q Okay. So would you agree with me that  
17 if you look at the total expense line item that  
18 adds up to five -- the exact -- not the exact  
19 same amount as the total revenue, right, the  
20 5.449 versus 5.454?

21 A I'm sorry, which?

22 Q So, if you looked at the total revenues  
23 versus the total expenses for the year --

24 A Uh-huh.

25 Q -- they're different, right?

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 A Correct because it's either a positive  
3 or negative change in net unrestricted assets.

4 Q And one would expect when you have this  
5 many dollars coming in and this many dollars  
6 going out on this many projects you are going to  
7 have a different -- you're not going to balance  
8 it a hundred percent?

9 A We get very close.

10 Q Right, okay. So this is a very small  
11 percentage in terms of the difference between  
12 the revenue and the expense?

13 A That's correct.

14 Q And but you would agree with me that  
15 the way that you're able to balance precisely  
16 down to the dollar in terms of how much was  
17 spent on behalf of Hilton Head versus how much  
18 Hilton Head contributed is because you can --  
19 you can make a determination as to what the fair  
20 allocation is for sales, marketing and  
21 administrative line item for each one of those  
22 funding sources, right?

23 A That is correct.

24 Q Okay. So --

25 A With oversight of the auditors and our

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 finance committee.

3 Q Okay. And that the only place on this  
4 spreadsheet where the total expenses and the  
5 total revenue doesn't match other than the  
6 ultimate total is under the membership column?

7 A Right.

8 Q Okay. And so, do you do it that way  
9 just so it's easy to see what the difference  
10 between the two in terms of revenue versus  
11 expenses is?

12 MR. STEPP: Object to the form.

13 THE WITNESS: Explain the question  
14 again, I'm sorry.

15 BY MR. LEDDY:

16 Q Well, I guess my question is, would you  
17 agree with me that you could say this year we  
18 had a difference of revenues of \$5,600.

19 A Right.

20 Q We could attribute that excess evenly  
21 between all funding sources if we wanted to  
22 because you could just change the fair cost  
23 allocation?

24 A Sure.

25 Q Would you agree with me that I could do

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 that if I wanted to?

3 A If you wanted to, sure, but now keep in  
4 mind the retained earnings, the net income of  
5 the organization, the retained earnings are on  
6 one balance sheet. There are not two balances  
7 sheets, there's one.

8 Q And so regardless of whether the excess  
9 was either from Atax or some other public fund  
10 or from private funds it's only going to be on  
11 one balance sheet?

12 A It's on one balance sheet.

13 Q And so I don't know anything about tax  
14 law but maybe you don't want to show an excess  
15 that -- would it be bad for your organization if  
16 the Town of Hilton Head contributed a 100,000  
17 and you only spent 95,000?

18 A Would it be bad?

19 Q In other words, all the --

20 A (Witness shakes head)

21 Q -- public funding balances out. In  
22 other words, you give -- you spend a hundred  
23 percent to the dollar the amount of money that  
24 you can show was contributed by them.

25 A That's correct.

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 Q All right. And but you agree that you  
3 could show that excess across the board and  
4 attribute it equally to Town of Hilton Head,  
5 Bluffton?

6 A True.

7 Q There would be nothing wrong in terms  
8 of accounting ethics to do that?

9 A No.

10 Q Okay. So, is there a reason that you  
11 attribute it to the membership column instead of  
12 the Town of Hilton Head?

13 A No.

14 Q Okay. But if we look at that figure  
15 for Town of Hilton Head, sales, marketing and  
16 administrative, that line item.

17 A Uh-huh.

18 Q Right?

19 A Uh-huh.

20 Q That dollar figure there of 532,874 --

21 A Uh-huh.

22 Q -- that is an approximation based on a  
23 fair cost allocation?

24 A Yes.

25 Q Because, it would be extremely

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 difficult to figure out exactly how many dollars  
3 you spent on sales commissions and per diems and  
4 other administrative costs like paperclips and  
5 copies for that particular Town of Hilton Head,  
6 right?

7 A That would be incredibly difficult.

8 Q Incredibly difficult. So, that's a  
9 good line item to use to make the numbers all  
10 balance out?

11 A Yes.

12 Q Okay. Only dangerous if you get tax  
13 money and don't spend it they may not give you  
14 as much next year?

15 MR. STEPP: Object to the form.

16 BY MR. LEDDY:

17 Q Like -- would you agree with that?

18 MR. STEPP: Object to the form.

19 THE WITNESS: We spend the tax  
20 dollars, we spend the tax dollars that  
21 we're given every year, yes.

22 BY MR. LEDDY:

23 Q Okay. Have you seen an instance where  
24 more money was spent on a particular campaign  
25 than was allowed for in the budget?

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 A From a supplemental grant standpoint?

3 Q Any grant, any particular funding  
4 source? I mean just there's -- regardless of  
5 the funding source we have budgeted 300,000  
6 which means that we're getting funding that  
7 equals 300,000 and we've spent more. Have you  
8 seen that?

9 A Sure, yeah, absolutely.

10 Q How often would you say that happens?

11 A Well, again, during the course of the  
12 year you have to make adjustments based on the  
13 environment.

14 Now, from a supplemental grant  
15 standpoint, if the Town of Hilton Head says, for  
16 instance, we approve \$300,000 for golf and  
17 culinary marketing and whatever, if we happen,  
18 if we happened, as an organization, to spend  
19 325,000 then we -- we're not going back to the  
20 Town for the other 25,000, we will submit  
21 invoices for \$300,000 and they will reimburse  
22 those 300,000 and then we have to absorb the  
23 extra 25 grand into our budget somewhere, so  
24 yes, I mean there are variances, absolutely. If  
25 you can find a budget somewhere where somebody

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 had a budget at the beginning of the year and  
3 every single line item matched up perfectly I'd  
4 like to see it.

5 Q Right. I would say that that would be  
6 impossible to do.

7 A Right.

8 Q All right. So you and I can agree on  
9 that, okay.

10 A Uh-huh.

11 Q But I guess my question is the 25 -- in  
12 your example of 300,000 budgeted and 325,000  
13 spent --

14 A Uh-huh.

15 Q -- that 25,000 overage, it could come  
16 from another public funding source, right?

17 A Possibly.

18 Q It could come from a private source,  
19 too?

20 A Possibly.

21 Q It could come from a combination?

22 A Possibly.

23 Q Okay. But the 25,000, if only ten of  
24 it came from a public source, then that would be  
25 10,000 that had been approved for some other

1       LEDDY - DEAL (DIRECT EXAMINATION)

2       marketing campaign or some other line item in  
3       your budget, right?

4             A     Yes. There is a give and take between  
5       line items and the budget, yes.

6             Q     Okay. And so your -- you would -- your  
7       organization would internally be making a  
8       decision to spend 10,000 less on Project A and  
9       spend 10,000 more on Project B in order to cover  
10      that overspending?

11            A     Well, we have a professional staff that  
12      makes professional decisions and as Susan said,  
13      if it's a significant expense then we usually  
14      ratchet that up the chain, you know, go to Bill,  
15      it'll go to the tourism council, you know, it'll  
16      -- it will have other eyes on it, you know. If  
17      we see a very, very large -- if we think there's  
18      going to be a very large discrepancy of some  
19      sort, yeah, we get more people involved than --  
20      but for the most part we're a professional staff  
21      that makes professional decisions.

22            Q     Okay. And so if it's going to be a big  
23      difference you would send it up to Mr. Miles,  
24      who's the CEO.

25            A     Yes.

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 Q And he might take it to the town  
3 council or you said to the marketing council.

4 A Tourism council, right.

5 Q The tourism council.

6 A Our internal tourism council, which has  
7 Town representation.

8 Q Okay. And like you said, now, that's  
9 something that's part of your organization?

10 A Yes.

11 Q But there are people there from the  
12 Town?

13 A Yes.

14 Q Okay. And do you know if they go back  
15 and talk to the Town about that particular  
16 change in spending?

17 A I can't speculate necessarily what  
18 happens.

19 Q You don't know?

20 A Huh-uh.

21 Q Right.

22 A (Witness shakes head)

23 Q Okay. Have you seen an instance where  
24 you insisted on going back to the Town to  
25 approve a change in what you were going to spend

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 versus the budget?

3 A Not that I can recall.

4 Q Okay. So, I think what my  
5 understanding was was that if it's a  
6 insignificant variance then we'll just make the  
7 change, internally, because we have to make  
8 judgement calls, right?

9 A Correct and I would use the word more  
10 immaterial versus insignificant.

11 Q Okay.

12 A Okay.

13 Q And Susan's idea of significant was  
14 around \$10,000.

15 A Right.

16 Q Would do you peg your level?

17 A I'd agree with Susan, that seems to be  
18 a reasonable number.

19 Q Okay. So over that it's going to go  
20 back to the marketing council?

21 A (Witness nods head.)

22 Q Right?

23 A Yes.

24 Q And how often would you say -- could  
25 you estimate how many times a year you have a

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 variance that's big enough to where you feel it  
3 necessary to kick it up the chain?

4 A Not very often but I can't put a number  
5 on it.

6 Q Okay... So it's a rarity, right?

7 A (Witness nods head.)

8 MR. STEPP: Say out loud.

9 THE WITNESS: Yes.

10 BY MR. LEDDY:

11 Q Now, you're looking at these numbers at  
12 least weekly, right?

13 A Yes.

14 Q Okay. And it's your job to make sure  
15 that you don't spend more money than you have,  
16 right?

17 A That's correct.

18 Q So you're very sensitive about that, I  
19 would imagine?

20 A Very.

21 Q And if somebody comes to you and says,  
22 let's look at where we are on this Southern  
23 Living thing, and it shows that you've spent  
24 25,000 more than you have in your budget, that's  
25 going to seriously get your attention?

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 A Yes.

3 Q Would you -- and how often would -- how  
4 often in a year does something like that happen?

5 A Oh, how many times? It does happen,  
6 you know, as I said we have a professional staff  
7 who monitors their position of the budget very  
8 well and we have a lot of eyes on it and  
9 everybody sees the financials every month and it  
10 is rare that I am surprised by something at the  
11 end of the year. It's -- again, we have a very  
12 dedicated team that understands -- understands  
13 their role and it's my role to make sure that  
14 they understand their portion of the budget. I  
15 oversee the entire budget but it's my role to  
16 make sure that everybody does and we've been  
17 very fortunate, you know, we -- as I said, we're  
18 a net zero budget structured and we come very,  
19 very close to every single year.

20 Q So your goal, every year, is to spend  
21 exactly how much you bring in?

22 A Yes.

23 Q Okay.

24 A That's the way the budget's structured,  
25 absolutely.

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 Q Okay. What causes a variance to occur?  
3 Like what do you see that really -- that you  
4 can't seem to iron out as a wrinkle?

5 A I'll give you the biggest variance that  
6 we've had; fiscal 2011 we generally as you know  
7 from the PRT funds we generally get over a  
8 million dollars --

9 Q Right.

10 A -- okay, and we budget around that.  
11 Can we handle a variance of a couple hundred  
12 thousand, yes, we can. Well, in that particular  
13 year we got \$428,000 and we had budgeted --  
14 well, we'd got the year before about 1.2  
15 million, I think we had budgeted about eight or  
16 900,000. Now, that is a variance that we  
17 couldn't overcome because what happens is by the  
18 time we knew we got that money we were three or  
19 four months into the fiscal year and so we had  
20 to start cutting back hard, cutting back on a  
21 lot of programs in order to try to make budget  
22 but we did not, we took a loss of \$169,000 in  
23 that one year. That is something that is very  
24 unusual. It was a curve ball and we have, now,  
25 since, overcome it but that has probably been

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 the biggest financial issue since I've been  
3 here.

4 Q Okay. So that one particular funding  
5 source being so much lower than you had  
6 budgeted --

7 A Yes.

8 Q -- of course it rippled into every  
9 single other planned expenditure?

10 A Yeah.

11 MR. STEPP: Object to the form.

12 THE WITNESS: Yes.

13 BY MR. LEDDY:

14 Q And even though it was about 500,000  
15 difference, was that about right? Because you  
16 had planned on getting about 900 and you got  
17 about five?

18 A Correct. And from the previous year it  
19 had been about almost \$700,000 difference, but  
20 yes, from what we had budgeted, 450, 500 lower,  
21 yes.

22 Q Okay. And that -- you ended up  
23 changing your spending so that out of a  
24 shortfall of around 400,000 you only took a loss  
25 of around 170,000?

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 A Correct.

3 Q And the way that you did was to change  
4 the spending for across the board?

5 A Cut back a lot of marketing programs  
6 mid year. Ones that we hadn't or some of them  
7 we had already committed to and we had no choice  
8 so we took -- we had to take the loss but  
9 anything that came up in the next or six or  
10 seven months or whatever we had to back off,  
11 yes.

12 Q Okay. And would that include specific  
13 grants? In other words, those very specific  
14 supplemental grants?

15 A No.

16 Q Those expenditures went through like  
17 normal?

18 A Those went through just like normal,  
19 absolutely.

20 Q Okay. But does that mean that in order  
21 to make up that huge 500,000 shortfall that you  
22 had to cut programs that were funded by  
23 different funding sources than the PRT?

24 In other words, say, for instance, the  
25 Southern Living campaign was for something that

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 was supposed to be funded by Atax or the Town of  
3 Hilton Head?

4 A No. We wouldn't cut back on something  
5 like that because it's a different funding  
6 source.

7 Q So, in that substance you only cut back  
8 on things that had been --

9 A Specific to --

10 Q -- specifically?

11 A To the PRT.

12 Q -- to the PRT?

13 A Yes.

14 Q And you're able to do that because you  
15 code the PRT money when it comes in?

16 A Absolutely, so we now know that we have  
17 \$428,000 and not 1.2 million, so every line item  
18 that is now related to that, we got to -- you  
19 know, we have to reduce those. We don't reduce  
20 the Town of Hilton Head supplemental grant or  
21 whatever, that's an entirely different-- that's  
22 an entirely different program.

23 Q Okay. So I guess when I said it  
24 rippled through every expense line item, that's  
25 not true or is it?

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 A It rippled through every expense line  
3 item on the PRT side.

4 Q On the PRT side?

5 A Absolutely.

6 Q Okay, all right.

7 (Whereupon, Plaintiff's Exhibit  
8 Number 5 was marked for  
9 identification.)

10 BY MR. LEDDY:

11 Q Now, this letter, I couldn't figure out  
12 where this letter exactly fit in this -- in the  
13 materials that were produced by your attorney  
14 but there were a few letters that were very  
15 similar to this basically saying this letter was  
16 to confirm that Hilton Head Island Bluffton  
17 Chamber has allocated "new funds" specifically  
18 designated for the purpose of matching state  
19 funds. Do you know what that -- what is -- do  
20 you know -- are you familiar with this letter or  
21 what this means?

22 A Yeah. It's new private funds. It's  
23 new marketing funds that we're able -- new  
24 programs, new marketing programs that we're able  
25 to roll out every year in order to get the

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 matching funds from the State, so we have to  
3 keep our co-op programming very fresh for the  
4 hoteliers and the home and villa companies,  
5 etc., etc. It's new programs.

6 Q Okay. So, this would be -- this would  
7 have been probably attached to some new  
8 supplemental grant application or what would  
9 you --

10 A I honestly don't know when this would  
11 have been sent to the State.

12 Q Right. What is the significance of  
13 this letter to you, as the Controller, the  
14 person that monitors all the finances? What  
15 would you have done that Bill Miles would have  
16 then said, oh okay, well, we've changed this in  
17 our accounting software and that means we have  
18 funds for this and that. What does this mean?

19 A The significance of this letter is that  
20 we create new marketing programs every year and  
21 try to keep increasing our private investment  
22 from our hoteliers and our home and villa  
23 companies and all of our tourism-related  
24 partners.

25 Q Okay, all right. I just didn't know

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 what that meant.

3 Does the amount of cash that your  
4 organization has on hand fluctuate a lot from  
5 one month to another?

6 A On the high end we'll have over two  
7 and-a-half million dollars in the Fall and by  
8 the fiscal year-end generally have about between  
9 one and 1.5 million.

10 Q Okay.

11 (Whereupon, a short break was  
12 taken.)

13 BY MR. LEDDY:

14 Q Okay. So, looking back at -- have you  
15 seen Exhibit 2?

16 A Exhibit 2, uh-huh.

17 Q Is that yes?

18 A I'm sorry, yes.

19 Q All right. So, are you familiar with  
20 these reports that go to the State at the end of  
21 the year?

22 A Yes.

23 Q Do you help put these together?

24 A Susan is responsible for putting these  
25 reports together.

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 Q Okay. She would use the numbers that  
3 you keep up with, right?

4 A End of the year financial numbers, yes.  
5 As far as visitor inquiries and any type of  
6 tourism related data, no, I do not keep up with  
7 that.

8 Q Okay. So, do you see in this report is  
9 there anything in here that comes from the  
10 numbers that you give to Susan at the end of the  
11 year?

12 A Let me look through it real quick,  
13 please. No.

14 Q All right. And looking back at the  
15 auditor's report, which is Exhibit 4, right?

16 A I have it, yes.

17 Q The total revenues is around  
18 5.4 million for this year ending 2010?

19 A Correct.

20 Q And the total attributed to member  
21 funding would be around 2.3 million?

22 A Including marketing and member -- yes,  
23 uh-huh.

24 Q Okay. And those are the total numbers  
25 for both the Chamber and the Visitor and

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 Convention Bureau, right?

3 A Total private funding from each, yes.

4 Q And so that ratio of about a third  
5 being -- or no, 2.3 over 5.4, whatever that is,  
6 not 40 percent or so, give or take?

7 A Yes.

8 Q Is that about the amount of public  
9 versus private as a ratio year-to-year? Is that  
10 consistent from year-to-year?

11 A If you're looking at the overall budget  
12 of the Chamber it's closer to about 50 percent.  
13 It's about 50 percent government funds to  
14 50 percent private --

15 Q Okay.

16 A -- give or take.

17 Q Okay. Year to year?

18 A It changes year to year.

19 Q Because your PRT might change, right?

20 A Right.

21 Q Your Atax might change because they may  
22 generate less funds?

23 A Any of the sources of revenue could  
24 change, yes.

25 Q Okay, all right.

1 LEDDY - DEAL (DIRECT EXAMINATION)

2 MR. LEDDY: Thank you for  
3 answering my questions. I don't have  
4 anything further. Your attorney may  
5 have some questions.

6 MR. STEPP: I don't have any  
7 questions. Thank you.

8 (Whereupon, the deposition of  
9 Ray Deal was concluded at  
10 approximately 12:53 p.m.)

11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

C E R T I F I C A T E

STATE OF GEORGIA:

CHATHAM COUNTY:

I, Kyle J. Saniga, Court Reporter and Notary Public in and for the above county and state, do hereby certify that the foregoing testimony was taken before me at the time and place herein-before set forth; that the witness was by me first duly sworn to testify to the truth, the whole truth, and nothing but the truth, that thereupon the foregoing testimony was later reduced by computer transcription; and I certify that this is a true and correct transcript of my stenographic notes so taken.

I further certify that I am not of counsel to either party, nor interested in the event of this cause.

---

Kyle J. Saniga, CCR  
Notary Public, B-2038  
Savannah, Georgia

In the Matter Of:

DOMAINSENEWMEDIA.COM v. HILTON HEAD ISLAND -  
BLUFFTON CHAMBER OF COMMERCE

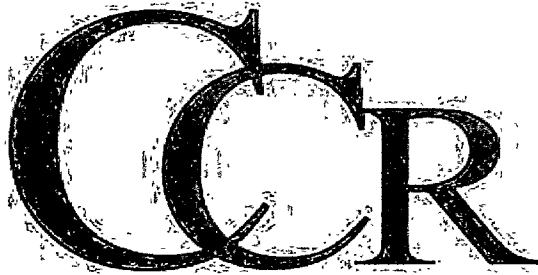
2013-CP-07-0080

---

SUSAN THOMAS

February 25, 2015

---



Coastal Court Reporting \_ Video

843-785-7739  
schedule@coastalcourt.com  
coastalcourt.com

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

IN THE COURT OF COMMON PLEAS  
FOURTEENTH JUDICIAL CIRCUIT  
STATE OF SOUTH CAROLINA  
COUNTY OF BEAUFORT

DOMAINSNEWMEDIA.COM, LLC,  
Plaintiff,

vs.

CIVIL ACTION NUMBER  
2013-CP-07-0080

HILTON HEAD ISLAND - BLUFFTON CHAMBER OF  
COMMERCE,  
Defendant.

-----/

The 30(B)(6) DEPOSITION OF THE DEFENDANT  
HILTON HEAD ISLAND - BLUFFTON CHAMBER OF  
COMMERCE, DESIGNEE, SUSAN THOMAS, a witness in  
the above-entitled cause, taken pursuant to  
Notice and agreement, before Kyle J. Saniga,  
Certified Court Reporter and Notary Public, at  
the McNair Law Firm, 23-B Shelter Cove Lane,  
Suite 400, Hilton Head, South Carolina, on the  
23rd day of February 2015, commencing at or  
about the hour of 10:15 a.m.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

APPEARANCES OF COUNSEL:

FOR THE PLAINTIFF:

T. MICAH LEDDY, ESQUIRE  
Leddy Law Firm, L.L.C.  
2008 Lincoln Street  
Columbia, South Carolina 29201  
micah@leddylaw.com  
803.799.9966

FOR THE DEFENDANT:

ROBERT E. STEPP, ESQUIRE  
BESS DURANT, ATTORNEY AT LAW  
Sowell, Gray, Stepp & Laffitte, L.L.C.  
1310 Gadsden Street  
Columbia, South Carolina 29211  
rstepp@sowellgray.com  
bdurant@sowellgray.com  
803.929.1400

ALSO PRESENT:

Bill Miles  
Ray Deal

- - -

I N D E X

	PAGE
EXHIBIT INDEX -----	3
OPENING REMARKS AND STIPULATIONS -----	4
DIRECT EXAMINATION:	
By Mr. Leddy -----	4
CROSS-EXAMINATION:	
By Mr. Stepp -----	59
CERTIFICATE -----	53

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

D O C U M E N T A R Y E V I D E N C E

NUMBER	DESCRIPTION	PAGE
PX-1	Hilton Head Island - Bluffton Chamber Of Commerce 2013 - 2014 Marketing Plan	15
PX-2	Letter from Jessica Gardo to Mrs. Amy Duffy dated October 31, 2009	26
PX-3	Letter from Kelly McCallister to Debra Cyrilla dated February 25, 2010	37

1 LEDDY THOMAS (DIRECT EXAMINATION)

2 SUSAN THOMAS,

3 having been produced and first duly sworn as a  
4 witness, testified as follows:

5 MR. STEPP: Micah, for your  
6 reference and maybe this is the sort of  
7 preference the court reporter is  
8 thinking about; for our -- for your 30  
9 (b) (6) Notice this first designee is  
10 Susan Thomas and she will address  
11 Topics 1, 4, 5, 7 and 8.

12 DIRECT EXAMINATION

13 BY MR. LEDDY:

14 Q Okay, okay. So Ms. Thomas, can you  
15 tell -- I'm Micah Leddy. I represent Domains  
16 New Media in this case.

17 Have you ever done a deposition before?

18 A Once.

19 Q Okay. So, there are some certain  
20 things I have to talk about before we get  
21 started.

22 A Uh-huh.

23 Q A deposition is sworn testimony just  
24 like you would give in court. There's no judge  
25 here but everything we say is on the record.

1 LEDDY THOMAS (DIRECT EXAMINATION)

2 A Uh-huh.

3 Q If you -- if I ask you a question and  
4 you give me an answer I'm going to assume that  
5 understood it. If you don't understand my  
6 question please feel free to tell me so I can  
7 phrase it better. If you need a break or  
8 anything just let me know.

9 A Okay.

10 Q I don't know if there's anything else  
11 I'm supposed to say, at this point.

12 MR. STEPP: You're supposed to  
13 tell her that she can't ask me any,  
14 questions, at this point.

15 MR. LEDDY: Oh, right, right,  
16 right. You can't ask you lawyer any  
17 questions. You may -- I've never done  
18 a deposition with Mr. Stepp, he may  
19 make a lot of objections or he may not.

20 THE WITNESS: Uh-huh.

21 BY MR. LEDDY:

22 Q But if he objects, then that will be  
23 something that we can take up, later, unless he  
24 instructs you not to answer and you'll still  
25 answer the question. Okay?

1 LEDDY THOMAS (DIRECT EXAMINATION)

2 A Uh-huh.

3 Q If you give an answer then make sure  
4 you give an audible yes or no so that the court  
5 reporter can take it down.

6 Can you tell me what your position is  
7 with the Chamber?

8 A Yes, it is Senior Vice President of the  
9 Visitor and Convention Bureau.

10 Q Okay. And can you tell me what's  
11 the -- is that a division of the Hilton Head  
12 Chamber of Commerce?

13 A Yes.

14 Q And they're two separate legal entities  
15 or it's just a division?

16 A Division.

17 Q How long have you held that position?

18 A 17 years.

19 Q Oh wow, okay. What is -- how would you  
20 describe your everyday duties?

21 A It's -- my everyday duties are focused  
22 on marketing; Hilton Head Island, Bluffton and  
23 Southern Beaufort County as a destination,  
24 travel distinction.

25 Q Okay. And encompassing your duties

1 LEDDY THOMAS (DIRECT EXAMINATION)

2 include -- are included raising funds, is that  
3 right? Would you say that's right? Do you help  
4 the Chamber get money?

5 A I -- I develop -- work with my team to  
6 develop marketing plans that are presented to  
7 various entities to develop -- to let's see, let  
8 me back up for a minute.

9 I write grants and then work with my  
10 team in the private sector as well as the towns  
11 to develop marketing programs for which there is  
12 designated funding.

13 Q Okay. And so, you've been -- having  
14 been there for as long as you have, you're  
15 familiar with -- I know that we're going to have  
16 another witness who's going to talk about the  
17 workings of where money gets put and how it gets  
18 spent --

19 A Uh-huh.

20 Q -- and everything -- but you're  
21 familiar with the budget for Hilton Head Chamber  
22 of Commerce?

23 A Yes.

24 Q Okay. And would you agree that there  
25 are two big funding sources for the Chamber are

1       LEDDY THOMAS (DIRECT EXAMINATION)

2       the accomodations tax and also the Department of  
3       Parks and Recreation grants?

4             A       The two largest funding sources for the  
5       Visitor and Convention Bureau division of the  
6       Hilton Head Island Chamber of Commerce are  
7       actually private sector funds and state  
8       accomodations tax from municipalities.

9             Q       Okay. Do you -- does your division  
10       operate off of grants, also?

11            A       Yes.

12            Q       Okay. So, let's sort of break it down  
13       by funding sources. Tell me about the  
14       accommodations tax.

15                    How does that work, in a most general  
16       sense?

17            A       From a legal standpoint?

18            Q       Just what -- I mean you would agree  
19       that the accomodations tax is levied against,  
20       what? Is it against hotels when people come and  
21       stay in a hotel then there's a percentage of  
22       their money that they pay a hotel goes into a  
23       fund for an accomodations tax?

24            A       Yes. There's a two percent state  
25       accomodations tax that is levied on every

1 LEDDY THOMAS (DIRECT EXAMINATION)

2 overnight stay for lodging that's less than  
3 90 days and that go -- is collected by the State  
4 and then distributed back to local entities,  
5 municipalities and counties and a percentage of  
6 that fund goes in various places but a certain  
7 percentage goes to a designated marketing  
8 organization and each town and county in South  
9 Carolina that collects at a certain level of  
10 accomodations tax.

11 Q Okay. So --

12 A They have to collect to a certain level  
13 to trigger that.

14 Q Okay. And so no matter where people  
15 stay, if they stay in South Carolina then some  
16 of their money goes into this fund?

17 A Correct.

18 Q And then the State --

19 A 90 days or less.

20 Q 90 days or less?

21 A Uh-huh.

22 Q And then the State will then distribute  
23 that to municipalities?

24 A The State collects the funds and then  
25 takes a fee off the top. Also distributes a

1 LEDDY THOMAS (DIRECT EXAMINATION)

2 significant portion of those funds to share with  
3 other lesser collecting entities, municipalities  
4 and counties around the State. If you collect  
5 more than 900,000, which our county does, in  
6 Beaufort County, and of the remaining funds they  
7 go to -- if you want the formula I'm happy to  
8 give it to you.

9 Q Sure.

10 A Okay. \$25,000 and five percent then  
11 goes to that collecting local government entity.  
12 Then, of the remaining funds 30 percent goes to  
13 the designated marketing organization and the  
14 remainder of the funds is distributed through  
15 accommodations tax grants.

16 Q Okay, okay. So there can actually be  
17 grants associated with the accommodations tax,  
18 also?

19 A Yes.

20 Q Okay. How does -- how does someone who  
21 wants to obtain some of that money go about  
22 doing that?

23 In other words, say I want to market  
24 something in this area and I would like to use  
25 state funds from the accomodations tax, how do I

1 LEDDY THOMAS (DIRECT EXAMINATION)

2 do that?

3 A You can apply according to the rules of  
4 a state accommodations tax law. There are eight  
5 different categories into which you can apply  
6 for funding and make an application to that  
7 local government entity.

8 Q Okay. And so the local government  
9 entity would have in a certain amount that it  
10 would know, we have this much money from  
11 accommodations tax to fund grants or other  
12 accommodations tax requests --

13 A Uh-huh.

14 Q -- in this area?

15 A Yes.

16 Q: Okay. And so, as -- and then as a  
17 designated marketing organization, what -- can  
18 you tell me what that means? What does that  
19 term mean?

20 A That means an entity that is specified  
21 by state law as being an entity such as a  
22 chamber of commerce or visitor and convention  
23 bureau that markets that, has a proven record of  
24 marketing that particular geopolitical area and  
25 is designated by that local entity as their

1 LEDDY THOMAS (DIRECT EXAMINATION)

2 official designated marketing organization.

3 Q Okay. And you said you've been with  
4 this chamber for 17 years?

5 A Yes.

6 Q So I guess you guys passed through that  
7 portion of the test of becoming a DMO?

8 A Yes.

9 Q And how long have you been the DMO for  
10 this area?

11 A Well, there are three different areas.

12 Q Okay. There's Bluffton, is that right?

13 A There's Bluffton, there's southern --  
14 there's Beaufort County.

15 Q Okay.

16 A Which is a southern Beaufort County and  
17 there's Town of Hilton Head. Town of Hilton  
18 Head was 1983. Bluffton was less than 15 years  
19 ago. Beaufort County was approximately seven  
20 years ago.

21 Q Okay. And so, are you involved in the  
22 process of applying for --

23 (Whereupon, Ray Deal entered the  
24 proceedings.)

25 BY MR. LEDDY:

1 LEDDY THOMAS (DIRECT EXAMINATION)

2 Q Are you -- you're personally involved  
3 in helping put together the applications for  
4 these grants or for other Atax money?

5 A Yes.

6 Q Tell me how that goes. Tell me, how do  
7 you start that process?

8 A We start that process with consumer  
9 research and engagement with our Hilton Head  
10 Island or Bluffton Marketing Advisory Group, in  
11 Hilton Head it's called the Hilton Head Island  
12 Marketing Council and that has representation  
13 from the Town as well as from the private sector  
14 and we work with them to develop goals,  
15 objectives and strategies and then the staff,  
16 the professional staff then develops a plan  
17 which is presented on an annual basis to the  
18 Town along with a detailed budget to the State  
19 to the local accommodations tax committee which  
20 is structured -- whose representation is  
21 structured by state law for review. That review  
22 generally happens in the spring of every year  
23 and then their recommendation goes to Town  
24 Council and then that is voted with any  
25 recommendations, at that point, and the budget

1 LEDDY THOMAS (DIRECT EXAMINATION)

2 is approved and the program is implemented and  
3 there is a reporting on an annual basis of prior  
4 year results.

5 Q Okay. So, that second step where you  
6 meet with local groups that are also represented  
7 by the Town. Do you mean the people from the  
8 town governing council are present at those  
9 meetings?

10 A Staff.

11 Q Okay, staff.

12 A Town staff.

13 Q And then they would report back to  
14 people who were on council about the meeting, I  
15 suppose?

16 A (Witness nods head.)

17 Q You wouldn't be there for that?

18 MR. STEPP: You need to answer out  
19 loud for that if you can.

20 THE WITNESS: I would assume so.

21 BY MR. LEDDY:

22 Q Okay. And then after these  
23 brainstorming sessions, I guess you could almost  
24 call them, then you'd have your people at your  
25 company or -- at the Chamber or the --

1 LEDDY THOMAS (DIRECT EXAMINATION)

2 A Professional staff.

3 Q The professional staff, that's a better  
4 way of putting it, they then work up one of  
5 these plans, including a budget?

6 A Correct.

7 Q Okay. And included in the budget will  
8 be everything that you plan to do using this  
9 particular grant money?

10 A That's correct.

11 Q And that could include billboard  
12 advertisements, that could include t.v. ads, is  
13 that right?

14 A Yes, it can include a lot of media,  
15 uh-huh.

16 Q Okay. So now, when you go to put one  
17 of these together, does this look -- I'm going  
18 to show you something here. I have a copy of it  
19 for the record. Let's just make this the record  
20 copy.

21 (Whereupon, Plaintiff's Exhibit  
22 Number 1 was marked for  
23 identification.)

24 BY MR. LEDDY:

25 Q Now, can you tell me what that is that

1 LEDDY THOMAS (DIRECT EXAMINATION)

2 I just had marked as Exhibit 1?

3 A This is a Destination Marketing Plan  
4 for the Town of Hilton Head Island for fiscal  
5 year 2013-14.

6 Q Are you familiar with that particular  
7 plan?

8 A I am.

9 Q Okay. So you helped put that one  
10 together?

11 A Yes.

12 Q So, it's a pretty thick piece of paper,  
13 I mean bunch of paper there, would you agree  
14 with me about that?

15 A Yes.

16 Q Okay. And are -- is this what you send  
17 up to the Town Council to be voted on?

18 A It goes first to the Accommodations Tax  
19 Committee.

20 Q Okay.

21 A And then to the Town.

22 Q Okay. And when they -- when they vote  
23 on it -- okay, so to the Accommodations Tax  
24 Committee has to approve funding, first, right?

25 A They make their recommendation to town

1 LEDDY THOMAS (DIRECT EXAMINATION)

2 council.

3 Q Okay. And then is every -- so, in  
4 looking at this thing, for instance you look on  
5 page 24 with me, do you see those figures at the  
6 top or website content, is that --

7 A Uh-huh, yes.

8 Q Okay. And it sort of gives a breakdown  
9 on daily site work? I guess this is a vender,  
10 V-e-r-d.

11 A Uh-huh.

12 Q I don't know what that acronym means.

13 A It's a vendor.

14 Q Okay. And they're going to work for  
15 3,300 a month times 12?

16 A That's correct.

17 Q So, when you send this up you're  
18 submitting to the Town that we are -- our budget  
19 would include \$39,600 for this particular vendor  
20 on this particular project?

21 A Yeah, our Visitor and Convention Bureau  
22 budget includes that.

23 Q Okay. And would you have already  
24 worked that deal out with that particular vendor  
25 when you send this up?

1 LEDDY THOMAS (DIRECT EXAMINATION)

2 A That's correct.

3 Q Okay.

4 A Typically, yes.

5 Q All right. So, and then as far as, for  
6 instance, television ads, do you -- do you run  
7 television spots routinely?

8 A We do buy television advertising, yes.

9 Q And do you budget that out to as  
10 precise of a dollar figure as this? You know,  
11 this example of this website company, I guess?  
12 How do you budget for that?

13 A That would be -- typically it's based  
14 on a proposal through an RFP process that we  
15 would have received from a media vendor.

16 Q Okay. And so, I guess the reason I ask  
17 is because those prices can fluctuate a lot,  
18 would you agree with me about that?

19 A There's a possibility that that can  
20 happen.

21 Q And how do you account -- how do you --  
22 how do you set it up so that you have a budget  
23 number but then if your -- part of your plan is  
24 to buy a certain thing? If the price were to go  
25 up how would you handle that?

1 LEDDY THOMAS (DIRECT EXAMINATION)

2 A As I mentioned we typically have a  
3 media RFP in advance of or during the process of  
4 developing the plan.

5 Q Uh-huh.

6 A And so that gives us a specific price  
7 perimeter. If the vendor changes their price  
8 then we have a choice of doing one of two  
9 things; we can either reduce the amount of  
10 exposure to still meet that budget level or  
11 change, make a modest change to another program  
12 that allows us to make full expenditure and  
13 reduce costs in another line item.

14 Q Okay.

15 A Either of those things can and have  
16 happened.

17 Q Okay. Because in looking at this, just  
18 this one plan, and I've looked a several of  
19 them, but they're all very similar. There's a  
20 lot of different vendors.

21 A Uh-huh, yes.

22 Q Some of them might go out of business.  
23 Has that happened to you before?

24 A Not typically.

25 Q Okay. But obviously what you'd plan at

1 LEDDY THOMAS (DIRECT EXAMINATION)

2 the beginning of the year it's not going to come  
3 out exactly like your budget forecast, right?

4 A Neither in revenues or expenditures.

5 Q Okay. So there's going to have to be  
6 decisions that are made along the way as far as  
7 we're going to cut our spending on Project A  
8 because Project B is going to be more expensive  
9 than we anticipated?

10 A There's a possibility that can happen.

11 Q Okay. And, if that occurs, is it the  
12 policy of your company to go back to any of the  
13 funding, state or municipal agencies and say,  
14 our budget allowed for this and now we have a  
15 different situation and we're going to pull  
16 money out of what you previously approved for  
17 Project A and put it into Project B, do you do  
18 that?

19 A If it's substantial --

20 Q Okay.

21 A -- in scope.

22 Q All right. What would -- how would you  
23 describe what that means in terms of the word  
24 'substantial'?

25 A If it's under \$10,000, no, typically we

1 LEDDY THOMAS (DIRECT EXAMINATION)

2 would not go back and have any consult with --  
3 within the, you know, scope of our overall  
4 budget, that's well less than one percent.

5 Q Yeah. How much was your budget for  
6 this year, do you know?

7 A 4.9 million.

8 Q 4.9, million, okay, all right. So  
9 let's say that you put together the plan, you  
10 send it up to the town council, they vote to  
11 approve it, how does that go? Do they give you  
12 any pushback on, we don't want you to spend this  
13 much on this vendor or we don't like this  
14 project? Do you typically get much interaction  
15 with the council about it?

16 A At times.

17 Q Okay. And is there a specific time,  
18 within the last year or so, that you remember?

19 A There was a special grant hearing  
20 recently and town council asked us to  
21 specifically target \$20,000 of our expenditures  
22 on minority marketing, for instance.

23 Q Okay. And that had not previously been  
24 in your budget plan?

25 A Correct.

1 LEDDY THOMAS (DIRECT EXAMINATION)

2 Q So then your budget plan, resubmitted  
3 it with that taken into account?

4 A We'll execute it that way.

5 Q Oh, okay, all right. And so, if the  
6 change is over -- in terms of pulling money from  
7 one project, putting it towards another, if it's  
8 over \$10,000, then you would -- how would you go  
9 back to Town Council and ask them for approval  
10 on that, have you ever done that?

11 A The conduit for that, typically, is the  
12 marketing council where there is representation  
13 from the Town, so we would have a discussion at  
14 our upcoming marketing council meeting and have  
15 input from both the public and the private  
16 sector.

17 Q Okay. Maybe we haven't talked about  
18 the marketing council. What is that?

19 A That's a -- that's a group of  
20 representatives from the tourism community  
21 across all sectors of the tourism community as  
22 well as, remember, we said the town staff  
23 person --

24 Q Right.

25 A -- also is on that council.

1 LEDDY THOMAS (DIRECT EXAMINATION)

2 Q Okay. Would that be the same group of  
3 people that you would meet with as part of your  
4 consumer research in meeting with the local  
5 groups?

6 A Uh-huh.

7 Q So that's called the marketing council?

8 A That's correct.

9 Q Okay. And that's not a government  
10 entity?

11 A There's government representation.

12 Q Okay. So there are people that work  
13 for the government there?

14 A Correct.

15 Q Okay. So if you made a change that you  
16 would consider substantial, that would be based  
17 on you and your company weighing the pros and  
18 cons of spending money on Project A has been  
19 approved or spending money on Project B, which  
20 has been approved, would you agree with that?

21 A That's correct.

22 Q Okay. And then, would it be before or  
23 after that change in expenditure that you would  
24 go to the marketing council and say, we had an  
25 un -- you know something changed from our

1 LEDDY THOMAS (DIRECT EXAMINATION)

2 forecast and we're going to pull money out of  
3 Project A and put it into Project B?

4 A It has happened both before and after.

5 Q Okay. And so sometimes when you change  
6 the spending plan, you do it -- you execute the  
7 spending and then you notify the marketing  
8 council which has representation from the Town,  
9 we'd spent money differently than what we had  
10 planned?

11 A That's -- that's correct. Basically  
12 correct timing issues.

13 Q Okay. Has the Town ever come back and  
14 said, we disagree with the decision that you  
15 made on how you spent that?

16 A No.

17 Q Okay, all right. Now, after the plan  
18 has been put into place and executed for a year,  
19 you then send the report to everybody, all the  
20 agencies that had funded it and show them, what?  
21 What do you show them?

22 A Each -- each entity has a different  
23 format for that so we follow their format --

24 Q Okay.

25 A -- for that reporting and so we have a

1     LEDDY THOMAS (DIRECT EXAMINATION)  
2     presentation of results to each of the  
3     municipalities for the destination marketing  
4     organization funds on an annual basis and we're  
5     showing information like such as metric, all the  
6     accepted metrics from Destination Marketing  
7     Association International in terms of best  
8     practices; things like website traffic and  
9     click-through conversion rates and leads that  
10    are generated, spending patterns by target  
11    visitors, economic impact based on third-party  
12    research, lodging data based on third-party  
13    research, those types of metrics are typically  
14    what's the standard across destination marketing  
15    organizations across the country and those are  
16    the ones our organization follows, as well.

17             For the grants that we receive from  
18    both South Carolina as well as from each of the  
19    municipalities there's A specific prior  
20    recipient report that is submitted every time we  
21    make a grant application, so we follow those  
22    questions.

23             Q     Okay. So, how you report back to the  
24    funding agency is dependent on what type of  
25    funding it was, whether it was Atax or whether

1 LEDDY THOMAS (DIRECT EXAMINATION)

2 it was those state parks grant?

3 A As well as what their requirements are.

4 Q Oh, so they'll also have different  
5 forms and requirement, too?

6 A They do, slightly.

7 Q Okay. But the purpose of those reports  
8 is to say, you approved this. This is what we  
9 did and this is what we figure the return on the  
10 investment or the impact of it was?

11 A Yes and in addition to that we also  
12 always submit our audited financials.

13 Q Right, okay. Can you take a look --  
14 (Whereupon, Plaintiff's Exhibit  
15 Number 2 was marked for  
16 identification.)

17 BY MR. LEDDY:

18 Q I'm going to show you what I've marked  
19 as Exhibit 2. I actually have a copy for your  
20 lawyer at this time, isn't that right?

21 MR. STEPP: Is there too much  
22 paper in the first one?

23 BY MR. LEDDY:

24 Q Now, is that one of the reports that  
25 we're kind of talking about?

1 LEDDY THOMAS (DIRECT EXAMINATION)

2 A This is the one to the State of South  
3 Carolina.

4 Q Okay. So this wouldn't be an Atax  
5 report but this would be --

6 A That's correct.

7 Q -- the statewide grant?

8 A That's correct.

9 Q So, after you apply for that grant, you  
10 get the money, you implement the plan and then  
11 you send them this report?

12 A That's correct.

13 Q And this one was from -- this is just  
14 an example but this one is from 2009?

15 A '9, uh-huh.

16 Q All right. And I guess you show all of  
17 the different private investors that were  
18 involved.

19 A That's correct.

20 Q And you restate the goals that you were  
21 looking to achieve.

22 A Uh-huh.

23 Q Is that right?

24 A Yes.

25 Q You tell them the whole budget that you

1 LEDDY THOMAS (DIRECT EXAMINATION)

2 spent on that destination specific operating  
3 plan, is that right?

4 A That's correct, uh-huh.

5 Q Which, in this case, was around  
6 2.6 million?

7 A That's correct, private and particular  
8 sector funds.

9 Q Okay. And you summarize the various  
10 marketing campaigns that you executed over the  
11 year?

12 A Yes.

13 Q For instance, the Travel Zoo Fall  
14 campaign --

15 A Uh-huh.

16 Q -- is something to promote the Travel  
17 Zoo, I guess, is that right?

18 A Yeah, it's a website, uh-huh.

19 Q Okay. And then you go through some  
20 occupancy increases, decreases for the hotels?

21 A Uh-huh.

22 Q And give the -- this particular state  
23 agency sort of a lay of the land, economically,  
24 of what you want to do in the future, is that  
25 right?

1 LEDDY THOMAS (DIRECT EXAMINATION)

2 A That's correct, uh-huh.

3 Q Now, and then there's a whole bunch of  
4 examples of ads that you ran or screen shots of  
5 websites that you put up?

6 A Correct.

7 Q Okay. Now, is there -- now, is this  
8 the complete report?

9 A That's the complete report.

10 Q Okay. And --

11 A Yeah, that's the complete report.

12 Q Okay. Now, would the year that you  
13 made the application for this grant -- okay,  
14 obviously I haven't put that particular  
15 application into evidence here -- but, would  
16 the -- are the State grants similar in terms of  
17 what you're going to submit to request the  
18 funding, like a marketing plan and how much you  
19 think you should spend on this and that?

20 A Similar.

21 Q Okay.

22 A They are similar, uh-huh.

23 Q Okay. Would the same thing hold true  
24 that if there were changes in what you planned  
25 on doing versus what you ended up actually

1 LEDDY THOMAS (DIRECT EXAMINATION)

2 spending, what we've talked about, earlier, in  
3 terms of we had to cut Project A and spend more  
4 on Project B, is that possible with these grant  
5 programs, as well?

6 A There's -- with -- again, there's --  
7 this is the report of how we expended the funds.

8 MR. STEPP: You talking about  
9 Exhibit 2?

10 BY MR. LEDDY:

11 Q Looking at Exhibit 2.

12 A Uh-huh. And this is the report that we  
13 provide to them, to the State along with they  
14 receive our audited financials which has more  
15 detail about the expenditures, so, any variance  
16 would be reflected in these reports.

17 Q Okay.

18 A I don't know if I'm answering your  
19 question or not.

20 Q I may not have asked it very clearly  
21 but it's possible that you get money from the  
22 grant?

23 A Uh-huh.

24 Q Like in this case it looks like they  
25 funded 550,000?

1 LEDDY THOMAS (DIRECT EXAMINATION)

2 A Uh-huh.

3 Q So when you made that application you  
4 had a forecast of where you were going to spend  
5 that 550,000?

6 A That's correct.

7 Q And as we discussed, earlier, the real  
8 world may not allow for that forecast to be  
9 implemented exactly as you had planned, would  
10 you agree with that?

11 A That's possible to happen, yes.

12 Q And if you make it -- if you decide to  
13 do it somewhat differently, you would not go  
14 back to the Department of Parks and Recreation  
15 and Tourism and say, we're going to spend this  
16 much less on this project and this much more on  
17 this other project?

18 A Not typically, no.

19 Q Okay. And then at the end of the year,  
20 you would give them this report that would look  
21 like Exhibit 2 --

22 A Yes.

23 Q -- along with your audited financials,  
24 is that right?

25 A Correct.

1 LEDDY THOMAS (DIRECT EXAMINATION)

2 Q Okay. I guess I just don't see -- I  
3 see more of what your assessment of the impact  
4 of the marketing plan was in this report but I  
5 don't see where it says, we spent this much  
6 money on ads in Southern Living, for instance,  
7 or we spent this much money on billboards. Is  
8 that reported back to the department?

9 A It is in -- there have -- this report  
10 has sort of evolved --

11 Q Okay.

12 A -- over time, so if you looked at the  
13 one this past year we had an actual detail of  
14 every media placement, for instance, so we've  
15 added to it over time.

16 Q Okay. So if I saw the 2013 or 2014,  
17 then it would say, we spent X number of dollars  
18 on each individual vendor; it would have all the  
19 vendors in there?

20 A It would have most of the vendors in  
21 there.

22 Q Okay.

23 A Media vendors, yes.

24 Q Okay. Would it spell out different  
25 changes that were made throughout the course of

1 LEDDY THOMAS (DIRECT EXAMINATION)

2 the year?

3 A No, it would not.

4 Q Okay. Can you tell me -- I'm a person  
5 with no experience in this area of business,  
6 whatsoever, so, what are the -- what are the  
7 main differences between the Atax marketing  
8 plans and the grants? Are there material  
9 differences or in terms of what you're allowed  
10 to spend the money on or?

11 A There are -- there are parameters  
12 around the grant funding that is for specific  
13 marketing programs, so we apply for a particular  
14 niche market, typically, or a special project or  
15 program as opposed to our destination marketing  
16 funds are spent on a much wider variety of  
17 marketing initiatives.

18 The state grant also has a relationship  
19 to private sector funds so there are co-op  
20 programs that are part of the state grant in  
21 particular.

22 Q What does that mean?

23 A That means that the private sector is  
24 putting a certain amount of dollars in and it's  
25 matched with state funds to execute that

1 LEDDY THOMAS (DIRECT EXAMINATION)

2 marketing program.

3 Q Okay. So you need to actually go out  
4 and secure private individuals?

5 A Correct.

6 Q And say, we need your support this year  
7 and whatever that total number is then you'll go  
8 to the State and say, we've got this much money  
9 pledged and we would like to request to match  
10 it?

11 A That is correct.

12 Q Okay. Throughout the course of the  
13 year when you're implementing this plan, are  
14 there any quarterly reports to government for  
15 either Atax or grant?

16 A With the Town of Bluffton they're on a  
17 quarterly grant cycle and so when we have had a  
18 grant closeout that next quarter we submit a  
19 grant, so that's an ongoing program, they're the  
20 only ones that follow a quarterly versus an  
21 annual reporting cycle.

22 Q And has --

23 A They dictate that.

24 Q Okay. Have you ever had the Town of  
25 Bluffton get one of these quarterly reports and

1 LEDDY THOMAS (DIRECT EXAMINATION)

2 say, we don't like what you're doing with  
3 Project A Or Project B?

4 A No.

5 Q Have you ever had them give you any  
6 feedback on the reports?

7 A Yes.

8 Q At all?

9 A Uh-huh.

10 Q Like what?

11 A At a presentation that we may have made  
12 there would -- might have been dialogue; either  
13 this is something that we would like to see more  
14 of or we're pleased with the results of this  
15 program or, you know, maybe perhaps making some  
16 suggestions, next -- you know, next opportunity  
17 let's take advantage of X.

18 Q Okay. And that could affect, what, you  
19 might actually change your plan going forward  
20 for that year?

21 A It can.

22 Q Okay. Are there any specific instances  
23 of that that you recall in the last couple of  
24 years, maybe?

25 A Let's see, when we -- we recently had a

1 LEDDY THOMAS (DIRECT EXAMINATION)

2 Southern Living promotion with the Town of  
3 Bluffton. They were very pleased with that and  
4 they encouraged us to do more marketing with  
5 Southern Living.

6 Q Okay, all right. So in dealing with  
7 the Town of Bluffton, you're specifically  
8 telling them, we're going to buy ads in Southern  
9 Living and we're going to buy ads in this  
10 magazine and this magazine?

11 A Correct.

12 Q Maybe Magazine B and C?

13 A Well, we're proposing that.

14 Q You propose that beforehand, is that  
15 right?

16 A Yes, uh-huh.

17 Q And then go and implement it based on  
18 what they have approved and you don't spend more  
19 than the amount approved for Southern Living,  
20 for instance?

21 A No, we would not -- if there was an  
22 agreement around that media buy we would not  
23 spend more than that.

24 Q Okay. But your plan would be specific  
25 in terms of exactly what magazines you were

1 LEDDY THOMAS (DIRECT EXAMINATION)

2 going to run ads in?

3 A Yes.

4 Q Okay. You guys mind taking break?

5 (Whereupon, Plaintiff's Exhibit  
6 Number 3 was marked for  
7 identification.)

8 BY MR. LEDDY:

9 Q Okay. So Ms. Thomas, I handed you  
10 what's marked Exhibit 3.

11 A Uh-huh.

12 Q And can you tell me what this is?

13 A This is a grant reimbursement request  
14 from the Town of Hilton Head -- from us to the  
15 Town of Hilton Head Island. We talked about,  
16 before, those special grants that are either  
17 distributed for the Town of Hilton Head on an  
18 annual basis for special programs so as we  
19 accrue invoices it's a reimbursing grant.  
20 There's no money upfront for these.

21 The -- our organization extends the  
22 funds; makes the proposal that's -- once that is  
23 approved we execute the program, expend the  
24 funds and then submit the invoices for  
25 reimbursement.

1 LEDDY THOMAS (DIRECT EXAMINATION)

2 Q Okay. And I'll get into with Mr. Deal  
3 about how the workings of all that money, how  
4 all that happens, but so, your two main sources  
5 of revenue are other than the private, the two  
6 main sources that come from government or  
7 government agencies are the Atax and that South  
8 Carolina Parks grant, is that right?

9 A Yes, as well as theses specialty grants  
10 are smaller amounts.

11 Q Okay. And the specialty grants, right,  
12 I notice they tended to be a lot smaller.

13 A Yes.

14 Q But they're for very particular things?

15 A Particular market segments, typically.

16 Q So, it could be, for instance, like the  
17 fishing segment may get a particular grant?

18 A Might be, yep. Yep.

19 Q And who sets those up, does the State  
20 set those up as things we want to promote or?

21 A No, that comes out of, again, our  
22 research and our marketing council setting those  
23 goals and priorities for the coming year and we  
24 layout our plan for the regular destination  
25 funds and if there is a gap there then we will

1 LEDDY THOMAS (DIRECT EXAMINATION)

2 look at asking for putting a grant request in  
3 for a special support for a project or it could  
4 be a project that comes along,  
5 opportunistically, throughout the year and then  
6 we apply for a specialty grant.

7 Q And so you'll apply directly to that  
8 local municipality?

9 A Or -- yes or county.

10 Q And say, we would propose that you give  
11 us a grant to market this specific specialty  
12 item, correct?

13 A Item or items, uh-huh.

14 Q And those are typically reimbursed  
15 after --

16 A Those are all reimbursed.

17 Q So you'll actually front the money --

18 A Yes.

19 Q -- based on what they've told you they  
20 would be willing to reimburse?

21 A Uh-huh.

22 Q And -- is that a yes?

23 A That's -- yes, that's yes.

24 Q And then they will reimburse you?

25 A That's correct.

1 LEDDY THOMAS (DIRECT EXAMINATION)

2 Q So this thing that I handed you is --  
3 as marked as Exhibit 3 is an example of, you  
4 spent money on the vendors that are listed.

5 A Correct.

6 Q Totalled up the amount of reimbursement  
7 based on that particular grant and sent it to  
8 the Town of Hilton Head and then they would then  
9 send you, hopefully, send you a check, right?

10 A Correct.

11 Q Okay. When you -- after you make the  
12 application for this grant and they say, what --  
13 how does that go? Do they say, we would be  
14 willing to spend X number of dollars to help you  
15 market that particular specialty item?

16 A Yeah, the way -- the way that happens  
17 is that the Accomodations Tax Committee, that  
18 oversight group of, you know, make -- we have a  
19 hearing with them, make the presentation, they  
20 give us input and feedback and then they make  
21 their recommendation to the local entity, town  
22 council or county council and then there is a  
23 discussion and vote at that level to approve and  
24 that could be full funding, it could be partial  
25 funding, you know, we've had both of those

1 LEDDY THOMAS (DIRECT EXAMINATION)

2 circumstances.

3 Q Okay. Based on how much they say  
4 they're willing to give you, you then go out  
5 and --

6 A We do not expend the funds until the  
7 funds are approved by -- from the grant.

8 Q Okay. Is that particular grant, is it  
9 as specific as the marketing plan for the Atax  
10 money in terms of, we're going to buy this many  
11 ads in Southern Living and we're going to buy  
12 this many ads in Men's Health?

13 A Typically, yes.

14 Q Okay. And then, they will approve a  
15 certain dollar amount, you'll go out and spend  
16 no more than that and then submit invoices for  
17 reimbursement?

18 A That's correct.

19 Q And is there ever a time where you  
20 actually end up spending money differently than  
21 in your application that you filed for the  
22 grant?

23 A We may spend more dollars in which case  
24 we would -- we would have that -- if that  
25 program has an overage it may come out of a

1 LEDDY THOMAS (DIRECT EXAMINATION)

2 contingency to cover that that we might have  
3 within the budget, as a whole, and where  
4 typically that comes from is maybe an overage in  
5 revenues that are coming in from state  
6 accommodations tax.

7 Q Okay. So you may have money that you  
8 can use to spend on ads or promotions that  
9 exceeded your grant?

10 A Exceeded our budget, our budget, you  
11 know. If it did not then we would stick -- I  
12 mean, yeah.

13 Q So the money you might use, say for  
14 instance, that you file for a grant to promote  
15 fishing in Hilton Head.

16 A Uh-huh.

17 Q Let's say that it is \$50,000 that the  
18 Town of Hilton Head says we will kick in for  
19 this.

20 A Yes.

21 Q Okay? And let's say you end up  
22 spending \$60,000, okay?

23 A (Witness nods head.)

24 Q Yes?

25 A Yes, that can happen, yes.

1 LEDDY THOMAS (DIRECT EXAMINATION)

2 Q All right. So, that other \$10,000, it  
3 would be from other areas of your budget?

4 A It could be from other areas of the  
5 budget; if we have an overage in collections  
6 either from private sector or from the  
7 designated marketing funds that come through on  
8 an annual basis or we may be in a situation  
9 where we go to another entity who is benefitting  
10 from that program and ask them to provide  
11 additional support, so, for instance, sometimes  
12 we'll have a grant that has partial Town of  
13 Hilton Head, partial Beaufort County funding  
14 from two grants to each organization.

15 Q Right. I did notice that there were  
16 some that have more than one grant associated  
17 with a --

18 A That can happen.

19 Q -- particular marketing campaign?

20 A Yes, uh-huh.

21 Q Okay. So, these monies don't come to  
22 you until after you spend them?

23 A That's correct.

24 Q You just get reimbursed?

25 A It's a -- all reimbursement, that's

1 LEDDY THOMAS (DIRECT EXAMINATION)

2 correct.

3 Q But is it different with the main Atax  
4 funding?

5 A That is designated by law to be  
6 distributed on a quarterly basis right after the  
7 close of collections for that previous quarter.

8 Q Okay. So every three months you'll get  
9 a wire transfer from the State for --

10 A For -- from the municipalities.

11 Q Okay.

12 A And the county, that's on -- well, they  
13 all do it different. Ray can talk more  
14 specifically but the Town of Hilton Head is  
15 quarterly. Town of Bluffton is quarterly and I  
16 do believe Beaufort County is -- yeah, they're  
17 all quarterly, that's correct.

18 Q Okay. So, and as far as those monies  
19 go, from the Atax, the main Atax and the main  
20 grant, they would not -- the funding  
21 municipality would not get a request for a  
22 reimbursement for money that's expended based on  
23 that?

24 A No, they do not receive a request for  
25 reimbursement.

1 LEDDY THOMAS (DIRECT EXAMINATION)

2 Q And their only report for the use of  
3 that money would be the report that we looked at  
4 as Exhibit 2?

5 A Yes. Well, that's not actually their  
6 only report. We also send -- we send  
7 information about what's the productivity of our  
8 marketing efforts typically on a monthly basis  
9 to members of town council and the Accomodations  
10 Tax Committee but the formalized report comes,  
11 by law, on an analyzed basis.

12 Q What do the monthly reports look like?

13 A They're -- they range -- they're  
14 typically sent electronically and they're an  
15 update on information such as occupancy changes  
16 that may be happening or lodging metric changes,  
17 a new promotion that we're doing for Jet Blue,  
18 could be -- you know, it's a variety of things.  
19 Usually there are visuals involved as well as  
20 charts.

21 Q Are they focused on, these are our  
22 goals and/or are they focused on, this is where  
23 we have spent the money in the last three months  
24 or the last month because they're a monthly  
25 report, right?

1 LEDDY THOMAS (DIRECT EXAMINATION)

2 A They're focused more on results of  
3 marketing efforts.

4 Q So you might say, accommodation renting  
5 -- the percentage of rooms is up this much this  
6 month?

7 A Yes.

8 Q We've had this many more flights by  
9 whatever airline this month?

10 A Right.

11 Q Okay.

12 A The Town's very interested in that  
13 because they receive tax funds.

14 Q Right. They want to know, are we going  
15 to get more money next month?

16 A That's right.

17 Q Because there's been more people on  
18 Hilton Head?

19 A That's why we're here hired to help  
20 them.

21 Q So the purpose of the report is for the  
22 Town to know what they can expect to generate in  
23 tax revenue over the next month or so?

24 A That's -- or longer.

25 Q And so the report is not meant to say,

1 LEDDY THOMAS (DIRECT EXAMINATION)

2 this is where we spent money from Atax  
3 funding --

4 A No.

5 Q -- last month?

6 A No.

7 Q Okay. So, where is the -- where is  
8 your particular office located, now?

9 A It's located at One Chamber of Commerce  
10 Drive right over there.

11 Q And how long have you been in that  
12 space?

13 A As long as I've been an employee at the  
14 Chamber, which is 17 years. How long have we  
15 owned the building? The Chamber constructed the  
16 building.

17 Q Okay.

18 A I'm not sure of the year.

19 Q All right. So your offices aren't  
20 located in this -- the building that was a  
21 welcome center?

22 A No.

23 Q And a museum?

24 A No.

25 Q Okay. You were an employee at the time

1 LEDDY THOMAS (DIRECT EXAMINATION)

2 when they were -- when the Chamber of Commerce  
3 owned this welcome center?

4 A Jointly owned it with Coastal Discovery  
5 Museum.

6 Q Okay. And what do you remember about  
7 the museum? Did they decide to leave that  
8 particular space? How did that happen?

9 A They -- as I recall they did decide to  
10 relocate to Honey Horn and left the space and so  
11 our joint partnership with them transitioned to  
12 an end.

13 Q Okay. And do you -- were you privy to  
14 the discussions about whether to sell that  
15 property?

16 A No.

17 Q Okay. But you remember -- I'm sure you  
18 were informed, at some point, that they were  
19 going to sell the property?

20 A Yes.

21 Q Is that property still being used as a  
22 welcome center?

23 A No.

24 Q Okay. And do you remember when the  
25 Chamber left that space in terms of stopped

1 LEDDY THOMAS (DIRECT EXAMINATION)

2 using it as a welcome center?

3 A I don't recall the exact date. I'm  
4 sorry, I don't.

5 Q That's okay.

6 A A couple of years ago.

7 Q A couple of years ago is fine.

8 A Uh-huh.

9 Q And now, the Chamber owned it before  
10 they sold it to the Town of Hilton Head?

11 A Jointly owned it with Coastal Discovery  
12 Museum.

13 Q Okay. And then after they sold it as  
14 part of that deal, they were allowed to lease it  
15 for the next 50 years if they wanted, do you  
16 know that?

17 A I don't.

18 Q Okay. Do you know how much their rent  
19 was at that facility following?

20 A I do not.

21 Q Okay. Well, I don't need to ask you  
22 anything else about that then.

23 Going back to what was Exhibit 1, you  
24 have a very big budget. Would you agree with me  
25 \$4.9 million is a lot of money?

1 LEDDY THOMAS (DIRECT EXAMINATION)

2 MR. STEPP: Object to the form.

3 BY MR. LEDDY:

4 Q Would you agree with that,  
5 \$4.9 million?

6 A It's -- it's modest compared to similar  
7 destinations.

8 Q Okay. Well, it's not cheap to market  
9 stuff, is it?

10 A Correct.

11 Q T.v. ads, billboards, all that stuff's  
12 expensive?

13 A Uh-huh.

14 Q When you submit these applications for  
15 whether it's Atax or the grant, how much  
16 specificity is there in the application compared  
17 to where the money ends up actually getting  
18 spent? Is every dollar that you request and you  
19 end up spending accounted for in your  
20 application?

21 In other words, there was one example  
22 we talked about, earlier, that was a website  
23 company, you were going to pay them \$3,300 a  
24 month.

25 A Uh-huh.

1 LEDDY THOMAS (DIRECT EXAMINATION)

2 Q So it's easy to figure out, we're going  
3 to spend \$3,300 a month on this particular  
4 vendor but when you start talking about spending  
5 -- how much money did you spend, last year, in  
6 your division on marketing?

7 A 4.9 million total was the budget and  
8 programming budget was 3 point approximately --  
9 doing the math in my head, 3.6 of that.

10 Q Okay. So you spent about \$3.6 million?

11 A Uh-huh, approximately.

12 Q And some of that was on ads?

13 A Yes.

14 Q And some of that was on maybe meetings  
15 to trying to track people to come to Hilton Head  
16 to have their conventions?

17 A Could have been trade shows.

18 Q Okay.

19 A Uh-huh.

20 Q So it's spent on various things?

21 A Yes.

22 Q And how -- some of those seem to me to  
23 be harder to budget for or forecast than say,  
24 for instance, a single vendor that does website  
25 work for \$3,300 a month?

1 LEDDY THOMAS (DIRECT EXAMINATION)

2 A Uh-huh.

3 Q Would you say that's a fair statement  
4 that some things are harder for you to put into  
5 this application to say, this is where we're  
6 going to spend the money?

7 A Well, I wouldn't say harder. We -- I  
8 wouldn't agree with that.

9 Q Okay.

10 A It's based on our professional  
11 experience and expertise as well as typically  
12 information that we gather from vendors in  
13 advance of planning that budget, so, it's  
14 relatively tight but there certainly are budget  
15 figures, they're not down to the last dollar,  
16 penny, in terms of items like production or, you  
17 know, that sort of thing.

18 Q So they are estimates?

19 A Yes, they are estimates. Whereas in  
20 our audited report they're actuals.

21 Q Okay. So, in the audit that goes with  
22 the report that I haven't shown you, just -- I  
23 was going get into that with Mr. Deal but it  
24 shows exactly how much money got spent.

25 A Correct, correct.

1 LEDDY THOMAS (DIRECT EXAMINATION)

2 Q Do you know in the -- you have said  
3 that in the last year you spent 3.6 million.

4 A Uh-huh.

5 Q Do you know what your estimate was as  
6 to how much you were going to spend?

7 A Approximately that much.

8 Q So, within how many percentage points  
9 would you say that you were?

10 A Within about -- doing the math in my  
11 head here.

12 Q That's okay.

13 A I believe our budget was and 4.8, so  
14 we're within \$100,000.

15 Q Okay.

16 A Which, in the scope of that budget,  
17 would be less than five percent.

18 Q Now, that total budget accounts for  
19 administrative costs?

20 A Everything, yes, everything.

21 Q Okay. But as far as the marketing  
22 budget of the 3.6, you spent 3.6 do. You know  
23 what your forecast was?

24 A It was very close to that.

25 Q Within one percent?

1 LEDDY THOMAS (DIRECT EXAMINATION)

2 A Within -- yeah, within three to  
3 five percent.

4 Q Within three to five percent?

5 A Uh-huh, as I recall.

6 Q Now, if you -- if you forecast, we're  
7 going to spend \$3.6 million and then prices  
8 fluctuate through the course of the year  
9 obviously you want to hit as close to  
10 3.6 million as you can?

11 A That's correct.

12 Q So along the way you are going to have  
13 to make changes to your spending allocation for  
14 certain projects, would you agree with that?

15 A That can happen, yes.

16 Q Okay. And what you've testified,  
17 earlier, is that you do make those changes  
18 independently of any agency's input if it's what  
19 you consider to be not a substantial difference  
20 in dollars?

21 A Yes, our professional staff will make  
22 those decisions.

23 Q And so, if it's less than 10,000 then  
24 you'll go ahead and make the call as far as,  
25 we're going to move money from Project A to

1 LEDDY THOMAS (DIRECT EXAMINATION)

2 Project B?

3 A Correct.

4 Q Okay. And then in the report that goes  
5 to the funding municipality at the end of the  
6 year, it doesn't say exactly, we projected that  
7 we were going to spend 200,000 on Southern  
8 Living and we ended up spending 205,000?

9 A There's the opportunity for recipients  
10 of that report to look at our budget compared to  
11 our actuals.

12 Q Okay. You're not required by  
13 municipalities to say --

14 A No, they do not require that of us.

15 Q Okay. So they don't expect -- they  
16 expect you're going to make some decisions along  
17 the way. They're going to approve a certain  
18 amount of money, you're going get that on a  
19 quarterly basis, is that right?

20 A That's correct.

21 Q And then you're going to spend it based  
22 on where you are at that point in time with all  
23 of your different marketing --

24 A Uh-huh.

25 Q -- campaigns?

1 LEDDY THOMAS (DIRECT EXAMINATION)

2 MR. STEPP: Object to the form.

3 THE WITNESS: Could you rephrase  
4 that question, please?

5 BY MR. LEDDY:

6 Q Sure. So you're going to -- they'll  
7 get you the money quarterly, right?

8 A (Witness nods head.)

9 Q And then based on where you are with --  
10 you have a lot of projects going at that moment,  
11 say you're six months into the year, okay?

12 A Yes.

13 Q Okay. And you're going to make  
14 decisions, at that point, about all the  
15 projects, how much has been spent and whether  
16 you're going to increase or decrease funds to  
17 those various projects?

18 A We're going to follow the plan and if  
19 there's a need for variance then we would -- we  
20 would take that action but basically we'll  
21 follow the plan.

22 Q Okay. Well, the goal is obviously to  
23 follow the plan?

24 A Uh-huh.

25 Q Right?

1 LEDDY THOMAS (DIRECT EXAMINATION)

2 A Yes.

3 Q Okay. But as long as the changes are  
4 not what the Chamber considers to be  
5 substantial, then there is wiggle room in the  
6 budget?.

7 A Yes.

8 Q Okay. And those changes could be made  
9 without consultation with the municipality that  
10 originally funded the money?

11 A Not advance -- advance consultation is  
12 not required by The Town.

13 Q Okay.

14 A Or entity.

15 Q Okay. Do you know -- out of the  
16 \$4.9 million budget, do you know what percentage  
17 of it was from -- was raised through private  
18 contribution?

19 A Approximately one-third.

20 Q So, one-third is from private  
21 contributions and are those members of the --  
22 typically members of the Chamber?

23 A Typically.

24 Q So that includes membership dues?

25 A No.

1 LEDDY THOMAS (DIRECT EXAMINATION)

2 Q Okay. So those contributions are not  
3 counted as part of the membership dues?

4 A That's correct.

5 Q So that's above and beyond what -- if I  
6 wanted to be a member of the Chamber I would  
7 have to a due -- I would have to pay my dues,  
8 right?

9 A Correct.

10 Q And then before the one-third  
11 contribution would be counted, I would be  
12 actually paying above and beyond that?

13 A Membership dues are not in the Visitor  
14 and Convention Bureau budget.

15 Q They're in the Chamber budget?

16 A Correct.

17 Q Okay. So none of your money is from  
18 membership dues?

19 A Correct.

20 Q But you do raise private money that  
21 goes into your marketing budget?

22 A Yes, through cooperative projects.

23 Q So, the 4.9 million, is that the whole  
24 Chamber or just your division?

25 A That's just my -- our division of the

1 LEDDY THOMAS (DIRECT EXAMINATION)

2 Visitor and Convention Bureau.

3 Q Okay. And then so does the other  
4 two-thirds come from a combination of Atax and  
5 grants?

6 A Yes.

7 Q Okay. I think I'm done.

8 MR. LEDDY: Okay. Thank you for  
9 answering my questions. Mr. Stepp may  
10 have some.

11 MR. STEPP: I've got a couple of  
12 questions for you before you scoot.

13 CROSS-EXAMINATION

14 BY MR. STEPP:

15 Q You were shown Exhibit 2. Do you see  
16 that? This is an October 31, 2009 report.

17 A Uh-huh.

18 Q To PRT, correct?

19 A That's correct.

20 Q Now, and there was some reference about  
21 this being the only report. Is that the only  
22 report to PRT?

23 A No.

24 Q Okay. Well, what other reports to PRT  
25 are made at the -- that show how the grant money

1 STEPP - THOMAS (CROSS-EXAMINATION)

2 was expended?

3 A There's -- this report is made on an  
4 annual basis so there's a report for every year  
5 and then as we make application for the next  
6 year we also reference within that, within that  
7 plan there is some reference to prior year  
8 results, as well.

9 Q Okay. Now, is there a separate report  
10 made annually for Atax money and the Chamber's  
11 designated marketing organization --

12 A Yes.

13 Q -- status?

14 A Yes.

15 Q And is one of those made to the Town of  
16 Hilton Head every year?

17 A Yes.

18 Q And that's separate and apart from  
19 Exhibit 2?

20 A That's correct.

21 Q Is one of those made to Beaufort County  
22 every year?

23 A Yes.

24 Q And that's separate an apart from  
25 Exhibit 2?

1 STEPP - THOMAS (CROSS-EXAMINATION)

2 A Yes, sir.

3 Q And one of those is made to the Town of  
4 Bluffton every year separate and apart from  
5 Exhibit 2, correct?

6 A That's correct.

7 Q Just a minute ago when Mr. Leddy was  
8 asking you about how monies got expended over  
9 the course of the year you said that the Chamber  
10 would follow the plan?

11 A Uh-huh.

12 Q Do you remember that?

13 A Yes.

14 Q And are you referring to the marketing  
15 plan of which Exhibit 1 is an example?

16 A That's an example.

17 Q Okay. So the idea would be unless  
18 circumstances necessitated some variance, you  
19 would follow this precisely, is that correct?

20 A That's correct.

21 Q And it's only changed if and when  
22 necessary, is that correct?

23 A That's correct.

24 MR. STEPP: That's all I have.

25 (Whereupon, the deposition of

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

STEPP - THOMAS (CROSS-EXAMINATION)

Susan Thomas was concluded at  
approximately a.m.)

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

C E R T I F I C A T E

STATE OF GEORGIA:

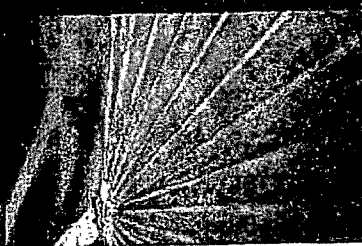
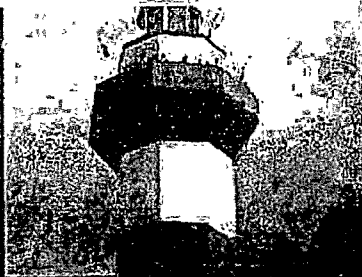
CHATHAM COUNTY:

I, Kyle J. Saniga, Court Reporter and Notary Public in and for the above county and state, do hereby certify that the foregoing testimony was taken before me at the time and place herein-before set forth; that the witness was by me first duly sworn to testify to the truth, the whole truth, and nothing but the truth, that thereupon the foregoing testimony was later reduced by computer transcription; and I certify that this is a true and correct transcript of my stenographic notes so taken.

I further certify that I am not of counsel to either party, nor interested in the event of this cause.

---

Kyle J. Saniga, CCR  
Notary Public, B-2038  
Savannah, Georgia



H

HILTON HEAD ISLAND-BLUFFTON  
CHAMBER OF COMMERCE

# 2013-2014 Marketing Plan

&

Projects Funded by 2012-  
2013 Accommodations Tax

PLAINTIFF'S  
EXHIBIT

*THOMAS*

## Town Reference Room

Hilton Head Island-Bluffton Chamber of Commerce  
Hilton Head Island Visitor Convention Bureau Schedule of Functional Revenues Expenditures  
FY 2013-14 Budget

Revenues	VCB TOTALS	Town of HHI DMO	VCB Private Sector	SCPRT Dest. Specific	SCPRT Co-ops	Town of Bluffton	Beaufort Co DMO	Membership
Town of HHI DMO	1,150,000	1,150,000						
Town of HHI Supplemental Grant	250,000	250,000						
VCB Private Sector	388,500		388,500					
SCPRT Destination Specific	790,000			790,000				
SCPRT Coop	610,000				610,000			
Private Match Coop	1,230,000				1,230,000			
Town of Bluffton DMO	75,000					75,000		
B/C Bluffton & Daufuskie	306,000						306,000	
Total Revenues	4,799,500	1,400,000	388,500	790,000	1,840,000	75,000	306,000	
Membership								1,700,000
Total Revenues with Membership	6,499,500							
<b>Expenses</b>								
Research & Planning	95,000	51,900	14,250	29,650				
<b>Packaging/Promotions</b>								
Webinars/Workshops	10,000							
Facebook Promos	4,000							
Sub-total	14,000	7,560	2,500	4,340				
<b>Destination PR</b>								
Agency Fees	148,000							
Out-of-Pocket/Promo	18,000							
UK Culinary Promo	8,000							
Sub-total	174,000	93,960	26,100	53,940				
<b>Destination Photography</b>								
	15,000	8,100	2,250	4,650				
<b>Social Media</b>								
Agency Promotions	18,000							
Blog/Writers	30,000							
Video Production	3,000							
Sub-total	51,000	27,540	7,650	15,810				
<b>Digital Marketing</b>								
VERB Daily Site Work	39,600							
Special Section Updat	60,000							
SEO/Ad Serve/Hostin	24,000							
SEM Marketing	200,000							

546

Hilton Head Island-Bluffton Chamber of Commerce  
Hilton Head Island Visitor Convention Bureau Schedule of Functional Revenues Expenditures  
FY 2013-14 Budget

SCPRT Coops	25,000	
Media Contingency	15,000	
<b>Sub-total</b>		363,600

**Consumer Promos & Lead Gen**  
**Broadcast & Print**

Fall Broadcast Campaign	40,000	
Oprah Magazine	27,850	
America's Best Vacati	10,000	
Ad Production	5,000	
<b>Sub-total</b>		82,850

**Sweet Tea Partnership**

Atlanta Dining App	15,000	
Collaborate	5,000	
<b>Sub-total</b>		20,000

**Insiders/Collateral/Fulfillment**

E-Promos/E-News	26,000	
Vacation Planner	125,000	
Envelopes	6,000	
Vacation Planner	30,000	
Fulfillment Mail Ops/ Postage/Visitor Data	60,000	
Toll-Free Phone	4,000	
<b>Sub-total</b>		251,000

**Group Sales & Marketing**

Lead Prospecting/SDF	42,000
Trade Sponsorships	40,000
Healthcare Events	5,000
Backyard Marketing	5,000
Select Service Sales Bl	5,000
SC/Fl Motorcoach Eve	12,500
Site inspections	3,000
Sales Industry Dues	2,600
Website Refresh	15,000
Mobile Template	5,000
Social Media	5,000

547

Hilton Head Island-Bluffton Chamber of Commerce  
Hilton Head Island Visitor Convention Bureau Schedule of Functional Revenues Expenditures  
FY 2013-14 Budget

Promotional Giveawa	6,000			
Trade Shows	29,350			
Sub-total	175,450	94,747	26,313	54,390

<b>International</b>				
Coastal SC USA Coop	47,000			
Brand USA Coops	45,000			
ITB Trade Show	6,000			
Ontario Motorcoach	2,500			
UK Sales Mission	5,000			
JAGTO/ WTM	4,000			
Pow Wow Trade Show	8,000			
RBC Heritage Intl FAV	4,000			
Sub-total	123,500	65,610	18,225	37,665

VCB Contingency	18,250	9,855	5,929	2,466
-----------------	--------	-------	-------	-------

<b>HHI Destination Marketing Operations &amp; Management</b>				
VCB Sales, Mkt,				
Visitor Services,				
Admin & Ops:				
Personnel	606,144			
Benefits	151,536			
Operations	189,420			
Sub-total	947,100	454,488	378,477	314,135

<b>HHI Supplemental Grant</b>				
Golf	150,000			
Tennis	25,000			
Culinary	50,000			
Cultural Heritage	25,000			
VCB Sales, Mkt, Visitor Services & Operations	0			
Sub-total	250,000	250,000		

<b>SCPRT Coops</b>				
RBC Heritage	757,500			
Air Service Promos	150,000			
Leisure Coops	180,000			
Specialty Market Coop	206,500			
Meetings & Group Co	350,000			
VCB Sales, Mkt, Visitor Services & Operations	196,000			

548

Hilton Head Island-Bluffton Chamber of Commerce  
Hilton Head Island Visitor Convention Bureau Schedule of Functional Revenues Expenditures  
FY 2013-14 Budget

Sub-total	1,840,000				1,840,000				
Town of Bluffton DMO									
Promotions	49,975								
VCB Sales, Mkt,									
Visitor Services &									
Operations	25,025								
Sub-total	75,000				75,000				
B/C Bluffton & Daufuskie DMO									
Promotions	188,575								
VCB Sales, Mkt,									
Visitor Services &									
Operations	117,425								
Sub-total	306,000								306,000
<b>TOTAL EXPENSES</b>	<b>4,799,750</b>	<b>1,400,000</b>	<b>388,750</b>	<b>790,000</b>	<b>1,840,000</b>	<b>75,000</b>	<b>306,000</b>		<b>(4,799,750)</b>
Membership									1,700,000
Total Expenses with Membership	6,499,750								
Revenues Minus Expenses:	0	0	0	0	0	0	0	0	0
Expenses for Hilton Head Island Specific Programs									
Expenses for Other Marketing Programs									

549

## Hilton Head Island Visitor & Convention Bureau

---

# 2013-2014 Destination Marketing Plan

### Mission

---

Mutually lead our membership and travel and tourism industry by marketing and guiding the Hilton Head Island destination brand experience to generate sustainable economic vitality.

### Brand Commitment

---

Hilton Head Island renews and enriches a visitor's body and spirit through a sophisticated, relaxing, aesthetically beautiful and lush South Carolina seaside resort environment. The community offers a fun and restorative beach culture, world-class golf and tennis, vibrant arts and culture, and refreshing outdoor recreation in an ecologically sensitive setting.

### Guiding Principles

---

- o Serve as a voice and advocate for the business community
- o Maintain the highest ethical standards in all we do
- o Work to preserve and enhance the prudent growth, quality of life and character of our region
- o Develop collaborative partnerships only in areas where the partnership can accomplish that which our organization cannot do alone
- o Develop and implement programs and services that benefit the economic well-being and common interests of our members
- o Initiate programs for which there is funding and staffing resources
- o Make decisions based on long-term perspective

# Hilton Head Island Marketing Council

---

The Hilton Head Island Visitor & Convention Bureau's destination marketing programs have been clearly focused on the following short term and long term goals, as set by our Hilton Head Island Marketing Council, under the leadership of VCB Vice Chairman Steve Birdwell, President of The Sea Pines Resort:

## Short Term Focus (Now through Calendar 2014)

### Top 5

1. Work with destination's top assets (events/attractions/ activities), especially those that target affluent travelers, and build/market robust packaging with lodging around them.
2. Expand our Social Media Strategy & Allocate Resources (Staff and Outsourcing) to fully optimize and adjust based on ROI Metrics.
3. Continue to enhance our *Get Louder! Campaign* to better communicate the story of our destination and organization's marketing programs and successes locally.
4. Improve partners planning together and creation of high impact coop programs (like US Airways) to market destination with partners.
5. Invest in sustaining and strengthening of digital SEO and keyword search.

## Long Term Focus (Up to 10 Years)

### Top 5

1. Funding – Grow destination marketing funding.
2. Tourism Product Development – destination engagement in planning and leveraging plan announcements, openings and new products.
3. Explore licensing of Lighthouse as iconic brand image for HHI as a destination.
4. Airport/ Air Service Improvement – push for proactive response to threat of Hilton Head Island Airport tower sequestration closing in May, terminal improvements, direct city service expansion at Savannah/Hilton Head International Airport, low-cost carrier needed.
5. Major New Fall/Winter event (different from Concours, while still growing existing marquee events): specifically, support Hilton Head Island Institute's new IMAGINATION event this fall.

Most demographers agree that a major shift in generational travel is underway; it defines changes in consumer thinking and behavior that will last well into the next decade and perhaps beyond.

Peter Yesawich, head of The MMGY Travel Group, first called this change *The New Normal*.

The Hilton Head Island Visitor & Convention Bureau has approached long range strategic planning for the destination from a New Normal perspective.

**Our steps:**

Proactive engagement with local stakeholders, influentials and industry thought leaders.

Elimination of single industry sector committees that silo our tourism community.

Direction from the Hilton Head Island Marketing Council with cross industry representation and voice.

The job of embracing, understanding and leveraging *The New Normal* is not necessarily linear – it's more of a **CIRCLE** that our organization has started, one that is dynamic & collaborative in nature and continuously moving forward as we work with the business community to lead along new pathways.

## Tourism Industry Stakeholder's Priorities

---

Engage and seek input from tourism leaders which can be utilized to enhance our destination's marketing, sales, and visitor services.

Our stakeholder engagement series this past year gave us valuable input on who the local tourism community wants the destination DMO to target:

**Q** The HHI Visitor: Who do we want & how will we go after them?

**A** : Pursue affluent travelers:

: \$150,000+ household income who spend on resort leisure travel.

: If targeting lower income levels, then target those that spend a significant percentage of their discretionary income on travel to resort destinations.

: Pursue aspirational younger visitors.

: Seek and secure next generation visitors.

: Peak and Shoulder season travelers are markedly different – focus on couples, small groups of friends and multi-gen travelers to grow fall, winter and spring travel.

: Encourage businesses to explore more cross marketing/ collaborative/ packaging opportunities by various industry sectors – lodging, golf, culinary, arts and cultural, outdoor, eco-tourism, weddings, group, etc.

3

## The Dawn of a Brand New Day on the Island

**Q** If we know who our visitors are now, and who we want them to be – do we have the infrastructure, product and services to meet and exceed their expectations?

**A** Core need to address our aging, tired product.

We are happy to report that 2013-2014 brings the literal dawn of a new day on the Island and in the region in terms of tourism product development and redevelopment.

- Completion of a \$5 million renovation of the Holiday Inn Oceanfront to The Beach House a *Holiday Inn Resort*, completed spring 2012.
- \$30 million renovation of The Westin Hilton Head Resort & Spa, completed spring 2013.
- \$40 million redesign and rebuilding of The Sea Pines Resort's Plantation Club and Harbour Town Clubhouse scheduled for completion in two phases: winter 2013 & spring 2015.
- Flagship change of the former Hilton Oceanfront Resort to the Omni Hilton Head Oceanfront Resort with an accompanying \$17 million renovation underway during fall 2012/winter 2013 with completion scheduled first quarter 2014.
- \$30+ million complete restoration (flagship change spring 2012) of the Sonesta Resort Hilton Head Island, scheduled to reopen spring 2013.
- A number of our Select Service properties have completed, or announced future renovations to include the following properties:
  - Main Street Inn & Spa
  - Red Roof Inn
  - Hampton Inn Hilton Head
  - Hilton Head Quality Inn & Suites
  - Comfort Inn South Forest Beach
- Planning underway with the Town of HHI for a redevelopment of The Mall at Shelter Cove to be renamed Shelter Cove Towne Centre. First phase slated to open late fall 2013.
- Planning underway with the Town of HHI for a redevelopment of Coligny and the surrounding area to include Pope Avenue, Coligny Circle, Public Beach Parking and future campus of USCB.
- Development of a major new historic and cultural site called the Historic Mitchelville Freedom Park by the Mitchelville Preservation Project on land leased from the Town of Hilton Head Island is underway. Mitchelville was the first self-governed freedmen's village in the United States.
- Commitment by the Town of Hilton Head Island to a community-wide sustainability benchmark assessment, key to putting our destination on the modern path to being a true sustainable 21<sup>st</sup> Century destination.
- Opportunities exist to improve our home & villa product.

4

2013-2014  
Hilton Head Island Marketing Plan

## We've Put Out the Welcome Mat for First Time Visitors

As new product upgrades come online, stakeholders have agreed that the destination will need to particularly focus on:

- : Identifying and meeting the needs of the first time visitor.

- : Many repeat visitors will continue to come as they tend to overlook where our infrastructure falls short because their experiences here meet their emotional needs for a relaxing, refreshing vacation. Now that the major hotels are investing in major renovations and some new lodging product may well be developed, the push should ramp up for our home and villa regimes and owners to similarly invest in bringing their lodging product up to world class resort destination standards.

- : In order to court and win over the first time visitor, sustained investment in product and service upgrades is a must by all sectors of the tourism industry: lodging, attractions, retail, restaurants, services.

- : Focus on communicating the overall, aggregate destination offerings – not silo experiences.

## Competing to Win

- : Create investment and resource incentives for infrastructure redevelopment

- : The Town of Hilton Head Island has made significant strides in making the process easier, friendlier to redevelop sustainably; these efforts need to continue.

- : The Town of Hilton Head Island has also worked with the private sector to improve digital wifi, mobile and wireless services – these efforts should be a sustained part of budgets so that the latest consistent and dependable digital services are available across the whole Island.

- : Identify and pursue economic development initiatives, and incorporate tourism as a lifestyle driver in drawing targeted business cluster sectors and entrepreneurs to the Island.

- : Work collaboratively to develop and evolve robust programming along with packaging promotions that highlight our area's arts & cultural, history & heritage, sports, outdoor, culinary, retail, ecological and intellectual resources, products & services to visitors.

- : Grow public and private investment in destination marketing.

- : Come together with a collective voice to impact change.

- : Champion a strong, collaborative plan for the future of tourism on Hilton Head Island.

5

## 8 Key Marketing Strategies

---

Strategically, the Visitor and Convention Bureau marketing, sales and visitor services staff will execute the day-to-day tactical implementation and management of the destination marketing program driven by these key strategies:

1. Sustain and grow Hilton Head Island's travel and tourism market share.
2. Continue to change/evolve our destination travel planning, marketing promotions, sales and visitor services to meet the needs and expectations of the affluent travel marketplace and consumers in 2013-14 and beyond into the coming decade.
3. Let consumer research, benchmarking and metrics drive our marketing program.
4. Utilize the Hilton Head Island Marketing Council to actively and collaboratively engage our partners in working with us to define changes needed in the local tourism marketplace and give them the communications information and tools they need to become vocal advocates for the destination and organization.
5. Utilize the Hilton Head Island Marketing Council to foster cross industry networking, co-operation, cross-marketing, packaging and sales, and opportunities for innovation in pursuing new market segments -- by promoting opportunities for the business community to work with each other proactively in developing and promoting a wide range of quality visitor experiences and packaged travel to Hilton Head Island.
6. Move the needle.
  - : by doing our homework (research) to understand the changing consumer and the most powerful value proposition(s) we offer to meet their needs.
  - : by advocating for innovative and contemporary product redevelopment and packaging on Hilton Head Island.
  - : by advancing marketing promotions that target high value visitors with compelling, brand consistent messages.
  - : by championing authenticity and truth in advertising about Hilton Head Island as a travel destination and reflecting the community's and our organization's principles and core values in all we do.

: by beeline focusing our team on meeting the VCB's specific sales prospecting, lead and conversion goals.

: by energizing our partners to actively support and participate in our co-op marketing efforts.

: by expanding ways to measure the collective sales performance and success by the destination and our partners.

: by empowering our partners to network with each other to cross market the destination on their own, particularly in ways that support the overall destination brand.

: by continuing to enhance a strong working relationship with the directorate at the South Carolina Department of Parks, Recreation and Tourism, and leveraging state promotional opportunities and resources for our region.

: by developing a viable, long term plan to grow public and private investment in destination marketing.

: by focusing on seasonal growth: In group & leisure markets, focus destination marketing and sales programs on driving *new fall and spring shoulder season business*, and supporting winter season business growth as funding and resources allow. Service peak season visitors. Monitor summer fill needs through the V-Trip pace reports and make adjustments to marketing campaign deployment if required.

: by supporting sustainability and growth in travel and tourism jobs, economy and tax base, and quality of life benefits garnered by a strong and healthy Island tourism industry.

7. Utilize the Hilton Head Island Marketing Council to serve as ambassadors for the local travel and tourism industry and Chamber's VCB, and advocate for its success. Continue to invest time and resources in educational forums, workshops, research investment, spreading awareness of our [www.thinkhiltonheadisland.com](http://www.thinkhiltonheadisland.com) economic metrics portal, online dashboard metrics and ROI reporting, enhance local communications program and advocacy that gives a cohesive voice to common concerns.
8. Champion development of a strong, collaborative plan for the future of tourism on Hilton Head Island.

## Research-Based Destination Marketing & Planning

---

The Hilton Head Island Visitor & Convention Bureau invests staff management time and resources, as well as significant budget investment with qualified research partners with these goals:

- Understand current and long term trends that drive consumer behavior.
- Develop strategic plans that weigh both local stakeholder input and the consumer's voice through quantitative and qualitative research.
- Follow the Destination Marketing Association International's DMO Best Practices in research, planning and reporting.
- Develop tools that both the VCB staff and the local tourism industry can use to improve marketing, sales and visitor services.
- Provide timely results metrics and tourism industry information, particularly through our new [ThinkHiltonHeadIsland.com](http://ThinkHiltonHeadIsland.com) economic and business metrics portal.
- Provide transparent accountability metrics and travel industry data that local and state government and related agencies can use to make better public policy and program decisions.

Budgeted programs for FY 2013-14 include:

1. Smith Travel: Monthly & Weekly Hotel Lodging Report and Monthly Competitive Set Report.
2. V-Trip: Monthly Home and Villa Lodging Report and Monthly Combined Home & Villa + Hotel Two-Source Report, including 6 month "on the books" booking pace report. Includes access to national travel and consumer trend reports for our "ThinkHiltonHeadIsland" web portal.
3. Raven / Google Analytics Web & Social Media: Year-long tracking tools.
4. Visitor Intercept / Virtual Guest Book: 12-month study of visitors via iPads at alternating locations on Hilton Head Island and in Bluffton, in conjunction with USCB: To be completed by Summer 2013.
5. 2013 Leisure Visitor Profile & Conversion Study - Economic Impact and Market Share: to be completed by USCB in 2013. Includes Economic Impact of Tourism on Hilton Head Island, Bluffton and Southern Beaufort County Study, with the Town of Bluffton and Beaufort County contributing to the cost. A comprehensive study of the past 10 years of tourism in our region and its economic impact. The study will include comparatives with South Carolina, Southeast and U.S. Travel economic impact data. We will also include U.S. Travel forecast information for the next several years, as available, and our own V-Trip booking pace data.

6. DMAI Group and Event Impact Calculator: Online tool to calculate economic impact of local meetings, groups and events; purchased through DMAI (Destination Marketing Association International).
7. Festival and Event Co-Ops: Co-op cost sharing with local festivals and events of USCB conducted on-site, online events survey. Current partners include: Concours d'Elegance, Wine & Food Festival and Island Rec Center events.
8. 2013 Tennis Market Study: Contracted with the National Tennis Industry Association, located on Hilton Head Island. Assessment of the Island's tennis brand position, tennis market economic impact and market share growth potential.
9. Savannah/Hilton Head International Airport: VCB investing in/ assisting with study of Canadian and top fly markets by Longwoods International Research for the Sav/HH Airport.
10. 2013-14 Visa International Travel Study: Partnership with the South Carolina Department of Parks, Recreation and Tourism to study spending patterns of international visitors through Visa transactions.
11. Marketing Assessment Study of VCB, Competitive Analysis with other resort area DMO's.
12. Chamber Business Barometers / Quarterly online survey of outlook, confidence levels and concerns of local business community— first one will deploy in spring 2013 and special topic is sustainability.
13. [www.ThinkHiltonHeadIsland.com](http://www.ThinkHiltonHeadIsland.com): Operate and staff ¼ FTE to provide constantly updated Business Metrics web portal for members and public to assess local, regional and national/international research, including special monthly VCB Destination Dashboard.
14. A local promotion to generate more awareness of the research assets available to tourism stakeholders through "Think."

Budget: \$95,000

Facilitated by: VCB Marketing Staff managing projects with USCB Travel & Tourism Institute, Smith Travel, V-Trip, US Travel, US Tennis Association, DMAI and SCPRT.

# Target Audiences

---

## Leisure Travel

Focus on growing shoulder season fall and spring business -- where there is greater available inventory of product and occupancy growth potential.

**Target Affluent Leisure Travelers** – domestically, defined as having a household income of \$150,000+ who take at least one leisure trip requiring overnight accommodations in the past 12 months:

- : 92% are married
- : 51% are Boomers (born 1946-64)
- : 29% are Gen Xers (born 1965-78)
- : 11% are Matures (born before 1946)
- : 9% are Echo-Boomers (born 1979 – 1997)
- : Evenly split female (51%) – male (49%)
- : Predominately white (89%) with 2% African-American, 3% Hispanic, 4% Asian
- : Average 4.6 domestic travel trips per year and 2.3 international trips

*CAUTION: This group comprises approximately 8% of the U.S. population, according to the 2008 Portrait of Affluent Travelers, Y Partnership*

*Segmenting the scope of this market further reveals that the majority (5% of U.S. pop) are in the \$150 - \$249K HH Income bracket; 2% in the \$250 - \$499K bracket and only 1% in the \$500K+ bracket. Overall, this is a narrow segment of the U.S. and global travel market.*

While the local business community, as a whole, wants to target this market, the consensus of the Hilton Head Island Marketing Council and professional DMO staff at the VCB is that the realities of our destination product set combined with the narrow size and scope of the luxury travel market in the U.S. mean that we must be prudent and also focus on marketing and sales to a wider demographic to be successful in sustaining and driving growth in Island visitation.

**Wider market segments (broadly) include:**

- : Younger travelers (GenX and Echo-Boomers) that spend a higher portion of their discretionary income on travel.
- : Mature travelers that spend a higher portion of their discretionary income on travel, and will only grow the multi-gen market as Boomers retire.
- : NextGen visitors.
- : International visitors in targeted countries.

## Leisure Target Brand & Specialty Interest Segments

### Brand Strategy and Culture

Our brand promise tells visitors that your next vacation on the Island will be rejuvenating, relaxing, engaging and allow the traveler to reconnect with the people who are important in their life.

### Hilton Head Island Brand's Three R's:

- Relax
- Rejuvenate
- Reconnect

This brand positioning stands out as a distinctive experience based on a personal promise. *Delivering on this brand promise is at the center of all of our communication strategies.*

### Specialty Markets

Research points to a key to effectively marketing to specialty travel segments -- in today's New Normal, travelers want choices and options. They do not want to be "siloeed" into a uni-dimensional travel experience. This makes the travel marketers job more complex, and the need to dig deeper to find and touch the emotional drivers of travel destination choices all the more critical.

Although any one of these types of vacations may be a travel passion, *the vast majority of travelers are seeking an overall trip and destination that offers a multi-dimensional travel experience that may touch on any combination of two or more of these segments.*

- |                                       |                                       |
|---------------------------------------|---------------------------------------|
| : Couples Getaways                    | : Outdoor Sports – active and passive |
| : MultiGen Family Vacations           | : Locavores                           |
| : NextGen Travelers*                  | : Spa and Wellness Travel             |
| : Deliberate Culinary Travelers       | : Festival and Event Attendees        |
| : Avid Golfers                        | : Travel with Pets                    |
| : Avid Tennis Players                 | : Weddings                            |
| : Nature-based Travel and Eco-tourism | : Travel for Learning                 |
| : Arts, History & Cultural Travelers  |                                       |

\*NextGen Travelers are a relatively new category - not defined by age, gender, income or status in life. Rather, they are defined by their attitudes toward technology as an enabler of travel experiences, facilitator of transactions and a social vehicle to share provocative insights, opinions and commentary on travel destinations, experiences and travel service suppliers.

11

## Next Steps by the HHI Marketing Council & VCB Staff

The Hilton Head Island Visitor & Convention Bureau's Marketing Council, in concert with the VCB staff, will continue to work this process of engagement, input and collaboration with our stakeholders and partners.

The Council's first steps will focus on its **Number One Short Term Goal: Developing a Robust Destination Packaging Program.**

Action Steps to Include:

1. Follow-up to well attended Travel Packaging Workshop by Joe Venito, The Opportunity Guy: Roll-up-your-sleeves workshop(s) for local attractions and events businesses/organizers to work with lodging partners and create at least 3 destination packages.

Budget: Workshops and 3 Package Landing Pages: \$10,000

Facilitated by: Joe Venito, The Opportunity Guy and packaged travel expert coordinated by VCB Staff and presented by the HHI Marketing Council; Landing pages by VERB

2. Integrate Packaging Promotions into VCB's Annual Calendar with Quarterly Target Package promotions. Feature in appropriate areas of HiltonHeadIsland.org, mobile site and mobile app, SEM promotions, PR, etc. These three will be an addition to the successful golf package promotions on our golf microsite. Packaging areas to be promoted may include:

- Eco Adventure Pass
- Savor the Lowcountry Culinary and Historic Tours
- Gullah Cultural and Folkways Experience
- Marina Villages and Exploring Hilton Head Island by Boat
- Marquee Events – RBC Heritage, Concours d'Elegance, Wine & Food Festival, HHI Institute's IMAGINATION 2013 or others TBD

Optimize SEO for each package promotion.

Budget: Covered in Monthly VERB Fee and VCB Staff & Operating Budget

Facilitated by: VCB Marketing Staff (content development) and VERB (implementation)

3. Support Package Promotions with E-mail to targeted segments of our Hilton Head Insider's database.

Budget: 3 Package E-Promotions;

Facilitated by: VCB Marketing Staff with local freelance writers (content) and VERB (deployment).

4. Support Package Promotions with Social Media Promotions on FaceBook, YouTube, Twitter, and Google Plus.

Budget: Included in VCB Social Media Budget.

Facilitated by: Local video crew TBD and Chamber Communications Staff

5. Support Package Promotions with SEM media and in-market intercept mobile promotions - 12 months of package promotions.

Budget: \$4,000

\*Spend each month will fluctuate based on performance needs and seasonal market changes

Facilitated by: Net Conversion/VERB, local mobile promotion with Adams and VCB Marketing Staff

6. Support Package Promotions with PR Pitches to appropriate specialty and general travel writers/editors and media outlets.

Budget: Covered in general PR fees

Facilitated by: Weber Shandwick Worldwide and Chamber Communications Staff

7. Feature Package Promotions and Results/ ROI in Local Business and Community Communications/ PR.

Budget/ Facilitated by: Chamber Communications Staff

Package Workshops and 3 New Landing Pages	\$ 10,000
Package E-Promos	\$ Included in Email budget
Social Media Videos/Package Promotion	\$ Included in Social Media budget
SEM and Local Mobile Promotions	\$ 4,000
<b>TOTAL</b>	<b>\$14,000</b>

## Embracing the *NextGen* & Their Preferred Communications Channels: Social Media

The Hilton Head Island Marketing Council's #2 Short Term Goal parallels a significant trend in the travel and tourism industry - **Leveraging Social Media**. As technology changes increasingly pervade our modern lives, as our "instant gratification" world presses forward with a 24/7 news cycle and that *immediate need to know* mindset, as consumers no longer just want but expect to be in control of all their choices in travel -- savvy destinations have both the challenge and opportunity to find the sweet spot of travel communications: Stories and Storytelling.

**Word of Mouth** marketing has traditionally been the number one driver of consumer purchasing decisions. Today, WOM just takes on a new delivery mode: It's moved from lips to PDAs & iPads. For the *NextGen* consumer:

WOM = Social Networking and Media.

And in the world of consumer marketing:

**Social Media Engagement = Brand Exposure = Fan Growth**

- **Emotional connection** with the visitor takes precedence over chest-beating claims by marketers in differentiating and defining the destination experience.
- There is more to be gained by **pulling in relevant, interesting content** from our target audiences and using authentic voices than simply pushing out ad content as marketers have done in the past.
- People love to tell their stories -- especially about travel experiences.
- **Word of Mouth** is one of the most powerful forms of marketing.
- And do we ever have incoming WOM (along with advertising) in today's digital society -- to name a few of today's top media channels...

Text messaging PDAs Mobile Websites Dopplr Pandora  
 Siri Foodspotting Google+ TravellersPoint  
 Voice mail iPad4 LTE TripIt WorldWideWeb YouTube  
 Email Facebook LinkedIn TripAdvisor Sirius  
 Hulu Gogobot TripWolf Living Social Broadcast & Cable

14

2013-2014  
 Hilton Head Island Marketing Plan

### *Digital versions of print and print versions of digital media*

- Destinations that focus on engaging visitors, locals and authentic voices in telling their stories will win.
- Writers, content manager/ editors and marketers who craft relevant, timely and intriguing content will win the most important commodity that the visitor prospect offers in the destination decision making process – their immediate attention and repeat attention to the content offered
- Marketers who work with writers and editors to tell their stories through third party editorial and PR promotions will win.
- Destinations that bring the right technological tools forward that facilitate ongoing relevant storytelling, information exchange and conversations will win – including making all the social media tools available on the digital devices our target audiences turn to for travel content.

Hilton Head Island's Visitor & Convention Bureau's investment in destination digital content management, capable and qualified staff content managers/ editors and a professional, well executed public relations, digital social media and promotion program is key to operating a robust destination marketing program in today's competitive and cluttered travel communications environment – particularly with limited funding available for paid space media – this aspect of our work has become increasingly important – even over the past 12 months – as new communications channels emerge and evolve to give consumers more choices, more channels and more content.

### Working with the Best in the Business

Importantly, we see our Social Media campaigns as an integral arm of our overall Destination Public Relations Program. This past year, our staff worked with one of the top travel PR firms in the world, Weber Shandwick Worldwide, who are also the VCB's ongoing PR firm, to develop our Social Media program, in concert with our Communications and Marketing staff.

Our Social Media Program focused on:

- Best ways to engage destination customers
- Top ways to get customers to "like" our brand, and engage in online content
- Maintaining consistent brand "voice" to keep content authentic & relevant
- Effective methods for measuring Brand Perceptions and Influence
- Setting and Measuring Social Media Benchmarks and Goals
- Social media pitfalls to avoid
- Engaging customer content and interaction
- Maintenance of quality with limited staff resources
- Topline Recommendations Platform-by-Platform

15

2013-2014

Hilton Head Island Marketing Plan.

In 2013, our online media program development will focus on the following SOCIAL aspects (to include Facebook, Twitter, Pinterest, Wordpress and YouTube):

- Elevating Visit Hilton Head's presence on social media will require a commitment from Chamber leadership to carve out resources and support for a governing body to drive decision-making, guide editorial development, and champion social media strategies throughout the organization and among membership.
- Tell a compelling story as part of the editorial process and doing so in a manner that exploits the Island's available assets. This editorial will also be customized for each channel to ensure a consistent brand "voice" to keep content authentic & relevant.
- Stories as content packages ripe for sharing, search and discovery can humanize positioning and drive greater coverage and engagement. Producing and syndicating relevant, rewarding content with SEO and sharing capabilities—coupled with influencer relationships to broaden reach—ensures stories have the best opportunity for consumer engagement, media pick-up and distribution. Setting and Measuring Social Media Benchmarks and Goals.
- While best-in-class destinations use social media to engage and entertain, they also has processes in place to utilize the medium in the event of a crisis. In the current information environment, digital and social channels are more central to issues management than ever before.
- Your web and social media assets share a goal: to inform, entertain and inspire travel to the destination. They should work together more often to provide a multiplatform, multimedia experience.

Next Steps for SOCIAL media platforms in 2013/2014:

- Continue with establish editorial calendar and story-sourcing practices and developed best practices documentation, benchmarks and channel strategy.
- Initiate an influencer identification, targeting and listening program that effectively tracks discussions and content; one that informs engagement and content production strategy.
- Ensure latest social media platform functionality is incorporated into crisis and issues response plans
- Develop multimedia storytelling campaigns with incentive that incorporate multiple platforms
- Support social media programs with advertising. Blog Center

The VCB's Blog Center for Hilton Head Island was recognized as a national MarCom Award winning program in 2011. In 2012-13, we further expanded our blog center to the next level of more robust user engagement.

Special Interest Blog Storytelling Categories

- Foodie—our most visited blog—focus on sustainable local culinary dining, chefs, markets and events

16

- Family Vacations (& activities while on vacation on the Island)
- Golf – engaging the active golfer, local pros tips & stories, events, packages
- Outdoor – Special focus on Tennis, Biking, Boating, Insider tips
- Arts – Performing, Visual, Cultural, Historic, Tours, local profiles, packages
- Ecotours – Visitor experiences with nature
- Wellness – Spas, Yoga, Wellness activities and programs, visitor experiences
- Weddings – Insider tips; venues; bridal party stories

Our staff works with key influencers, affinity groups, associated blogs and Facebook/ Google+ communities to share and syndicate blog stories to attract engagement and content consumption. In addition, VCB marketing staff:

- Encourage partners to re-post blog content
- Added more visual content to blogs – larger photos, more video, infographics
- Keep blogs alive with fresh content from local freelance writers and storytellers

**Budget:**

Social Media Promotions – monthly with VERB Interactive	\$18,000
Blog Center – Freelance Writers	\$30,000
Series of 3 short experiential videos/locally produced:	<u>\$ 3,000</u>
<b>Total:</b>	<b>\$51,000</b>

Facilitated by: VCB Communications & Marketing Staff, Weber Shandwick, Local Freelance Writers, Local Videographers, and VERB Interactive.

## Destination Public Relations

---

Earned Media is a critical way that the Hilton Head Island VCB's destination marketing program puts brand voice into our overall marketing program. Our ongoing destination public relations program is a well oiled machine that churns out national and international stories, features, broadcast vignettes and mentions, news coverage on top travel digital sites, blogs, and video, AP wire stories, and non-paid media coverage that annually averages about \$10 million in ad equivalency value over the past 3 years.

In short, with limited media buying resources, we heavily depend on earned media/ PR to sustainably generate brand voice for Hilton Head Island...

... "to the tune of about \$10 million annually (including proactive, reactive and serendipitous coverage), for roughly 4% of that investment in total PR firm and communications staff investment".

Several components remain critical to our PR success:

- Media relationships our staff builds and nurtures over time with key editors, journalists and publishers
- Connections and opportunities leveraged daily by our New York based PR firm, Weber Shandwick Worldwide, one of the most influential travel PR firms on the planet
- Our seasoned professional staff and firm that partner together on a daily basis to serve up the right information at the right time to target media
- Weber receives volume discounts through multiple vendors that are passed on to us as clients.
- Access to a variety of experts in specific industries throughout the United State, Canada and more.

We are planning new and ongoing public relations initiatives in the 2013-2014 fiscal year to support the overall destination marketing campaign:

1. Integrating Social Media and PR: As discussed in the previous social media section, we consider travel social media and PR to be twin sisters – they both are all about telling compelling, relevant and authentic stories that impact target communities of travelers. Therefore, we plan to engage our PR firm in helping us develop a strong and effective social media program.
2. Visiting Journalists Program: We will actively continue to pursue pre-qualified media travel journalists to visit Hilton Head Island and the surrounding region for story development. Traditional print and broadcast media outlets, freelance travel journalists and well-qualified travel bloggers, tweeters and the like will be pursued. We anticipate hosting at least 12-15 journalists on individual or collective customized visits in the coming year.
3. New York Media Outreach Program Senior staff will visit New York for pre-arranged desk-side media visits in concert with Weber Shandwick, our PR firm. Traditional journalists, bloggers and

18

other social media experts will be considered. Staff will also work with SCPRT and media events they plan for 2013-2014.

4. International Promotion:

Cision Broadcast Monitoring Service: In today's media world, the screen is king. Whether on a cell phone, iPad, computer, television or even the media screens found in skyscrapers and the back seats of taxis in major cities worldwide, video imagery is the way to catch the eye of today's heavily distracted consumer. With that in mind, it's not only critical that for our PR Agency Weber Shandwick and our internal communications staff are pitching broadcast but also when coverage results there is a mechanism for tracking ROI and showcasing results to our stakeholders. Currently Hilton Head's VCB does not have a contracted vendor to monitor for broadcast clips or provide ROI data for clips or provide the actual clip of coverage. Engaging such a vendor on an ongoing basis would allow for economies of scale when ordering coverage clips and would provide for more accurate and consistent ROI tracking (for audience number and advertising equivalencies) rather than having to order these important assets ad hoc. Additionally, the vendor's continual monitoring would better alert our staff to serendipitous coverage that occurs without our direct involvement or knowledge—for example, a character on a television show mentioning Hilton Head Island in the script. An annual contract could be negotiate to include ongoing monitoring, a designated amount of coverage clips, ROI reporting for each clip and an end of year report.

5. Broadcast Media Working with Weber Shandwick, we will actively pitch and respond to broadcast media opportunities for travel related stories on national and regional broadcast outlets.

6. Destination Travel Package PR: As covered in the package promotional section, the VCB will be developing a series of destination package promotion in concert with our partners to promote on a quarterly basis. Part of that promotion will be advanced long lead and short lead media pitches.

7. Festivals and Special Events: We will continue to work with local partners who produce area destination events to generate regional and national attention to the events and to support corresponding travel packages. Special Events that are being targeted include:

- RBC Heritage
- US OPEN Journalist Event - Summer 2013
- Hilton Head Island Wine & Food Festival
- Hilton Head Island Motoring Festival & Concours d'Elegance
- Historic Mitchelville Freedom Park and The Sesquicentennial Anniversary of the Civil War as it relates to Mitchelville & other area Civil War history.
- Bike and Dine Promotion
- Town of Hilton Head Island's 350-30 event

9. Daily Communications Staff Management Writing regional and local media releases, monitoring news clips from Burrell's news services, monitoring and responding to HARO requests for story

19

development, hosting and coordinating visiting journalists and itineraries who are sourced from HARO, SCPRT and other sources, developing social media content that supports other destination initiatives (such as Getting Away Together national PBS television show and other national television commercial spots) and operational support.

Budget for Destination Public Relations:

Visiting Journalists, Broadcast Outreach, NY Media & PR Firm:	\$ 148,000
Cislan Broadcasting	\$ 8,000
Photo and Video Online Library and Out-of-Pocket:	\$ 18,000
TOTAL:	\$ 174,000

## Destination Photography

---

The VCB is investing in a major brand image photo shoot in spring/summer 2013. There will likely be the need for some additional destination photography in the year ahead as more new product comes online, so this is a contingency to cover these needs.

Budget: \$15,000

## Digital Marketing & Media Campaign

---

### Placement Strategies:

Digital will be the primary media channel based on our budget parameters as well as its ability to offer cost-efficient message delivery to focused geography and lifestyle segments. Preference will be given to measurable SEM marketing strategies and sites that skew towards the affluent female audience, as they are the primary decision makers and vacation planners of the household, unless we are targeting a male oriented specialty market such as golf. Recent performance will also be considered in selecting sites and networks for the 2013-14 placements.

### SEO Keyword Search

The VCB will execute an aggressive program to expand and broaden our organic keyword search engine rankings on Google, Yahoo, Youtube and Bing for a targeted list of key search terms that best correlate with the Hilton Head Island target visitor and visitor experiences.

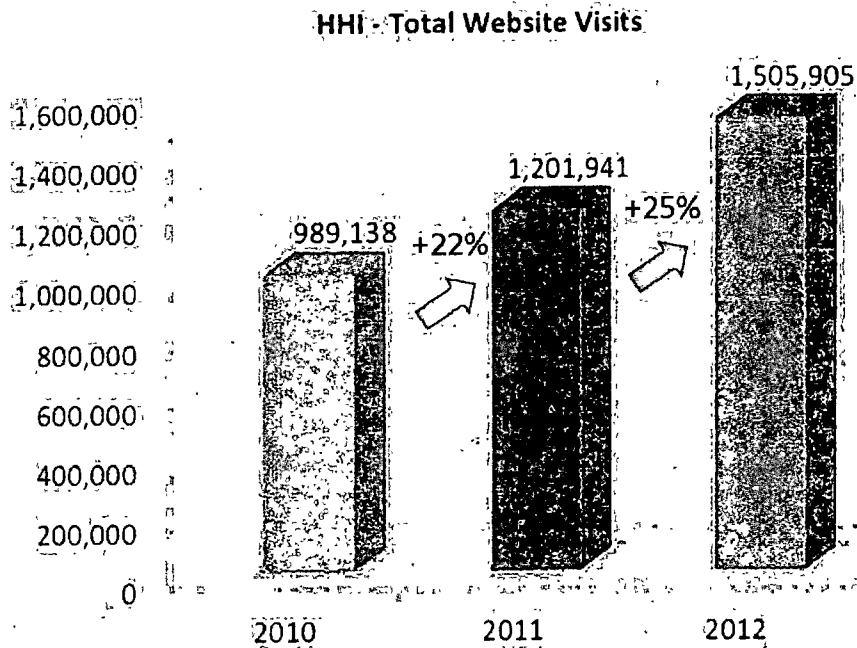
In partnership with VERB Interactive, our digital marketing firm, the VCB accomplished one of its primary metrics goals in 2012 – increasing unique visitors to [www.HiltonHeadIsland.org](http://www.HiltonHeadIsland.org) to over 1.5 million consumers, or a 25% year-over-year increase (see graph below).

20

2013-2014  
Hilton Head Island Marketing Plan.

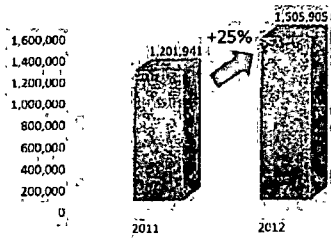
This was on the heels of a 22% users increase in 2011, and in both years we simultaneously extended time on our site, we improved our reach in both quantity and quality. A key focus area was keyword optimization by broadening and expanding our organic search engine marketing efforts.

## HHI.org Total Website Visitation

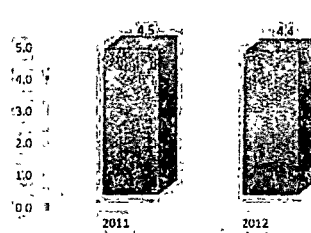


## HHI.org 2012 vs 2011 Key Engagement Metrics

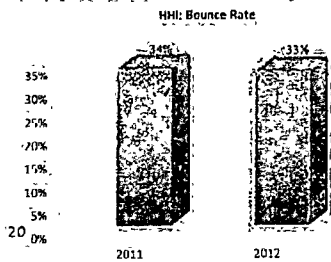
Visits are up +25% vs. PY  
HHI: Total Visits



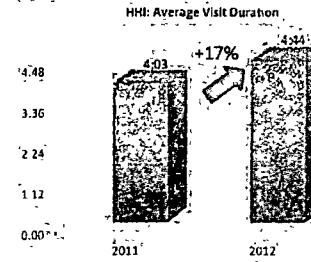
Pages/Visit are ~flat vs. the PY  
HHI: Pages/Visit



Bounce Rate is ~flat vs. the PY  
HHI: Bounce Rate



Average Visit Duration is up +17% vs. PY  
HHI: Average Visit Duration



## HHI.org 2012 Conversion Performance

- In 2012, 1.5M website visits generated 527k conversions, 35% Conversion Rate
- 97% of conversion are outgoing links to partners



2013-2014  
Hilton Head Island Marketing Plan

## Website & Monthly Web Content Audits

In addition to keyword search strategies, the VCB staff implemented a new program to develop a steady, monthly stream of new relevant content on our website, in order to improve/broaden our search engine rankings, drive more qualified traffic, and engage both new and repeat visitors to the site with fresh content.

In the year-ahead, we plan to further extend this strategy. Our new Director of Marketing also serves as our marketing team's Editor-in-Chief. To complement the editorial calendar that our marketing team has developed and is executing on a daily/weekly/monthly basis for 2013, the Director of Marketing will also develop a new annual web editorial content and content refresh calendar. Staff will work with area tourism businesses and event partners/providers to gather and write content/stories for the monthly web content refresh. Our Internet Services & Database Manager along with VERB work to implement the changes. It's a bit like painting the Golden Gate Bridge – the refresh work just keeps going year-round, based on the edit calendar.

### Special Project/Target Content/Overhaul Areas of Site in FY 2013-14:

- Complete Gullah Cultural Microsite: Summer 2013
- Develop and Build New Meetings & Group Microsite: Summer/Fall 2013
- Develop and Build New Tennis Microsite: Winter 2013-14
- Refresh Culinary Microsite: Fall/Winter 2013
- Develop and Build New Weddings Microsite: Spring 2014

### Hosting/Enhanced Analytics

Through Google Analytics and VERB/Net Conversion we receive enhanced reporting and tracking to understand our visitor behavior and tracking results. With enhanced reporting and tracking, our campaigns, site navigation patterns, PPC, and SEO patterns are reviewed and reported weekly and in a comprehensive report each month.

### Leisure Database:

The VCB's investment in a dynamic new database in 2011 for leisure marketing has paid substantial dividends in our DMO's ability to market the Hilton Head Island business community to visitors. The Tourism Database feeds all of our digital platforms – our website, mobile site and mobile app – and is used for business listings for the Vacation Planner. It pulls basic partner data from Ungerboeck (Chamber Membership database), allows for non-member's listings to be added, and includes an admin tool to empower town businesses to add dynamic additional information (description, photos, videos, amenities, etc.). For example, the VCB wanted to show which lodging partners allow pets, and we have added that attribute to the lodging listings under Features & Amenities.

The Leisure Database pushes information to the VCB Website (HiltonHeadIsland.org) to feed the Partner Listings, Interactive Google Map and the Vacation Packages & Coupons Database; to the listings on the mobile site and the mobile app. In the future, more interactivity to feed social media channels with member content will be explored.

Our staff will continue to hold our popular workshops to train local partners on how to update and manage their information assets in our database, as well as take advantage of social media channels.

#### WEBSITE CONTENT MANAGEMENT & DATABASE BUDGET

VERB daily site work \$3,300 per month x 12:	\$ 39,600
Ad Serving/ SEO/ \$2,000 per month X 12:	\$ 24,000
SPECIAL PROJECTS/ Target areas 4 @ \$15,000 each:	\$ 60,000
TOTAL:	\$ 123,600

Facilitated by: VCB Marketing Staff and VERB Interactive

## Leisure Media Program

### Media Objectives

- Generate interest in and brand Hilton Head Island as a preferred resort travel destination
- Drive qualified inquiries as evidenced by HiltonHeadIsland.org website traffic and behavioral metrics, mobile traffic, Insider program opt-ins, Vacation Planner requests, mail and phone inquiries, and visitor profile conversion and economic impact studies.
- Expand and improve Hilton Head Island's online presence and performance, as measured by key metrics.

## Media Strategies

The following factors were weighed in selecting the high potential target markets for 2013-14:

- Percentage of market that is considered high income (\$150K+ HHI)
- Number of households meeting target criteria including HHI of \$150K+, lifestyle preferences, etc.
- Select vehicles that index well with the affluent target audience and have performed well in the past; and test new online vehicles to see which prove to be the most responsive for Hilton Head Island
- Evaluate past performance against market trends and new opportunities
- Weigh overall media costs and frequency/reach
- Penetrate highest-potential Eastern U.S. markets with a mix of digital and traditional media
- Support secondary markets with a digital presence as budget allows
- Time flights to run during key planning times for spring and fall travel; winter travel as budget allows

## 12-month Comprehensive SEM Campaign

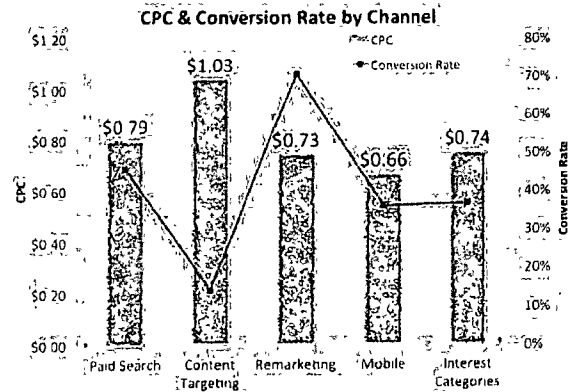
### Pay-Per-Click (PPC) Marketing

A key ingredient in any successful online marketing effort is keyword buys or pay-per-click search engine marketing.

We plan to sustain and expand our successful monthly PPC / contextual ad campaign with Net Conversion/ VERB, with more concentration during August through November to promote fall and winter travel and December through March to promote spring travel.

## 2012 Results by Channel

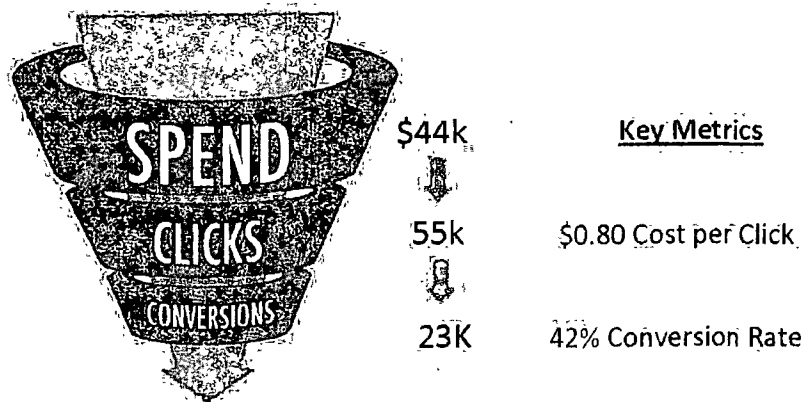
- HHI SEM/PPC was comprised of balanced mix of channels and individually targeted campaigns within each channels.



- All channels played a role in the success of the 2012 campaigns. Along with some adjustments and refinements, all channels will maintain a recommended place in the 2013-14 plan.

## 2012 SEM/PPC Results

- In total, the HHI 2012 SEM/PPC efforts proved to be cost-effective source of hhi.org website traffic and drove highly qualified traffic as measured by conversions



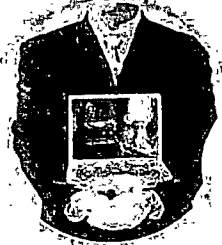
We will be driving traffic to the existing website and will recommend what pages or landing pages we will direct the PPC ads to and determine how they will be tracked. Our PPC program will be weighted to promote:

- 50% Hilton Head Island brand promotions
- 20% Festivals and Major Events Promotions
- 10% Culinary promotions
- 10% Culture, Arts, History and Eco-tourism Promotions
- 10% Outdoor Sports Promotions - emphasis on tennis, biking and boating

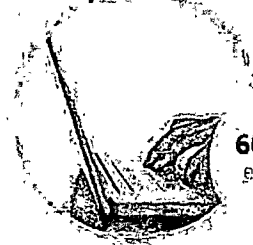
Note: Golf microsite promotions are separately covered through the special golf grant program. International promotions will be covered in the international marketing section.

## Affluent Traveler Mindset

Agreement with the following statements



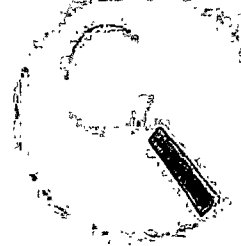
**78%** would like to stay in an upscale or luxury hotel if the price is right



**60%** view search engines as their go to source



**49%** are more likely to use mobile devices for travel information while on trips



**56%** plan to spend more time shopping around before booking to ensure value

We plan to run PPC/contextual ad campaigns to promote the four marquee destination events that drive overnight stays, including the RBC Heritage, the Hilton Head Island Motoring Festival and Concours d'Elegance, the Hilton Head Island Wine & Food Festival – and support packaging promotions for the new October 10-day event IMGINATION 2013 by the Hilton Head Island Institute.

Additional Hilton Head Island events to be promoted through PPC include:

- Hilton Head International Piano Competition
- Historic Mitchelville Tours and Sesquicentennial events
- Hilton Head Gullah Celebration
- Picnic & Pops
- Tennis Events
- Hilton Head Island Art Festival at Shelter Cove
- Art Center of Coastal Carolina performances
- Hilton Head Island Public Art Exhibits
- Heritage Library special events
- St. Patrick's Day Parade
- Various food festivals; WingFest, Seafood Festival, Oyster Festival, etc.
- Performing & Visual arts events
- Swim, Run and Bicycling events

Included in our fee to Net Conversion/VERB are weekly and monthly reports on the measurable metrics of the SEM programs. We will measure Cost Per Click, Resulting Time/Pages Viewed on our Website, Conversion to the VCB Insider Visitor Database, Fulfillment ordered, and where appropriate, Conversion to Partner Websites. See *Marketing Plan Appendix for 2012 Report*.

## Contextual Campaigns on Google Display Network

Google users are actively searching/ready to search content online about travel or planning their next vacation. Hilton Head Island will target consumers utilizing Google's Ad Network with contextual display ads on a CPC basis. Placements on the Google Display Network will be used as a branding campaign, increasing awareness about Hilton Head Island's Insider programs; as well as, targeting niche markets through the use of keywords and themes.

- World's #1 ad network
- Reaches 90% of U.S. internet users, with ability to target consumers with combos of specific interests
- Response-based, efficient, cost-per-click pricing
- New similar users: targets users with similar profiles to current hhi.org visitors
- Placement Strategy for Hilton Head Island:
  - Late summer/ fall 2013 flight pushing fall and winter travel
  - Early 2014 flight to promote spring travel and travel packages
  - Target leisure and other niche markets
  - Geo-target Hilton Head Island's main feeder markets: Expanded from Top 10 to Top 15 markets in 2013-14.

## Remarketing campaigns

This technique enables HHI to remain in front of qualified consumers after they leave the HiltonHeadIsland.org website.

Advancements in targeting will allow more refinement of site visitors into multiple audiences. Consumer market origin, website content viewed, HHI video viewers and combinations of targeting elements will be used. The focus will remain on driving conversion.

## Facebook "Like" Campaign

With more than 750 million users worldwide, Facebook is the leading social network. The average Facebook user spends 50 minutes on Facebook a day.

We will continue to use Facebook as an opportunity to efficiently drive "Like" fans that we can then market to via our ongoing social media program.

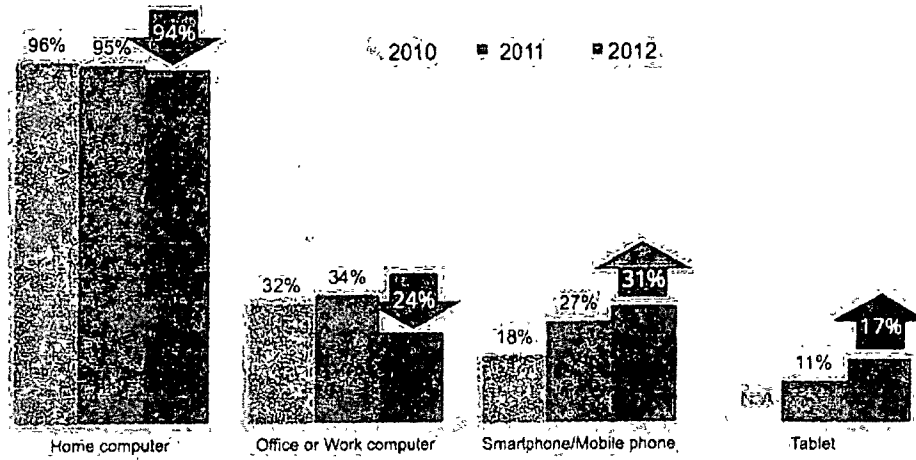
## Mobile Campaigns

Mobile devices (including smart phone as well as tablets such as iPads) currently represent approximately 30% of overall website traffic to HiltonHeadIsland.org. Continued robust growth in the use of these devices by traveling consumers is expected in 2013-14. These users are also much more

likely to visit our URL while in the destination, which reinforces the need for more in-destination relevant content and tools.

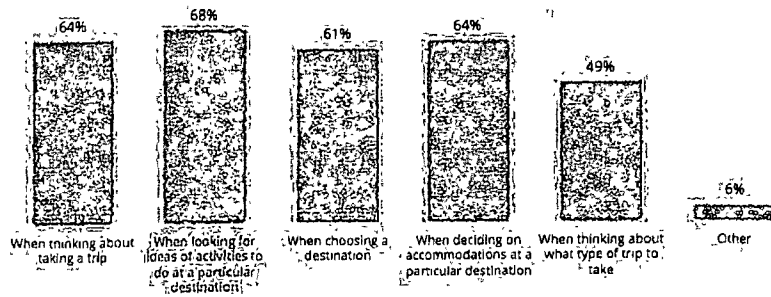
• Fewer Leisure Travelers Use Computers

Mobile devices are becoming the primary way to browse the internet.



An increase of SEM from \$12,000 to \$30,000 in mobile is planned to take advantage of this important consumer trend and buying audience.

## Affluent Travelers View Videos Throughout the Travel Planning Process



Utilizing True View Video, Net Conversion/VERB was able to deliver a remarkable 17 cents Cost per View of our full :30 pre-roll video about Hilton Head Island to targeted consumers. Since the videos are skippable after :05 seconds, we only paid for the completed :30 views.

It represents a cost effective, upper-funnel branding, reach and engagement marketing channel. The spend level is recommended to increase from \$12,000 in the current FY to \$30,000 over the 12 months of FY 2013-14.

### TOTAL DIGITAL MEDIA BUDGET:

\$200,000 for SEM Media for 12 months, includes media and reporting.

Facilitated by: Net Conversion/ VERB and VCB Marketing Staff

### The Rise of PDAs & Mobile Marketing: The Big Tether

Fortunately, the Town of Hilton Head Island is working to improve cell phone access on the Island. Local businesses know the value of this service to their customers – both residents and our 2.4 million visitors annually. PDA's and IPADS alike allow travelers to search for destination information and services at any time, from any location.

### Engagement Tactics

1. The most important tool in mobile promotion is the mobile-friendly version of our website.
2. Keeping content clean, simple and straightforward, i.e. limiting messages to the top functions and most relevant information that consumers in the destination want and need.
3. VCB is re-allocating some staff content development and management resources/time to serve this dynamic new media in a responsive, quality manner.
4. Social and mobile are closely tied as much of the time spent on the phone involves sharing content with friends.
5. Location-based applications like Foursquare, Gowalla and Whrrl are great places for our industry partners to promote themselves and provide incentives for both in-market and out-of-market consumers to visit their resort, golf course, spa, restaurant or attraction.
6. Mobile applications like Zagat, Foodspotting, Open Table and Urban Spoon create opportunities to promote the cuisine in our area.
7. The VCB's new Director of Marketing will develop an editorial calendar for monthly content changes and promotions and implement with our internal team, local writers, and VERB.
8. VERB will execute an SEO program for the mobile version of our site.

Facilitated by: VCB Marketing Staff, Local Freelance writer/ editor and VERB

### Videos

#### YouTube Destination Channel

YouTube ranks as one of the top search engines on the internet, along with Google and Facebook. Travelers are using YouTube to search for information about travel, to get a glimpse of their next vacation location, and to share their personal travel stories with their family and friends.

Statistics regarding YouTube: YouTube's demographic is broad, reaching a wide audience of 18-54 year olds. Over four million people are connected to YouTube and are auto-sharing to at least one social network, such as Facebook or Twitter. In addition, on mobile devices, YouTube mobile gets more than 100 million views a day.

Currently, the VCB has its own YouTube Channel, *Visit Hilton Head Island*, with the following URL address: <http://www.youtube.com/user/hiltonheadislandvcb>. On it there are 49 videos we have produced over the past several years and 51,465 page views.

#### Digital Video Engagement Tactics

1. Work with VERB to keep content updated/ fresh and optimized.
2. Use local videographer to shoot 3 new experiential video vignettes in 2013-14, plus adding the new video from the destination PGATV spot campaign.
3. Work with Net Conversion/VERB to optimize integration of our video assets on YouTube within the pre-roll and related digital campaigns.
4. Embed compelling video content into our website, mobile site, mobile app and social media platforms.

#### Budget

Production 3 short videos:

\$ Included in social media budget

#### Broadcast Campaign

As part of marketing the RBC Heritage PGA Tournament, the Chamber's VCB is producing new :30 and :60 television spots with local production company Crescent Moon in Spring 2013. We have also negotiated production, talent and music rights for re-airing the spot in the contract.

In addition, a longer 90 second video will be produced that ties into the campaign creative for the VCB to use on our website, in social media channels, for travel and trade presentations, and with on-site meetings. New b-roll footage from the 4 day video shoot will be available for PR use.

A fall 2013 broadcast campaign is proposed to run in several key regional drive markets and at least one key fly market. Top cable television channels that reach our affluent travelers are clearly defined in MMGY's Portrait of the Affluent Traveler:

- CNN
- Fox/ Fox News
- The Discovery Channel
- ESPN/ ESPN 2
- HGTV
- Food Network

We will also use the :30 spot creative as part of our SEM True-Vue pre-roll campaign.

Based on results from this campaign, we plan to apply for a supplemental grant each from the Town of Hilton Head Island and Beaufort County Accommodations Tax to run the spot the spot campaign more heavily in 2014.

In our separate golf budget, :30 spots will run on The Golf Channel, timed with key PGA Tour events in targeted drive markets.

#### Media Budget for Spot Cable TV Campaign

Fall 2013: \$40,000

2014: TBD, based on supplemental grant allocations

### Leveraging Partnerships

The VCB will leverage the larger media buying power of the state tourism office, SCPRT, as well as the Southeast Tourism Society that covers 12 states in the Southeast, by incorporating select co-ops they offer to DMOs within our media plan.

#### SCPRT Co-ops

SCPRT has not yet announced their co-op marketing offering for 2014. We will budget a contingency to take advantage of this program, which typically includes a mix of broadcast, digital, print and out-of-home media in 6-8 key East coast feeder and drive markets. Their negotiated media rates due to their media buying volume and the state "buying" down the cost for co-op participants make these buys compelling.

Net Media Contingency Budget for SCPRT Co-ops: \$25,000

### Sweet Tea Partnership

The Hilton Head Island VCB has worked with the Charleston CVB, Savannah CVB and Amelia Island CVB on a variety of Southeast regional and national cooperative marketing and sales programs over the past three years. We call our program the Sweet Tea Partnership, as we are all authentically Southern coastal destinations where a refreshing glass of sweet tea is always a welcome visitor experience.

#### Atlanta Culinary Promotion

Great Southern food, restaurants and a vibrant culinary scene are all part of the ties that bind our four destinations along the Eastern Seaboard. With that in mind, since early 2012 our group has been the exclusive sponsor of the Atlanta Dining App in partnership with *Atlanta Magazine*.

Our four destinations have been featured in *Atlanta Magazine* in concert with app promotions, along with a promotion every time a user opens the Dining App with rotating links to each of our destination websites. We are also planning a new social media promotion with the *Atlanta Magazine* group for this year ahead.

We have a two-year agreement for this exclusive sponsorship, which runs through early 2014.

#### Collaborate Meetings Co-op

The Sweet Tea Partners also cooperate in promoting meetings business to our region. We work together cooperatively to sponsor the Sweet Tea Relaxation Station at the Collaborate Trade Show, targeting

34

2013-2014

Hilton Head Island Marketing Plan

corporate meeting planners across the U.S. Each Sweet Tea partner is guaranteed 40 appointments with pre-qualified planners at the Show. We also follow-up with a special e-news promotion from our group to the show attendees. We also make a presentation at the opening lunch at the conference about our four destinations to all show attendees.

Sweet Tea Partnership

Atlanta Magazine mobile and social media promotion: \$ 15,000

Collaborate Meetings Co-op: \$ 5,000

TOTAL: \$ 20,000

(Hilton Head Island's share of total \$80,000 program)

Facilitated by: VCB Marketing Staff, Sweet Tea Partners, MMGY, Atlanta Magazine and Collinson Media.

## Consumer Promotions & Travel Lead Gen

*The print ad prospect is typically in the planning stage of travel funnel, and orders a Vacation Planner. They are prospects that may not be ready to book, like those who visit our website, as they are often on the front end planning cycle of their vacation.*

*Destination Marketers do well to leverage the opportunity to promote our destination on the front end of planning cycle, as well as at the end. Otherwise, we lose the opportunity to build demand.*

In order to sustain this balance back in our media mix, we are recommending a maintenance level of a few traditionally strong performing print lead generators:

- *America's Best Vacations* - Small space ads promoting our Vacation Planner that appear in special Eastern US newspaper inserts with Reader Service
- *Oprah Magazine* - small space display ads with Reader Service

Circulation buys will be limited to east of the Mississippi wherever possible.

Oprah Magazine

700,000 circulation in Eastern Region. States covered: FL, GA, SC, NC, VA, WV, MD, DE, NJ, CT, PA, NY, RI, MA, VT, NH, and ME.

The O woman is an authoritative and frequent traveler.

Compared to the average U.S. woman, she is twice as likely to:

- Serve as a personal travel influencer
- Spend \$3,000+ annually on domestic travel
- Shop and visit spas on vacation

35

2013-2014  
Hilton Head Island Marketing Plan

- Be employed in a professional or managerial capacity
- 46.9 Median Age
- 115 index for HHI \$100K+
- 119 index for HHI \$150K+
- 133 index for college graduate+

1/6 page color ads with Reader Service:

- o Sep. 2013 "Autumn Road Trips"
- o Dec. 2013 "Beach/Spa Retreats"
- o Feb. 2014 "Romantic Escapes"

As value added, we will receive:

- Hyperlink listing on VacationFun.com
- Opportunity to furnish sweepstakes prize to generate additional leads, we will tie to a couple's oriented social media promotion
- Feature destination banner on homepage of VacationFun.com
- Lead generation with weekly delivery and filtering tool for sorting leads

NET MEDIA COST: 3X buy at 10% discount per 1/6 page color display ad = \$27,850 total for 3

### America's Best Vacations

*America's Best Vacations* is a consumer newspaper insert program that is offered in the spring and fall. The insert reaches a predominantly female audience, most of whom are in the 35-54 age range with a household income of \$75k to \$200K (and above) and a propensity to travel. We plan to run a 1/8 page color ad with brochure page in the Southeast and Northeast regions, reaching over 5 million circulation each in the October 2013 and March 2014 issue.

The Southeast and Northeast circulation includes:

Maryland	Pennsylvania
Connecticut	Virginia
Massachusetts	D. C.
New Jersey	West Virginia
New York	Alabama
Ohio	Georgia

36

Kentucky

South Carolina

Mississippi

Tennessee

North Carolina

In addition to the newspaper insert, we will receive a second layer of exposure in each region with a direct mail component to an additional 1.3 million households. As added value, we will receive the following:

- 1 million banner impressions on Collinson Media & Events
- 3,000 guaranteed leads generated
- Destination listing on VacationPlanning.net
- Reader response list

NET MEDIA COST: 2X by @ \$4,995 color 1/8 page ad = \$ 9,990

Consumer Lead Gen/Print Media Summary:

<i>Oprah Magazine</i> / 3 insertions:	\$ 27,850
<i>America's Best Vacations</i> / 2 insertions:	\$ 10,000
Creative/ Ad Production:	\$ 5,000
TOTAL:	\$ 42,850

## Golf, Culinary and Cultural Heritage Promotions

Through our specialty markets grant, we will place a variety of online, outdoor and print media for the Golf, Culinary and Cultural Heritage markets. Media promotions include:

- Golf Channel
- Sirius Radio golf promotions
- SEM and PPC for Golf, Culinary and Cultural
- I-95 Interstate billboard campaign for golf
- Golf Planner insert in *Georgia Golfer* and geotargeted mailings
- *Bon Appetit, Food & Wine, Local Palate* – Fresh on the Menu Sustainable Chefs ad series
- BATastings.com
- Facebook, True-vue video pre-roll, Pinterest, Twitter promotions
- *Preservation Magazine*
- *Oxford American*

37

2013-2014  
Hilton Head Island Marketing Plan

- HistoryChannel.com
- Historynet.com
- AAA Bike & Dine Week Promotions
- Tennis Destination Benchmark Research Study
- Start development of new microsite for Tennis

Specialty Market Grant Allocations:

Golf:	\$150,000
Tennis:	\$ 25,000
Culinary:	\$ 50,000
Cultural Heritage:	\$ 25,000
TOTAL:	\$250,000

## Insiders, Collateral & Fulfillment

### Hilton Head Insider Program: Building on a Strong Foundation

In 2013-14, we will sustain and grow our successful "Hilton Head Island Insider" campaign to drive opt-ins to our database for ongoing Customer Relationship Marketing (CRM). In its fifth year, we have over 115,000 opt-in Hilton Head Island Insiders. Our website visitors are invited to opt-in to become a *Hilton Head Insider* and a subscription to our complimentary monthly enews and special access to travel offers and VIP benefits from our partners when they travel to Hilton Head Island. Our media messaging includes this value proposition with the call to action to *Vacation like an Insider*.

Escape of the Week: In addition, we are adding a special promotion at the bottom of the homepage of [www.HiltonHeadIsland.org](http://www.HiltonHeadIsland.org) that will feature an "Escape of the Week." Destination-wide promotions will alternate with specific package offers on a weekly basis. To get full details of the offers, we will encourage visitors to the site to become or sign-in as Hilton Head Insiders.

### Hilton Head Island Insider Email Marketing

#### Email Marketing Best Practices

We currently have over 115,000 Hilton Head Island Insiders in our opt-in database. It is more difficult than ever before to get quality email results. For our ongoing Hilton Head Island Insider email marketing program to be successful, we are following these industry/ destination marketing best practices:

### Engagement Tactics

1. Our staff develops an annualized editorial calendar for when messages will be sent, who will write them, how their success will be measured, managed by our Marketing team. *See appendix for the 2013 Digital Marketing Calendar.*
2. Continue to develop a quality opt-in database to receive Hilton Head Island Chamber/VCB messages.
3. Take a segmented marketing approach, but focus on cross marketing experiences to visitor segments in content and packaging.
4. Cultivate messaging that sustains or generates a sense of kinship with the destination brand and relationship with the sender so the messages feel personalized.
5. Create well-written messages that are optimized for click-throughs to the website; exemplify best practices in terms of unsubscribing, a link to a web version, etc.; do not include spam trigger words.
6. Test to assure that the emails get through Spam filters and Outlook —Junk email settings.
7. We report actions based on the email including open rates and click-through rates in our dashboard reports.
8. Evaluate plans for improving performance.

### Keep and build subscribers

9. Request two email addresses from subscribers.
10. Send an immediate response when people sign up.
11. Ask subscribers to include us in their address book or safe list.
12. We are careful about old lists, purchased lists and lead generation lists. They tend to dramatically underperform.

### Segment lists Broadly

15. For e-newsletters, keep segments broad (family role, planning immediate vacation, golfer vs. shopper, etc.)
16. For destination marketing organizations, over-segmentation is sometimes a problem because top things people like to do includes the broad —sightseeing and women planning for their families need to know about all the activities available to their family.

### Content and other considerations

17. One key that helps our open rate is simple but effective: we use Hilton Head Island in the "from" line, which tells recipients that we sent the email

*From lines* help people evaluate which emails to open, which to delete and which to complain about. Testing shows that open rates and click-through rates increase when the "from" name, "from" address and subject line are appropriately branded. Exact target testing also shows that these practices reduce Spam complaints.

18. Design a plain text email version for AOL users and other subscribers who can't view HTML emails.

39

19. Add text to have recipients view your email via a webpage or mobile version of a webpage.
20. Include text stating the offer at the top of the email so that the offer will be visible even if images are turned off or blocked in the recipient's email client.
21. Design emails to be viewed in the preview pane.
22. Place our logo in the top left quadrant of the page.
23. Grab attention with headlines.
24. Make sure the main graphic reinforces the offer.
25. Make sure we have the proper footer so people can unsubscribe.

### Email Marketing Plan:

#### Goals for leisure e-newsletters and e-blasts

- : Develop relationships and retain existing repeat visitors to Hilton Head
- : Build a following for our content
- : Convert email lists into active leads
- : Position the VCB as an expert
- : Educate or inform about events and activities
- : Drive traffic to our website, mobile app, mobile site, and social media outlets
- : Promote packages tied to editorial content when appropriate

#### Strategies and Tactics

After we have segmented our Insider database early in the new fiscal year, we have the opportunity to build a series of periodic enews around broad themes. We also will continue to send emails/epromos that cross market the whole destination to the entire Insider database.

#### Some of the broader segmented themes may include:

- : Family Vacations
- : Golf, Tennis, Outdoor Adventures & Sports Trips and Events
- : Culinary Travel and Events
- : Cultural Travel
- : Marquee Events & Festivals
- : Girlfriend's Getaways
- : Weddings

#### Package E-Promos

We also plan to send four seasonal e-promos with partner travel package offers to both our Hilton Head Insiders and to geo-targeted databases of affluent travelers.

### Promote Sharing

Many of our insiders are already enthusiastic about Hilton Head Island. With a little prodding we hope to turn these enthusiasts into sharers. Sharers are people who pass content onto others, trust what you write and respond to your advice, offers, recommendations and promotions. In addition to the email marketing, similar information should be provided through Facebook and Twitter.

### Specific Conversion and Open Goals

Our marketing team on staff will develop the editorial plan and write/manage the content for the newsletters, while production is included in the monthly web design fee with VERB as part of our monthly fee. We have been able to cut our email deployment costs by half by moving to a new provider, MailChimp.

### Email Budget

Content Development	\$ 8,000
Database Segmentation:	\$ 6,000
MailChimp Email Annual COST:	<u>\$12,000</u>
TOTAL:	\$26,000

Facilitated by: VCB Marketing Staff, VERB and MailChimp

### Event Promotion

#### Marquee Events

In 2013-14, we will support our Special Contract Marketing Agreements with (4) event holders, including:

- RBC Heritage PGA Tour Tournament
- Hilton Head Island Motoring Festival and Concours d'Elegance
- Hilton Head Island Wine & Food Festival
- Hilton Head Island Institute and IMAGINATION 2013 & 2014

These are events that have a research-based, proven track record of generating significant overnight visitation to Hilton Head Island by consumers who came to the Island specifically to attend the event, with the exception of IMAGINATION, which will launch in October 2013. Our promotion of these events will include:

- Rotational Website Features in current Festival & Events main page and on our home page.
- Special feature in our Vacation Planner.
- Social media promotion via Facebook, Twitter, and Blogs
- Promotion via *Visit Hilton Head Island* mobile website
- Embedded content in website and blog feature stories

41

- RBC Heritage is promoted within the Golf Channel promotions, co-ops with local resorts to host planners during the event and our new HHI Social Media Lounge within the Fan Experience are on #17 at Harbour Town during the event.
- HHI Motoring Festival and Concours d'Elegance is promoted with special motoring media promotions and the Infinity PR promotion to host media during the event as well as theme tie-in with our Atlanta coop sales mission.
- The HHI Wine & Food Festival is promoted within the culinary promotion, sponsorship co-op and Atlanta Dining App.
- IMAGINATION 2013 promotions are in development at this time.
- Marquee and major events featured on [www.TripAdvisor.com](http://www.TripAdvisor.com) year-round destination section for Hilton Head Island through August 2013.
- Event holders can supply video content for use on VCB website

#### Other Island Festivals & Special Events

There are dozens of other wonderful events and festivals on Hilton Head Island, some of which are noted below:

- International Piano Competition in March
- Arts Center major performances year-round
- Picnic & Pops Concerts and Orchestra Performance Series year-round
- Choral Society Series
- New! Chamber Bike & Dine Week in May, with Town of HHI and Bicycling Advisory Committee
- HarbourFest at Shelter Cove Harbour & Marina
- Hilton Head Island Art Festival, Memorial Day Weekend
- Hilton Head Island Seafood Festival
- Hilton Head Island Oyster Festival
- Chamber Restaurant Week in January
- Taste of the Season in November
- Farmers Markets year-round
- Run, Bicycling, Swim and Tri-athlete events year-round
- Coastal Discovery Museum special programs year-round
- Historic Mitchelville Forums and Events year-round
- Hilton Head Island Gullah Celebration in February
- Heritage Library events year-round
- Public Art Events, TBD
- Celebrity Golf Tournament, Labor Day Weekend
- Other opportunities that may develop in the year ahead

These events will be promoted a variety of ways:

- Vacation Planner
- Online Calendar of Events
- Facebook, Twitter, Google+ and Blogs
- Rotating features on hiltonheadisland.org
- E-newsletters to insiders
- Mobile site & app

### Collateral/Fulfillment: Print and Online

#### I-Vacation

With the rapidly growing use of tablets by travel consumers, the VCB is currently researching options for development of a truly engaging, useful and relevant online Vacation Planner for tablets to complement our printed Vacation Planner, or an *I-Vacation* tool. This will not be just an online PDF of the printed planner – it will be designed and developed with the tablet user's needs and use habits specifically at the forefront.

We plan to feature advertisers and content in both mediums in 2014.

All of the VCB's print collateral printed on FSC recyclable and recycled paper stock and non-toxic inks, only using printing companies that adhere to sustainable industry best practices.

#### 2014 Vacation Planner Print and Online

Our new primary print fulfillment piece offers a comprehensive look at planning a vacation to the Hilton Head Island area. 81% of VCB visitor inquiries said the Hilton Head Island information they received was somewhat or very useful in planning their trip. 56% of VCB visitor inquiries tell us that the Vacation Planner and related fulfillment was effective or very effective in persuading them to visit Hilton Head Island.

Many online, as well as media and home inquiries, still order our planner, as well as on-site use at state and local welcome centers, at trade shows and promotional events and with media.

In addition to working with a digital and print publisher, our in-house marketing staff provides the business directory, local photography and editorial content management, editorial review and proofing.

Qty: 100,000 printed Vacation Planners and Digital Tablet versions.

#### Promotions/ Brochure Distribution at Airports

Included in our budget for fulfillment costs is a \$500/month fee to support brochure distribution for all area travel businesses at their Welcome Center at the bottom of the escalators at the Savannah/Hilton

43

2013-2014

Hilton Head Island Marketing Plan

Head International Airport and \$295/month fee for a four-sided display board and fulfillment distribution point in the lobby of Hilton Head Island Airport.

**Vacation Planner & Mail Fulfillment Budget**

Creative, Content Development, Production & Printing:	\$	125,000
New Tablet / Vacation Planner:	\$	30,000
50,000 Fulfillment Envelopes:	\$	6,000
Mail Operations & Postage (all fulfillment except golf*):	\$	60,000
Toll-free phone number (annual cost)	\$	4,000
TOTAL:	\$	225,000

\*Golf fulfillment is covered in the golf specialty market grant

## Meetings/Group Sales & Marketing

---

According to the American Express Meetings & Events 2013 Global Meetings Forecast, the sluggish global economy will continue to hamper many meeting budgets next year. While the survey predicts that the number of meetings in North America will remain even, respondents believe that overall meeting spend will decline by one full percentage point in the States.

It's a climate of economic uncertainty, and it will continue to change the conventional responsibilities of meeting planners.

### Staying Closer to Home

While meeting planners may be dealing with smaller organizational budgets, the survey predicts that attendees will be faced with their own financial concerns: higher travel costs.

With an estimated 4.2 percent increase in average group rates for hotels and a 3.3 percent increase in average group hotel expenses in North America, some organizations may rethink *where* they ask their attendees to go. The American Express survey highlights the potential for a shift toward more local meetings.

"Companies consider meetings and events to be a key strategy to driving revenue growth and change management, but acknowledge that they are proceeding with caution in a challenging global economy," said Issa Jouaneh, Vice President and General Manager, American Express Meetings & Events

## Global Meeting Planning Trends

The Forecast also explores several challenges meeting planners are facing as they look to 2013, and identifies four distinct trends that are common across all markets:

1. **Budget Challenges Mean More Local Meetings** – To maintain current levels of meetings activity in an environment where budgets are likely not growing in step with costs, many companies are transitioning from global to national or from national to regional locations for more meetings. Also, there is a trend of holding meetings in unique destinations such as restaurants or aquariums for potential additional savings.
2. **Security and Stability Impacting Destination Choice** – A continued emphasis on duty of care is translating to a focus on safety and security amidst potential political instability when planning a meeting in 2013. Suppliers indicated that this can sometimes be an advantage; for instance, some major hotel brands located in regions with political instability said they are often chosen based on the perception amongst meeting planners that they offer a more consistent, higher level of security.
3. **Meetings Approvals Becoming More Challenging** – A significant portion of meeting planners in all regions indicated that gaining approvals for their meetings is becoming at least slightly more difficult. In addition, there is an emerging trend of meetings budgets not being approved until companies' latest financial data is available. This dynamic is putting even more pressure on already reduced lead times and can negatively impact hotel negotiations, potentially leading to higher costs.
4. **Increasing Engagement Via Social Media** – Meeting planners are responding to the expectations of today's meeting attendees by employing social media to increase the value of events throughout their lifecycle. Leading up to events, planners are using social media to connect with attendees and to connect attendees to one another so they can maximize their time at an event. During events, social media is being used to drive even deeper connections and more immersive education sessions, presentation Q&A and other activities. After events, social media is also being used to extend event communities and foster connections made during events.

One of the many strengths of the Hilton Head Island Visitor and Convention Bureau's Group Sales team has been its good, honest and loyal business relationships with clients and partners. Those relationships have been built on trust over the years and they have kept the Bureau as a key and critical component in the business of business matchmaking. Those relationships are especially important in an era when it's predicted that planners and suppliers will rely on existing relationships to work through challenges.

### Relationships are key

- 26% of meeting professionals say that improved planner/supplier relationships are more important than ever before in order for both parties to achieve budget and performance goals, which will undoubtedly test the limits and opportunities of cooperation in the years to come.

Planners have also said that they "focus on destinations that are easy to work with and then we negotiate flexible attrition clauses and F & B costs." It all starts with service. And although technology is important, some planners indicate that service and a personal touch will still trump technology. One planner surveyed in *Future Watch* said "suppliers who want to get ahead need to focus on personal relationships instead of technology."

The VCB connects Hilton Head Island resources to site planners' facilities needs for retreats, educational seminars, state, regional and national meetings and conferences of all kinds.

### Sales Team Goals

The VCB Sales Team's purpose is to generate leads for group business from throughout the spectrum of market segments, with these overarching goals:

1. To meet the varied needs of our diverse partner base, which includes hotels, home & villa rentals, event venues, and event service providers.
2. To generate qualified leads that book more room nights with improved RevPAR.
3. To assist our destination partners in their efforts to generate more meetings.
4. To refer more food and beverage sales – at the host property as well as at area restaurants.
5. To refer more golf bookings.
6. To refer more spa and amenity bookings.
7. To promote and refer more memorable recreational and entertainment experiences for group attendees and their guests.
8. To maximize opportunities for shoulder and off-season group bookings and business.

The Bureau's position is to represent the entire destination, identify lead possibilities in all meetings and group market segments, predispose our contacts to strongly consider Hilton Head Island for their meeting or group event and prepare our lodging partners, first and foremost, to make the sale. Referrals to other local businesses that service groups are also a focus of the VCB sales staff.

In order to produce valuable, qualified leads for our lodging and facilities partners, the Bureau will "touch" planners through traditional and non-traditional techniques.

**Strategy to Contact or Maintain Connections with Meeting Planners**

Strategy to contact or maintain connections with meeting planners

	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Goal	2014 Goal
Phone	3,472	3,091	3,127	2,737	3,100	3,150
Email	5,466	6,141	5,977	4,582	6,000	6,100
Letter/Fax	253	246	225	231	275	285
SDR *	644**	2,724	1,818***	2,700	2,800	2,800
DayBreak Promos	n/a	n/a	n/a	4,000,000	n/a	4,000,000
<b>Total</b>	<b>9,835</b>	<b>12,202</b>	<b>11,147</b>	<b>4,010,250</b>	<b>12,175</b>	<b>4,012,335</b>

DayBreak responses 400 425  
 Social Media Posts 12 times 12 times

\*Includes calls for FAMS & Blitzes

\*\*Partial year due to funding reductions

\*\*\*Partial year due to funding reductions

**Group Sales Goals**

Goal: #1.

Increase the number of qualified leads by 34% in 2011

SALES	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Goal	2014 Goal
# of Leads	129	121	111	89	125	135
Potential Room	28,216	36,181	27,113	25,484	27,500	33,075
# of Definites (signed contracts)	34	23	32	22	30	40
Definites	6,993	3,467	3,285	3,387	5,250	5,750
(room nights)						
Conversion	26%	19%	29%	25%	25%	30%

47

2013-2014

Hilton Head Island Marketing Plan

#### Tactics

1. Telemarketing/ lead generation/market and prospect research: Work with telemarketing vendor (SDR) for continued data-cleansing and target acquisition, prospect qualification and lead generation.
2. Increase customer "touches" – calls, visits, fairs, e-newsletters, invitations, contests, social media, interactive encouragement to keep Hilton Head Island top of mind with our planner clients.
3. The Hilton Head Island Sales Team is committed to respond to all group inquiries the same day they are received. The goal is to be the first responder to the client and deliver a clear service message that Hilton Head Island values their business and appreciates their consideration.
4. Commitment to continue to follow DMAI "best practices" for sales and marketing services. Continue to attend AENC, GSAE and SCSAE state and regional events, when budgets allow, to bolster marketing and direct sales efforts.
5. Work trade shows that have the greatest amount of potential for generating leads and new contacts with particular emphasis on appointment-driven shows, including, "Collaborate" for corporate and "Rejuvenate" for faith-based planners.
6. Plan and conduct a FAM of tour operators who have potential tours for Hilton Head Island.
7. Explore online marketing presence opportunities: Create enhanced destination profiles and actionable marketing offers in key planner search and source sites enabling destination searches of potential properties and direct RFP opportunities for new and existing customers.

#### Goal # 2:

Build on Hilton Head Island's identity as a meetings destination and develop spheres of influence within networks of decision makers

#### Tactics

1. Feature promotions to planners of investments by our local partners in hotel, resort and attraction redevelopment and upgrades.
2. Develop a local business leader strategy and encourage locals to provide connections to national and regional committees and boards to influence selection of Hilton Head Island for their future meetings or event.
3. Network on a local, state and regional basis to keep the Hilton Head Island message in front of our target markets. Groups include AENC and SCSAE.
4. Produce electronic Meeting Planner Newsletters to update and engage our database of planners on new developments on Hilton Head Island in order to provide reasons to reconsider Hilton Head Island.
5. Work with VERB to develop the use of social media, specifically, Facebook and LinkedIn, as a portal to extend the Hilton Head Island message to targeted prospects.
6. Use past and upcoming booked business to identify affinity groups that would be inclined to consider Hilton Head Island based on testimonials from planner peers.
7. Work with local health care industry contacts to develop appointments targeting pharmaceutical, health care and medical meetings in the Washington and Chicago markets.

8. Develop strategic partnership with New Carolina Economic Cluster initiative to allow alignment and marketing to South Carolina corporate base, and marketing opportunities.
9. Measure visitation to the hiltonheadmeetings.org site
10. Evaluate meeting planner usage of our site through a monthly review of microsite analytics.

Goal #3:

Leverage communications for planners and partners

Tactics

1. Continue to meet with our meetings lodging partners each month to review sales leads and discuss issues they are facing in an effort to uncover ways to leverage our sales program with their marketing and sales efforts.
2. Provide partnership opportunities to our members for fairs, trade shows and other industry events.
  - Upcoming co-op FAMS & joint promotions: (funded through public-private co-op)
    - a. **April 2013 & 2014** – RBC Heritage Meeting Planner FAM.
    - b. **August 2013** – HHI to host Meeting Planners & Media at the U.S. Open (tennis) in NYC
    - c. **September 2013** – HHI to host the SMU-SE event
    - d. **Winter 2013** – HHI to host a Meeting Planner Event in Atlanta
    - e. **Spring 2014** – HHI to host Meeting Planner event in fly market, TBD
3. Develop plan with VERB to enhance search engine marketing, blogs, optimized press releases, video, social media integration and RSS feeds on our meetings microsite.
4. Work with our membership (distribute internal meetings/group e-newsletter on a regular basis) to ensure that we provide them with the tools they need to stay in touch with us and learn about what is new and upcoming on Hilton Head Island.
5. Update meetings microsite content regularly to ensure information is always current and accurate.
6. Morph the "Hilton Head Island Difference" message into a group website integrated approach including corporate responsibility and sustainability philosophies and programs.

**Conference Sales Initiatives**

1. **Lead Prospecting/ SDR:** SDR (Strategic Database Research) has been our telemarketer off and on for the last 6 years. Due to funding gaps, we've had to start & stop the process during the last years. The services they provide to the HHI VCB are:

- Lead Generation
- Database Cleansing
- Trade Show and Seminar Follow Up
- Appointment Setting / Sales Blitz / Sales Mission

SDR generated on our behalf 2,109 outgoing phone calls in 2009; 9,106 in 2010; 5,413 in 2011 and year to date in 2012; 9,657. The number of leads that they have provided to the HHI VCB: 2009 – 52 leads, 2010 – 204 leads, 2011- 91 leads and in 2012 – 113 leads. The ongoing results of these leads are:

	<u>Total room nights tied to leads</u>	<u>Lost room nights</u>	<u>Booked room nights</u>
2009 –	3,430 total rooms nights	2,492 lost room nights	938 booked room nights
2010 –	1,425 total rooms nights	910 lost room nights	515 booked room nights
2011 –	3,407 total room nights	3,347 lost room nights	60 booked room nights
2012 -	3,324 total room nights	2,169 lost room nights	1,155 booked room nights

Cost of this ongoing lead generation/database cleansing/trade show follow up, etc. is \$3,500 per month X 12 = \$42,000 per year.

2. **South Carolina Business Cluster Group Business Targeting:** to build relationships with affinity sectors representing innovation, entrepreneurship and core industries poised for growth in South Carolina. Reaching out to mine databases and build referral relationships within these clusters is a group sales strategy that has significant new economic development potential for the Lowcountry region. Clusters of special interest to government, economic development and private sector leaders in our four county region have been identified as:

- Healthcare and Insurance
- Sustainability and emerging technology focused businesses
- Aviation & Aerospace (due to proximity to Gulfstream in Savannah and Boeing in Charleston)

South Carolina's New Carolina Business Cluster Development Program for the whole state is working with these 15 business segments, and VCB staff will target programs within as many of these sectors as is feasible:

Advanced security  
Agribusiness  
Automotive  
Aviation & Aerospace  
Life Sciences  
Composites  
Creative  
Textiles

Distribution Services  
Engineering  
Hydrogen & Fuel Cells  
Insurance Technology  
Nuclear  
Recycling  
Tourism

3. **Appointment Format Trade Shows:** Attend appointment-driven trade shows, which provide one-on-one connections with buyers specifically interested in Hilton Head Island as a meetings destination.
4. **Trade Sponsorships:** Judiciously utilize sponsorship and bid fees to secure business opportunities (recognizing budget limitations) to score special groups with high potential impact for the whole destination. Two specific programs for the coming year include:
  - 2013 Southeast Corporate & Association Meeting Planner Event drawing 75 planners to Hilton Head Island in winter 2013 through Collinson Events.
  - 2014 South Carolina Governor's Conference on Tourism will be hosted by the Hilton Head Island/Bluffton Visitor & Convention Bureau
  - 2013 South Carolina / Florida Joint Motorcoach Annual Meeting - hosted at the Omni Hilton Head Oceanfront Resort, Hilton Head Island, August 2013.
5. **Leverage Healthcare Events:** Collaborating with local and regional health care providers and recruit healthcare related meetings and conferences to Hilton Head Island. Includes support for CareCore top clients incentive trip during the RBC Heritage PGA Tour Tournament.
6. **Southeast focus** on vertical markets within the overall corporate sector, including incentive, pharmaceutical and healthcare and technology. Association focus geo-targets include South Carolina, Georgia and North Carolina along with the national association market.

**Select Service Co-op:** Hotels partner with the VCB to work on various initiatives throughout the year in targeting mega churches, military, government, small corporate and transient business markets. This year, the Co-op will target group tour operators by supporting the upcoming Florida/South Carolina joint meeting being held in August 2013 at the Omni Hilton Head Island Resort. Group Tour operators from the Southeast will be in attendance and the select service properties will assist with both pre-conference and post-conference FAMS. Atlanta and Charlotte will be the group's main target drive markets for scheduling qualified appointments with planners affiliated with mega churches, government and small corporate businesses.

Sales Support Budget:

Lead Prospecting	\$ 42,000
Trade Sponsorships	
STS Meeting 2014:	\$ 10,000
SC Governor's Conference 2014	\$ 25,000
Contingency:	\$ 5,000
SC/FL Motorcoach Conference 2013	\$ 12,500
Healthcare Events:	\$ 5,000
Backyard Marketing:	\$ 5,000
Select Service Sales Blitz:	\$ 7,000
Site Inspections/ Out-of-Pocket:	\$ 3,000
Sales Industry Dues and Subscriptions	\$ 2,600
TOTAL:	\$ 117,100

## Group Sales Marketing

---

1. Website: Refresh content on the Meetings & Conferences section of our website as part of Web Content Audit Calendar.
2. Mobile: Build a template for groups to use to promote their Hilton Head Island meeting via a mobile enabled microsite, including the ability to add live texting and social media feeds during the conference.
3. Weddings: Create a special new section on our website for wedding planners. Capture database for future re-targeting for anniversaries, etc.
4. Social Media: Develop an editorial plan and allocate resources to train and manage a more robust strategy for LinkedIn and Facebook with our sales staff toward relationship building.
5. Sales Promotions Co-op: The VCB is developing a multiple platform proposal with Smart Meetings for a public-private sector co-op program using the SCPRT destination specific marketing match program to fund. Budget TBD.
6. Promotional Giveaways: Hilton Head Island logo items for giveaways during site inspections, fairs, trade shows and sales events.

Budget

Website Refresh:	\$15,000
Mobile Microsite Template:	\$ 5,000
Weddings Special Site:	Included in prior allocation to digital marketing
Group Social Media Content Management Program:	\$ 5,000
Sales Promotion Media Co-op:	\$17,000
Promotional Giveaways:	\$ 6,000

TOTAL:

\$48,000

## Group Tour

The motorcoach market generates more than \$55 billion annually in economic transactions. One motorcoach spending one night at a destination generates as much as \$11,660 for that local economy in meals, lodging, and other spending. The American Bus Association estimates that motorcoaches account for 751 million passenger trips annually, moving more people in some years than commercial airlines do. Students and seniors use motorcoaches for educational trips, sports outings, and cultural and historical destinations.

Motorcoach consumers are becoming more knowledgeable. They seek more visceral, emotional experiences, including more hands-on and soft-adventure activities like culinary arts, water-based trips, themed dining and group participation in theater/cultural events, all of which are becoming more popular.

We intend to draw group tour visitors by:

- Building relationships with operators by attending various industry meetings (ABA, OMCA, SC Motorcoach Association)
- Educate our partners on what it means to be a group friendly community
- Offer tiered pricing/packaging attractions with accommodations

Group Tour trade shows provide an avenue for generating qualified group tour prospects and leads. We plan to target potential leads by attending:

- The American Bus Association (ABA), facilitates relationships between North American motorcoach and tour companies, and all related segments of the travel and supplier industries and promotes travel by motorcoach to consumers.

ABA represents approximately 950 motorcoach and tour companies in the United States and Canada. Its members operate charter, tour, regular route, airport express, special operations and contract services (commuter, school, transit). Another 2,300 member organizations represent the travel and tourism industry and suppliers of bus products and services who work in partnership with the North American motorcoach industry.

- Motorcoach Association of South Carolina (MCASC) MCASC is an affiliate member of the American Bus Association and the United Motorcoach Association to stay abreast of issues and concerns at the national level. There is an annual meeting and marketplace when all the members come together for information sharing and selling. The Annual Meeting and Marketplace is held every August. Hilton Head Island has been chosen to be the official host of this meeting August 18-22, 2013 at the Omni Hilton Head Island

53

Resort. Exposure from this convention will position our Island for future group tour trips by offering pre and post FAMS for attendees over the duration of the conference.

## Trade Shows

Divergent trends surround the meetings trade show business these days. Planners expressed preferences for face-to-face meetings seem at odds with recent deep declines in trade show attendance by the planners themselves. A relatively new approach – appointment-driven trade shows with transparent agendas and measurable touches has emerged. These are “hosted shows”, with the shows’ producers vetting planners to assure they qualify to attend and then paying their way. The Group Sales team will attend both traditional and appointment-driven shows in 2013–2014 the schedule has been determined through research into shows’ reputations for productivity and by reaching out to determine our partners’ preferences.

### Hilton Head Island Visitor & Convention Bureau’s 2013-2014 Trade Shows

Trade show	Market	Dates	Location	\$
SC/FL Motorcoach Association	Group Tour	August /2013	HHI, SC	1,200
ASAE – Annual Tradeshow	Association	August/ 2013	Atlanta, GA	13,000
Rejuvenate Marketplace	Religious	Nov/2013	Daytona, FL	3,950
AENC	Association	Dec/2013	Raleigh, NC	2,700
SCSAE	Association	Jan/2014	Columbia, SC	1,500
American Bus Association	Group Tour	Jan/ 2014	Nashville, TN	*
HSMIA’s MEET	Corp./Assn.	April 2014	Chicago, IL	8,000
ASAE-Springtime	Association	May/2014	Washington, D.C.	8,000
Collaborate Marketplace	Corporate	May/2014	TBD	**
<b>TOTAL:</b>				<b>\$38,350</b>

\* Included in Beaufort County/ Bluffton Budget

\*\* Included in the Sweet Tea Budget

## International Marketing

---

The U.S. Travel Promotion Act, finally passed by the U.S. Congress and signed by President Obama in early 2010, has truly opened the door for a new world of opportunity for the US in promotion of our country to international markets.

### Brand USA's mission:

*Brand USA was created for the purpose of encouraging travelers from all over the world to visit the United States of America. In doing so, we aim to bring millions of new international visitors who spend billions of dollars to the United States, creating tens of thousands of new American jobs.*

The public-private marketing entity was created to work in close partnership with the travel industry maximizing the social and economic benefit of travel in communities around the country. Brand USA, through its call-to-action "Discover America," will encourage and inspire travelers to explore America's boundless possibilities. Focus markets for the year ahead for Brand USA programs include:

- UK
- Japan
- Canada
- Brazil
- China

President Obama and his staff have worked over the past year with the travel industry to create a U.S. national travel and tourism strategy aimed at growing the U.S. economy through increased international travel to the United States. The plan includes:

- Expanding and making permanent the Global Entry program.
- Increasing efforts to expand the Visa Waiver Program and travel by internationals eligible to participate in the Visa Waiver Program, including through nomination of Taiwan to the program.
- Increasing non-immigrant visa processing capacity in Brazil and China by 40%.
- Creating an interagency government task force to work with Brand USA to promote travel and tourism opportunities in the U.S. to create jobs.

The Hilton Head Island Visitor & Convention Bureau, in concert with the South Carolina Department of Parks, Recreation and Tourism (SCPRT) and our *Coastal South Carolina USA* partners (Charleston Area CVB and Myrtle Beach Chamber of Commerce), is working cooperatively with Brand USA. Last year, this included a major promotion in London with Harrod's simultaneous to the Queen's Jubilee and Brand USA's launch in the UK market.

BRAND USA and HILTON HEAD ISLAND

The VCB is working with Brand USA and their agency Miles Media, as well as VERB Interactive to develop a series of special landing pages for Hilton Head Island on our website as well as on the Brand USA website.

Brand USA is offering a special limited time international marketing co-op to assist South Carolina destinations to build a foundational content and marketing program within BUSA's own marketing channels. This program includes enhanced destination page content and specific country native content programs and enhanced experience content on Brand USA's website, [www.DiscoverAmerica.com](http://www.DiscoverAmerica.com). Plus, includes immersive exposure within BUSA's official Global Reach Program and within 2 Eastern Canadian In-Country Turnkey Campaigns.

Brand USA's \$100 million in 2013 marketing funds will drive international consumers and travel trade audiences to DiscoverAmerica.com, who will be looking for travel inspiration based on experiences and destinations. South Carolina would partner with Hilton Head Island, Myrtle Beach and Charleston to enhance international content about our cities and experiences international travelers are seeking. Brand USA is offering a special 30% incentive on content programs and an additional \$233,000 of bonus value to the whole South Carolina partnership package. South Carolina will in return approve a new flexible partner agreement (LOA) with Brand USA.

South Carolina will reserve an enhanced state page and with full participation from Hilton Head Island and the other 2 invited partners, each partner will receive their own enhanced destination pages on DiscoverAmerica.com, 5 native language videos and 5 feature stories highlighting unique experiences found within South Carolina and up to 90 photos. Plus, another 4-5 enhanced experience pages in all languages represented within DiscoverAmerica.com (with the exception of Chinese). This investment in international content will highlight South Carolina experiences and destinations and build a strong international marketing foundation to best leverage Brand USA's \$100 million in annual marketing funds.

#### **Hilton Head Island Partner Package Components:**

1. **An Enhanced City (State) page** on DiscoverAmerica.com. This includes a custom selected hero image, 500 word custom description in all languages, links to your city URL, 20 photo image gallery, video player module, email opt-in form, destination guide promo and form.
2. **Five Native Content Packages** customized to our destination. Each content package includes one 2.5 minute video, one feature story and up to 20 photos all customized, written and hosted by a travel writer from your selected target country.
3. **Five Enhanced Experience Pages** on DiscoverAmerica.com. This expands the Native Content units produced through this program and evolves them into a separate and highly visible component of the BUSA content marketing platform in all languages (with the possible exception of Chinese)
4. **2014 Global Reach Program** (Official Discover America Inspiration Guides and online marketing program). Two pages. Current distribution includes UK, Ireland, Germany, Austria, Switzerland,

56

Canada, Mexico, Brazil, Japan, South Korea, China, India, Australia, and international show distribution. Print circulation is 400,000 and online impressions are guaranteed at 30 million.

5. **In-Country Turnkey Marketing Campaign** within Eastern Canada. This includes a 2-page spread within the print component in both the spring 2013 and winter 2014 editions. This also includes up to 10 million online impressions and up to 800,000 consumers for an email marketing promotion.

**Bonus:**

Brand USA will offer free translations for new languages added to DiscoverAmerica.com (excluding China) within the destination and experiences pages and free renewals of all content through the end of 2014. In addition, Brand USA will also offer a customized social media program for South Carolina and will offer a special early bird discount within their Global Reach Program (inspiration guides and online program). For partner agreements exceeding \$250,000 through this packaging, Brand USA will also provide a free homepage tile on DiscoverAmerica.com for two weeks.

The social media support for this program will include:

- Posts to highlight content on Facebook pages (Countries where we have current footprint and content will be available in language.)
- Image and video features within Facebook activity on appropriate DiscoverAmerica Facebook pages (Note: Brand USA is investing heavily in Facebook promotions and paid campaigns in 2013, driving incremental value and engagement, as well as visibility, to all your content that will be created within this program.)
- Twitter posts based on the content calendar of our social program (Note: Posts will also benefit from selective promoted posts campaigns running with our in-country social teams in Brazil, Canada, UK, Japan and South Korea.)
- Cross talk opportunities based on appropriate fit for content and seasonality.
- Video content placement within the appropriate language and category in our current and future enhanced YouTube channel experience.

**Distribution:**

The Enhanced City and Experience Page program will live on DiscoverAmerica.com and present a special inspirational overview of your state, cities and experiences, customized to your individual needs. The Native Content packages will also be linked to the South Carolina enhanced state page and the enhanced city pages. Plus, there will be direct navigation onto the travel journal pages from the homepage highlighting your extensive content. Plus, South Carolina can distribute this native content on Travel South USA's international sites and they will be available for South Carolina's International GSAs to use and to distribute. You also have the option of using the native language experienced based videos, feature stories and photographic content within your own marketing channels (website, social media channels, etc.).

57

**South Carolina Program:**

- 1 Enhanced State Page
- 3 Enhanced City Pages
- 12 - 18 Native Content Units
- 12 - 18 Enhanced Experience Pages
- 2 pages within the 2014 Global Reach Program
- 2 pages within the East Canadian In-Country Turnkey Marketing Campaigns for both the spring 2013 and winter 2014 editions

*Total value of this special program for South Carolina is \$629,243.00, and for Hilton Head Island is \$157,311. Total package investment is \$264,200, and for Hilton Head Island is \$63,312.50. This represents a savings/value of 248% with included Brand USA incentives.*

**Co-op Package:**

- 3 Enhanced City\* and 1 Enhanced State Page
- 3 Native Content Units for South Carolina and 5\* for each of the three cities participating, including Hilton Head Island – total of 18 content units
- 18 Enhanced Experience Pages\*
- Half page for each of the four partners within a two page spread within the spring 2013 and winter 2014 Canadian In-Country Turnkey
- Half page for each of the four partners within the Global Inspiration Guide Program – all languages
- \* Rights for Hilton Head Island to use any and all content developed on [www.HiltonHeadIsland.org](http://www.HiltonHeadIsland.org)

*Total Investment for Partner Package - \$63,312.50\**

*\*Part of this total paid in FY 2012-13.*

In addition, the VCB will work with Coastal South Carolina, USA and SCPRT :

1. Tour operator FAMS throughout the year, with special emphasis on development of an international tour operators FAM during the RBC Heritage 2014.
2. Visiting international journalists throughout the year.
3. Co-op support for high producing tour operators with our product, in concert with Coastal partners and SCPRT.
4. Coastal SC USA co-op promotions in tour operator and major consumer digital and print media.
5. Trade Shows:
  - IAGTO (International Association of Golf Tour Operators)
  - Or World Travel Market in London, TBD
  - ITB (International Travel Berlin)
6. Annual Sales Mission and training programs for reservation agents.

58

7. Specialty website for consortium.
8. Receptive operator services for smaller tour operators through Coastal SC USA.

In addition to these programs through the consortium, the VCB also plans to support international marketing through:

9. Hilton Head Island booth and one-on-one operator and media marketplace appointments at Pow Wow International, the largest U.S. Travel international trade show
10. Participation in ITB Trade Show with SCPRT, Coastal and Brand USA
11. Participation in the Ontario Motorcoach Trade Show in Toronto with SCPRT
12. Support LGCOA booth at Toronto Golf & Travel Consumer Show 2014

**Budget:**

Coastal South Carolina USA	\$ 47,000
Brand USA Co-ops	\$ 45,000*
ITB Trade Show	\$ 6,000
IAGTO or WTM	\$ 4,000
Ontario Motorcoach	\$ 2,500
Sales Mission	\$ 5,000
Pow Wow International	\$ 8,000
RBC Heritage FAM	\$ 4,000
<b>TOTAL</b>	<b>\$121,500</b>

**Destination Specific Grant: Public Private Sector Match Dollar Co-ops**

Based on a strong track record of proven performance, the Visitor & Convention Bureau works with the South Carolina Department of Parks, Recreation and Tourism as a partner in the state's Destination Specific Grant program. This program provides much needed funding for a wide variety of destination promotions and includes a fund targeted at private sector match dollar promotions.

While programs for the 2014 grant have not yet been finalized, preliminary plans call for match grants in these focus areas:

- RBC Heritage Promotions
- Canadian Market Co-op Promotions
- Hilton Head Island Motoring Festival & Concours d'Elegance Sponsorship Promotions
- Customer Facing Group Sales Events and Sales Missions
- Hilton Head Island Wine & Food Festival Sponsorship Promotions
- Year-round Digital Co-op
- Travel Package Promotions

- **Affluent Lead Generation Co-ops in Print and Online**
- **Social Media Promotions**
- **Specialty Market Promotions, such as golf, arts & cultural, outdoor, culinary, and tennis**
- **Air Service Development Promotions**



**HILTON HEAD ISLAND-BLUFFTON  
CHAMBER OF COMMERCE**

## **2013-2014 Marketing Plan**

### **Appendix**

---

- **Year End 2012 Marketing Dashboard**
- **2012-2013 Online Promotion Schedule**
- **VERB & NET CONVERSION: 2012 Review**



**HILTON HEAD ISLAND**  
**VISITOR & CONVENTION BUREAU**  
*South Carolina*

# YEAR END 2012 MARKETING DASHBOARD

**2011 2012 Comparative statistics for [www.hiltonheadisland.org](http://www.hiltonheadisland.org)**

2011 Year end		2012 Year end	Year over Year % change
1,201,941	Site visits	1,505,905	↑25.2%
5,404,557	Page views	6,646,797	↑22.9%
4.50	Pages per visit	4.41	↓2%
4.03	Minutes Avg on site	4.44	↑10.1%
73.39%	New visits	72.2%	↓1.62%
34%	Bounce rate	33%	↓2.94%

**Top content areas page views**

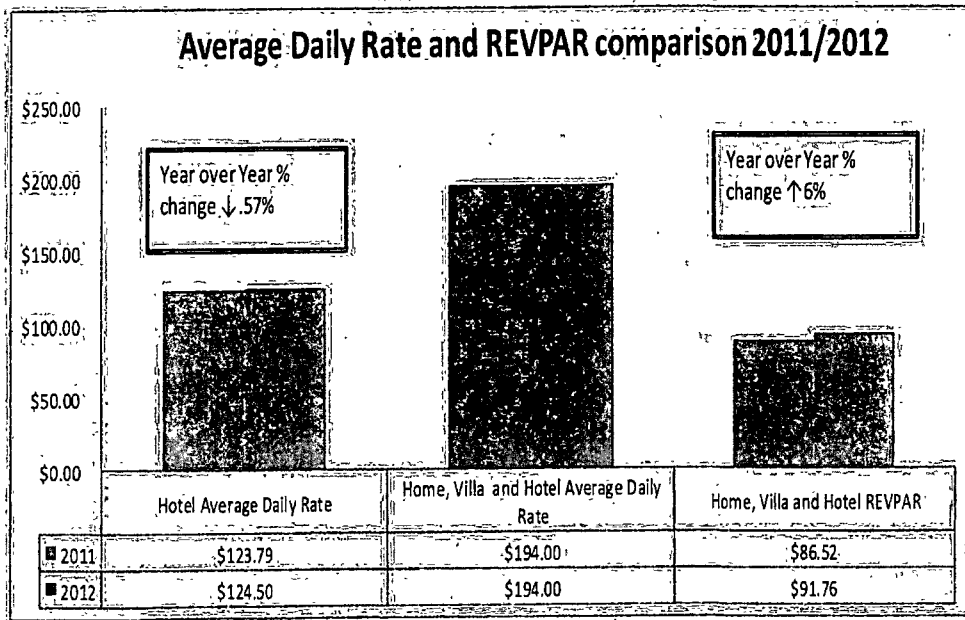
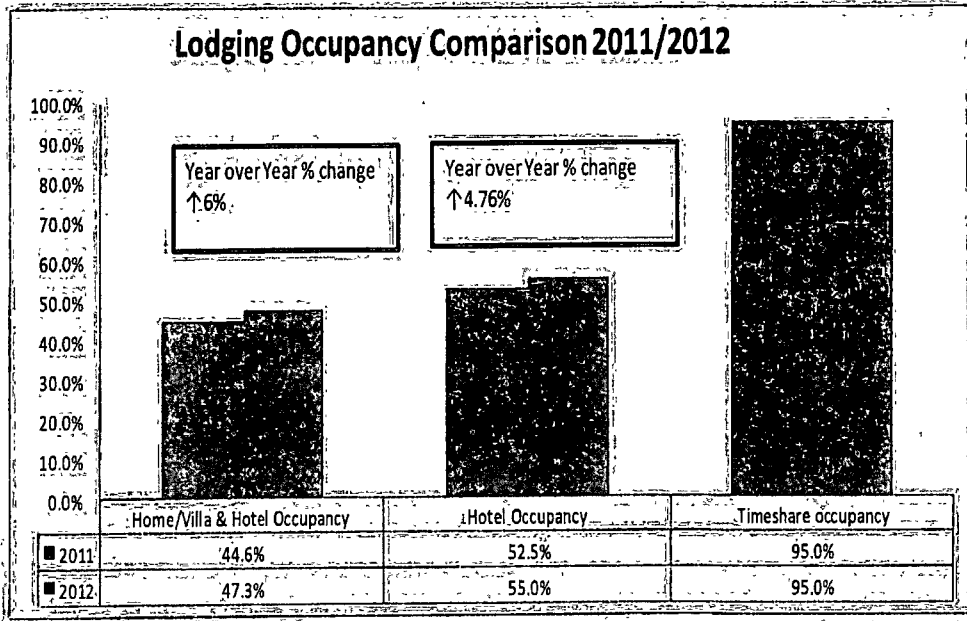
2011		2012	
1. What to Do	368,011	1. See and Do	264,568
2. Where to Stay Hotels/Inns/Resorts	241,654	2. Event Calendar	174,616
3. Where to Stay	205,556	3. Dining /Restaurants	140,672
4. Event Calendar	181,004	4. Lodging/Hotels/Inns/Resorts	132,493
5. Dining	146,976	5. About the Island	132,170

**Mobile Traffic**

2011	2012	Year over Year % change
147,072	377,107	↑156.4%

**Traffic Sources Overview**

2011		2012	Year over Year % change
81.01%	Search Traffic	81.65%	↑.79%
9.46%	Referral Traffic	7.68%	↑18.8%
7.16%	Direct Traffic	9.58%	↑33.79%
2.37%	Campaigns	1.09%	↓54%
100%	Total	100%	



**BOOKING PACE FOR HOMES AND VILLAS**

Month	2011 Occupancy	2012 Occupancy	% Increase/decrease
March	63.4%	47.3%	+34%
April	37.5%	37.6%	-0.4%
May	27.8%	25.6%	+8.3%
June	39.7%	40.6%	-2.4%
July	33.7%	32.5%	+3.8%
August	24.7%	20.5%	+20.4%
Total	37.4%	33.8%	+10.9%

**2012 Actual Occupancy**

March 51.4%

April 49.7%

May 44.4%

June 74.9%

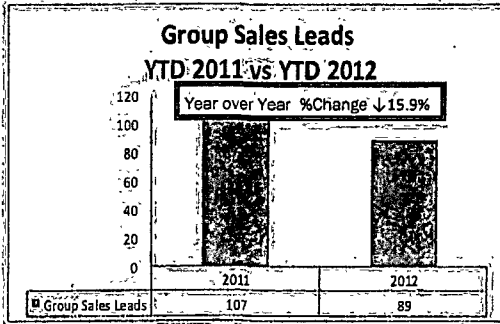
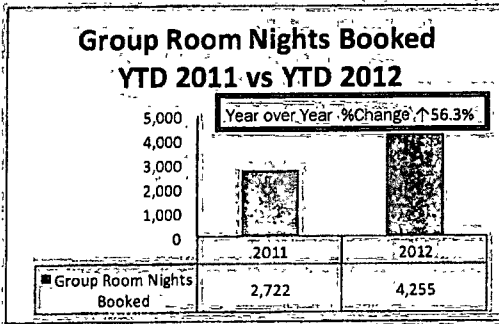
July 85.9%

August 65.7%

Total 62.3%

Source: Vacation Travel Research Program (VTRIP) Home and Villa Data as of December 31, 2012.

**Group Sales Results**



## 2012 EPROMO/ENEWS RESULTS

Name	Date sent	Delivered	Opened	Open Rate	Click thrus	Click thru Rate
Gullah Celebration	1/20/2012	106,002	13,989	13.30%	2,468	2.30%
Wine and Food Festival to all Insiders	2/10/2012	106,189	12,660	12%	1,496	1.40%
Wine and Food Festival to Golf Specific Insiders	2/10/2012	5,932	1,233	21.20%	140	2.40%
Come Back Rewards	3/6/2012	106,709	18,733	17.70%	2,170	2%
RBC Heritage to all Insiders	3/13/2012	106,074	12,229	11.60%	1,061	1%
RBC Heritage to Golf Specific Insiders	3/13/2012	5,906	1,046	18.10%	126	2.20%
Visitor Specific Information Survey	3/20/2012	107,772	18,881	17.60%	6,537	6.10%
April Enews	4/12/2012	109,859	14,597	13.4%	3,352	3.10%
Affluent Lead Generator Eblast	5/8/2012	110,613	16,851	15.30%	2,530	2.30%
June Enews	6/14/2012	111,811	15,325	13.80%	2,435	2.20%
June Hotel Deals	6/28/2012	112,320	16,901	15.10%	3,246	2.90%
July Home and Villa Deals	7/25/2012	112,925	14,341	12.8%	2,527	2.30%
August Golf Eblast to all Insiders	8/22/2012	113,456	14,823	13.20%	1,905	1.70%
August Golf Eblast to Golf Specific Insiders	8/22/2012	5,917	856	15%	154	2.70%
Concours	9/5/2012	113,293	14,799	13.20%	1,312	1.20%
October Bluffton	10/2/2012	113,036	11,937	10.60%	1,288	1.10%
December Enews Shopping and Holiday	12/4/2012	113,322	12,567	11.20%	1,481	1.30%
<b>Total/Average</b>		<b>1,561,217</b>	<b>211,777</b>	<b>15.23%</b>	<b>34,232</b>	<b>2.84%</b>



**HILTON HEAD ISLAND**  
**VISITOR & CONVENTION BUREAU**  
 South Carolina

**Staff**

Susan Thomas, Vice President  
 sthomas@hiltonheadisland.org

Jack Reed  
 Director of Sales  
 jreed@hiltonheadisland.org

Elizabeth Simpson  
 Internet Services Manager  
 esimpson@hiltonheadisland.org

Kim Nelson  
 Sales Team Coordinator  
 knelson@hiltonheadisland.org

Brenda Ciapanna  
 Sales & Marketing Manager  
 bciapanna@hiltonheadisland.org

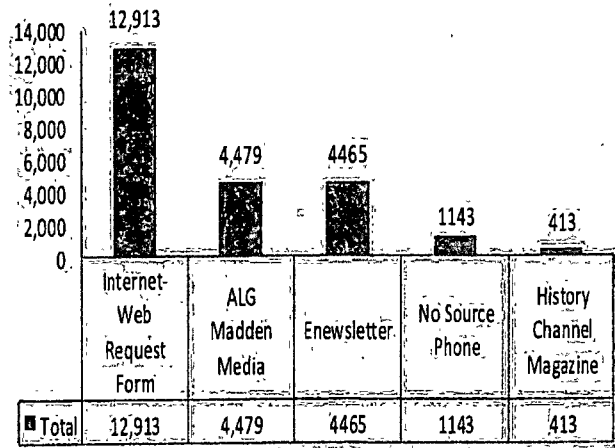
Kelly Smith  
 Public Relations and  
 Marketing Manager  
 ksmith@hiltonheadisland.org

Kathy Winings  
 Partnership Marketing Manager  
 kwinings@hiltonheadisland.org

Leta Salazar  
 Bluffton Marketing Manager  
 Research Analyst  
 lsalazar@hiltonheadisland.org

Wes Kitashima  
 Sales Manager  
 wkitashima@hiltonheadisland.org

**Top 5 Fulfillment Lead Sources**



**think** HILTON HEAD ISLAND  
 & THE LOWCOUNTRY

*Economic & Business Metrics for our Region*

Think about the possibilities: Looking for the latest news on travel and tourism, gas prices, census information, employment statistics, demographics? The chamber's web information source, Think: Hilton Head Island and the Lowcountry provides instant access to important economic and business metrics for our region, 24/7, 365 days a year.

This information, provided by the chamber for many years, combined with the new metrics serves as a valuable economic toolkit for the community. From cost of living data to number of golf rounds played, Beaufort County labor market analysis, destination marketing research and plans, and occupancy rates for Hilton Head Island lodging, the economic and business metric information is a valuable link to economic development in our region. To access the site go to [www.thinkhiltonheadisland.com](http://www.thinkhiltonheadisland.com).

For more information, please contact Leta Salazar, Research Analyst, at [lsalazar@hiltonheadisland.org](mailto:lsalazar@hiltonheadisland.org) or 843-757-3673.

2012-2013 Online Promotions: www.hiltonheadisland.org

2012-2013 Island Wide Travel Brochure Calendar Schedule									
	Monday	Tuesday	Wednesday	Thursday	Friday				
October 1-6		Outdoor HH Concours (10/1)		Family Halloween at Honey Hole (Event 10/19)		Bluffton News Promo sent out	Concours	Bluffton Arts & Seafood	Oyster Festival
October 8-12	Foodie: Art & Seafood Festival (Street Fest)						Concours	Bluffton Arts & Seafood	Oyster Festival
October 15-19	Art "Jane Seymour" Exhibition (10/26)		Family Pumpkin Patch (Event 10/28)		Eco: Shrimp Trawling Expedition, Hudson's (10/6 & 10/20)	Concours Epromo Sent out	Concours	Taste of the Season	Oyster Festival
October 22-26		Outdoor "Polo For Charity" (10/14)		Wellness "Hot Yoga"			Concours	Taste of the Season	Oyster Festival
October 29 - Nov. 2	Family "Sally Dog" Haunted BBQ & Costume Contest (Event 10/27)		Call/alsa "Inside the 4 Horse Shoes"				Concours	Taste of the Season	Oyster Festival
November 5-9		Foodie: Oyster Festival (11/10)		Family "Thanksgiving Wagon Ride" (Event 11/10)			Bluffton Christmas Parade	Taste of the Season	Oyster Festival
November 12-16	Eco "Why By Local"		Weddings "Indoor Venues for Fall/Winter"		Foodie: Taste of the Season		Bluffton Christmas Parade	Taste of the Season	Oyster Festival
November 19-23	Outdoor "Harbortown Lights"	Bluffton Music in the Moon (11/14)					Bluffton Christmas Parade	Taste of the Season	Oyster Festival
November 26-29			Art "Hilton Head Symphony Orchestra" - Celebrate Concert		Bluffton Hilton Christmas Parade		Hilton Head Snow Day	Taste of the Season	Gullah Celebration
December 3-7		Wellness "Hilton Head Health" Holiday Cooking		Outdoor HH Civil War Stops		Eco: "How to Live" Shopping & Holidays (Epromo Sent out)	Hilton Head Snow Day	Hilton Head Half Marathon	Gullah Celebration
December 10-14	Foodie: Taste of the Season		Family "Saints All Sally Dog Parade"		Family: Snow Day, Hilton Head Rec Center (12/20)		Hilton Head Snow Day	Hilton Head Half Marathon	Gullah Celebration
December 17-21	Eco "All About Oysters"			Weddings "Local Sweets" for Weddings			Hilton Head Snow Day	Hilton Head Half Marathon	Gullah Celebration
December 24-28		Staff "Merry Christmas"			Wellness "New Years Resolutions on Hilton Head"		Hilton Head Snow Day	Hilton Head Half Marathon	Gullah Celebration
December 31 - Jan. 4				Foodie: Pomodoro Italian Meet the Chef			Hilton Head Snow Day	Hilton Head Half Marathon	Gullah Celebration

2012-2013 Online Promotions: www.hiltonheadisland.org

2012-2013 Island Vibe Travel Blog Calendar Schedule

	Monday	Tuesday	Wednesday	Thursday	Friday						
January 7-11	Golf Bob								Hilton Head Snow Day	Hilton Head Half Marathon	Gullah Celebration
January 14-18			Eco "Winter Wildlife"		Foodie "Taste of Gullah"				Hilton Head Snow Day	Hilton Head Half Marathon	Gullah Celebration
January 21-25		Art "Gullah Arts" (2/16)		Weddings "Finding Entertainment on Hilton Head" Bands for Weddings		Discover Gullah Culture Eprimo Sent out			Hilton Head Snow Day	Hilton Head Half Marathon	Gullah Celebration
January 28-Feb. 1	Family Co-op Sweepstakes TBD		Foodie "Taste of Gullah"		Outdoor "Marsh Tacky"				Wine & Food Festival	Hilton Head Half Marathon	Gullah Celebration
February 4 - 8		FAMILY VIBE - Snow Day at the Shelter Cove Community Park, (1/28/13)		FOODIE VIBE - Wine & Food Festival - Chefs & Tastings (4/4-4/9)	BLUFFTON BLOG - Red Apron Chili Cook Off (Bluffton Sea Help)				Wine & Food Festival	RBC Heritage	Gullah Celebration
February 11 - 15	ART VIBE - International Piano Competition (4/4-4/9)		OUTDOOR VIBE - Gullah Celebration - Oyster Roast/ Lowcountry Boll (3/2)		WELLNESS VIBE - The Healthy Vacation (how to stay fit on your next trip)	Hilton Head Island Wine & Food Festival Eprimo Sent out			Wine & Food Festival	RBC Heritage	Gullah Celebration
February 18 - 22	FAMILY VIBE - Sweet Grass Basket Making at Coastal Discovery	BLUFFTON BLOG - What's New in Downtown Bluffton		GOLF VIBE - RBC Heritage Now for Spectators in 2013		Order 2013 Vacation Planner Eprimo Sent out			Wine & Food Festival	RBC Heritage	Gullah Celebration
February 25 - March 1	ECO VIBE - Blue Crab Discovery Tour at Coastal Discovery		WEDDINGS VIBE - Hilton Head Bridal Showcase In Review		FAMILY VIBE - Easters on Hilton Head Island				Wine & Food Festival	RBC Heritage	Gullah Celebration
March 4 - 8		OUTDOOR VIBE - New Concours Venue and Profile of Port Royal		FOODIE VIBE - March Foodie Madness with Wingfest and HHI Seafood Festival					Wine & Food Festival	RBC Heritage	Hilton Head Celebrity Golf Tournament
March 11 - 15	ART VIBE - Behind the Scenes at Local Galleries (Series) Morris & Whitside	BLUFFTON BLOG - Lowcountry Home and Garden Show (3/22)	FAMILY VIBE - Family Fun at the RBC Heritage How kids enjoy the tournament		OUTDOOR VIBE - Cast Net Throwing at Coastal Discovery	RBC Heritage Eprimo Sent out			Hilton Head Seafood Festival	RBC Heritage	Hilton Head Celebrity Golf Tournament
March 18 - 22		GOLF VIBE - Meet the Pros at Palmetto Dunes		WELLNESS VIBE - Spa Profile at Faces Day Spa (New Treatments etc)					Hilton Head Seafood Festival	RBC Heritage	Hilton Head Celebrity Golf Tournament
March 25 - 29	WEDDINGS VIBE - Tour of Newly Remodeled Venues at Westin		ECO VIBE - Alligator Wine & Cheese Tour at Sea Pines Forest Preserve	BLUFFTON BLOG - Carving & Sculpting Soapstone with Karen Brodie @ ARTworks	FAMILY VIBE - What's new at the Sandbox	Home & Villa Summer Travel Eprimo Sent			Hilton Head Seafood Festival	RBC Heritage	Hilton Head Celebrity Golf Tournament
April 1 - 5		FOODIE VIBE - Wine Bistro & Wine Bar Chef & Reception		ART VIBE - Symphony Under the Stars HHSymphony Orchestra (4/10)					Hilton Head Seafood Festival	RBC Heritage	Hilton Head Celebrity Golf Tournament
April 8 - 12	FAMILY VIBE - Meet Gary Maurer the Magician	BLUFFTON BLOG - Mayfest Bluffton Village Festival (5/11) 2013	OUTDOOR VIBE - Top Games to play on the Beach		FAMILY VIBE - Bike & Dine Week	2013 Online Co-op Eprimo Sent			Bike & Dine Week	RBC Heritage	Hilton Head Celebrity Golf Tournament

617

2012-2013 Online Promotions: www.hiltonheadisland.org

2012-2013 Island Vibe Travel Blog Calendar Schedule									
	Monday	Tuesday	Wednesday	Thursday	Friday				
April 15 - 19		WELLNESS VIBE - The Rankin Center - Positive Thinking/Sports Visualization		GOLF VIBE - Meet the Pros at Port Royal				Bike & Dine Week	Harbourfest/Summer Jams
April 22 - 26	ECO VIBE - Deep Sea Fishing off the Coast of Hilton Head		WEDDINGS VIBE - Spring Wedding Trends	BLUFFTON BLOG - Spring Art Walk in Old Town Bluffton (4/19)	FOODIE VIBE - Spotlight on Claud & Ulf's Bistro			Bike & Dine Week	Bluffton Village Festival
April 29 - May 3		OUTDOOR VIBE - Hilton Head Farmers Market		FAMILY VIBE - Rib Burnoff-17th Annual (5/18)		Hotels Summer Travel Promo Sent		Bike & Dine Week	Bluffton Village Festival
May 6 - 10	ART VIBE - Behind the Scenes at Local Galleries (Series) Pink House		WELLNESS VIBE - Carolina Girl Spa Parties		GOLF VIBE - Golf Academy at Sea Pines Resort			Bike & Dine Week	Bluffton Village Festival
May 13 - 17		ECO VIBE - Exploring Audubon-Newhall Preserve		WEDDINGS VIBE - Ways to make your celebration truly Southern		2013 Online Co-op Promo Sent		Bike & Dine Week	4th of July Celebrations
May 20 - 24	FOODIE VIBE - The Pasta Shop Bluffton	BLUFFTON BLOG - Focus on Bluffton Oyster Company	OUTDOOR VIBE - What's New at Zipline Hilton Head		FAMILY VIBE - Summer Fun with Harbourfest and Summer Jams			Hilton Head Celebrity Golf Tournament	4th of July Celebrations
May 27 - 31		ART VIBE - Behind the Scenes at Local Galleries (Series) Camella Art		WELLNESS VIBE - Spa Profile at The Sanctuary Spa & Euro spa				Hilton Head Celebrity Golf Tournament	4th of July Celebrations
June 3 - 7	GOLF VIBE - Meet the Pros at Heron Point & Ocean Course in Sea Pines	FAMILY VIBE - Family Welcome Wagon Ride (5/27)	ECO VIBE - The Lowcountry at Dark at Sea Pines Forest Preserve (5/30)		WEDDINGS VIBE - Top 10 Unique Summer Wedding Ideas			Hilton Head Celebrity Golf Tournament	4th of July Celebrations
June 10 - 14		FOODIE VIBE - The Chocolate Canopy		OUTDOOR VIBE - 4th of July Celebrating Outdoors		Outdoor Adventures Promo Sent		Hilton Head Celebrity Golf Tournament	4th of July Celebrations
June 17 - 21	FAMILY VIBE - Beach Parks on Hilton Head Island		WELLNESS VIBE - Staying Healthy in the Heat - Summer Guide from Sunburn		BLUFFTON BLOG - Summer Fun on the May River			Hilton Head Celebrity Golf Tournament	4th of July Celebrations
June 24 - 28		ART VIBE - Behind the Scenes at Local Galleries (Series) Karis Gallery		GOLF VIBE - Top Golf Shops in HHI & Bluffton (Golf Etc. & Golf Headquarters)		Hotels Summer Travel Promo Sent		Hilton Head Celebrity Golf Tournament	4th of July Celebrations



netconversion  
internet strategy | marketing | results

# HILTON HEAD ISLAND

2012 REVIEW AND 2013 RECOMMENDATIONS

DRIVING  
CONVERSIONS FOR THE  
TRAVEL & HOSPITALITY  
INDUSTRY +

think  
with Google

## The Traveler's Road to Decision – July 2012

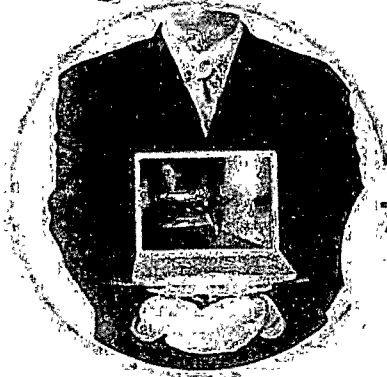
Key Findings ~ Affluent segment (avg. HHI of \$316k/yr):

- 1 The Internet continues to be the most prevalent tool for Affluents when planning travel, as they decrease their use of traditional sources such as print, TV and radio. Most use search engines as their go-to sources of information.
- 2 Affluent Travelers continue to increase their use of smartphones and tablets to research travel. 1 in 2 Affluents has booked travel on mobile devices due to its convenience.
- 3 Affluents consult different types of online videos throughout the planning process, and in many cases videos prompt their destination decision.
- 4 Comparison shopping continues to be high in Affluent Travelers for flights, hotels, car rentals and cruises.
- 5 The most popular loyalty programs among Affluents are air and hotel programs. 87% are somewhat or very loyal to their programs.

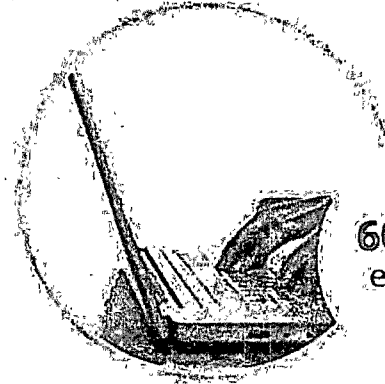
Google

## Affluent Traveler Mindset

Agreement with 'Next Year' vacation statements



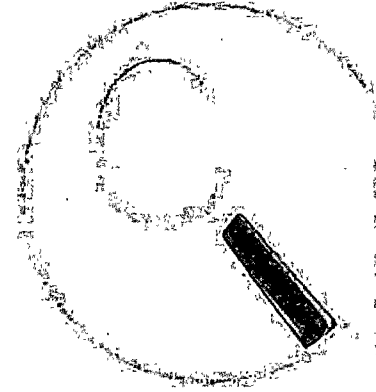
**78%** would like to stay in an upscale or luxury hotel if the price is right



**60%** view search engines as their go-to source



**49%** are more likely to use mobile devices for travel information while on trips



**56%** plan to spend more time shopping around before booking to ensure value

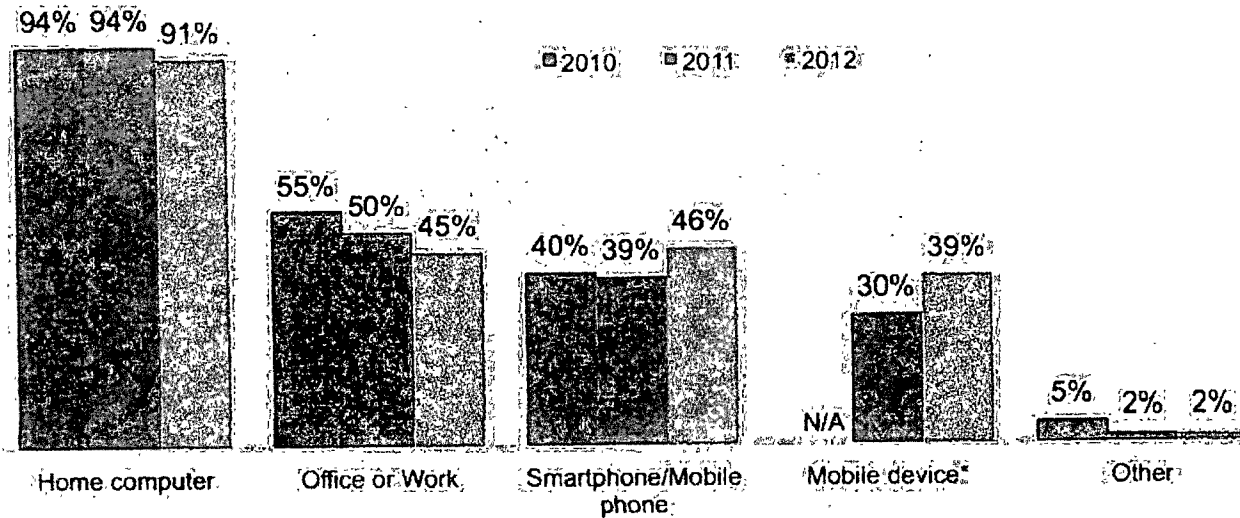
Sources: Google Travel Study, April-May 2015. 18-34 age group. (50% of the following online sources do you typically use to plan personal or leisure/business trips? n=1,599 (Leisure only)

Google's official monitor and proprietary

Google

# Affluent Use of Mobile Devices for Travel Increasing

Where travel-related information is accessed



622

\* Mobile device includes smartphone and tablet. Source: Google Travel Survey, April-May 2012. The survey was conducted among affluent travelers who use mobile devices to access travel-related information. The survey was conducted among affluent travelers who use mobile devices to access travel-related information. The survey was conducted among affluent travelers who use mobile devices to access travel-related information.

Google

## Affluent Travelers Shift from Offline Media, Continue to Use the Internet the Most

Sources used by affluent travelers to plan travel

Source Used	2011	2012
Internet	87%	86%
Family, friends, or colleagues	54%	54%
Magazines/Newspapers	36%	31%
Informational brochures	32%	24%
Books	34%	30%
Travel Agents	27%	22%
TV	24%	17%
800 or toll-free number	20%	14%
Travel Groups	18%	11%
Radio	13%	8%
Other	7%	5%
Do not use any sources	1%	3%

Source: Google Travel Study, April-May 2012. [www.google.com/travel](http://www.google.com/travel)  
Only one of the following sources is typically used to plan personal or leisure travel.  
© 2012 Google. All rights reserved.

Google, the Google logo and the "G" logo are trademarks of Google Inc.

think  
with Google

## The Traveler's Road to Decision – July 2012

### Key Findings:

1

#### What Travelers Value

Travelers seek value from trusted brands. Business travelers seek convenience.

2

#### Internet and Search

Leisure travelers turn to search engines to plan travel online; business travelers rely more heavily on supplier sites.

3

#### Mobile

Travelers increasingly turn to mobile devices to plan and book travel.

4

#### Online Video

Travelers watch a mix of user generated videos and professionally made videos at all stages of travel planning.

5

#### Loyalty

Business travelers are enrolled in more loyalty programs than leisure travelers. Neither group uses all of the programs in which they are enrolled.

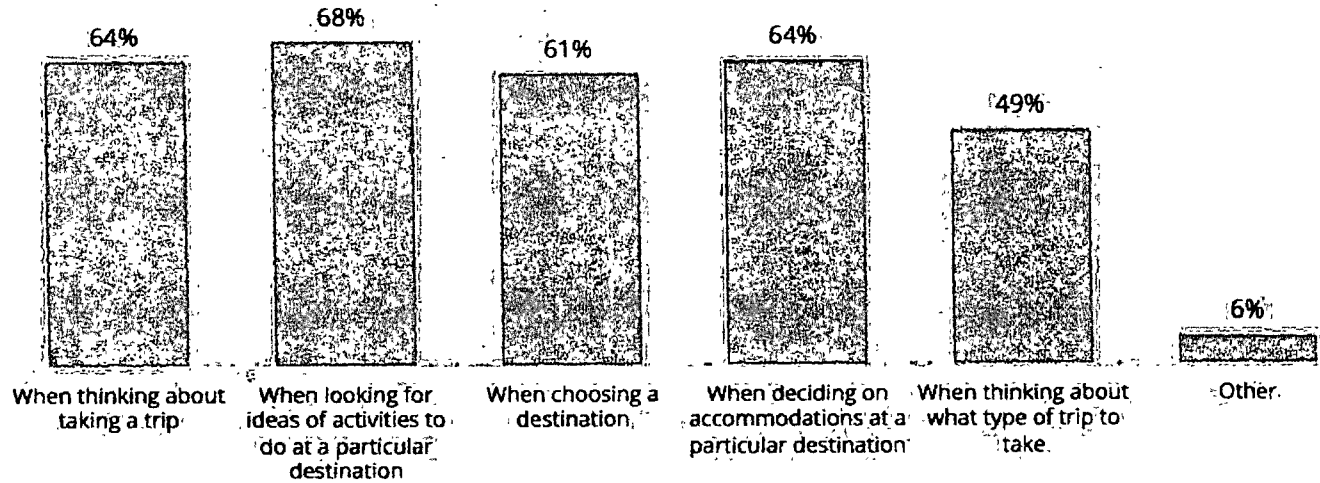
6

#### Destinations

Most leisure travelers and 70% of affluent travelers begin researching travel online, without a specific destination or mode of travel in mind.

Google

## Affluent Travelers View Videos Throughout the Travel Planning Process



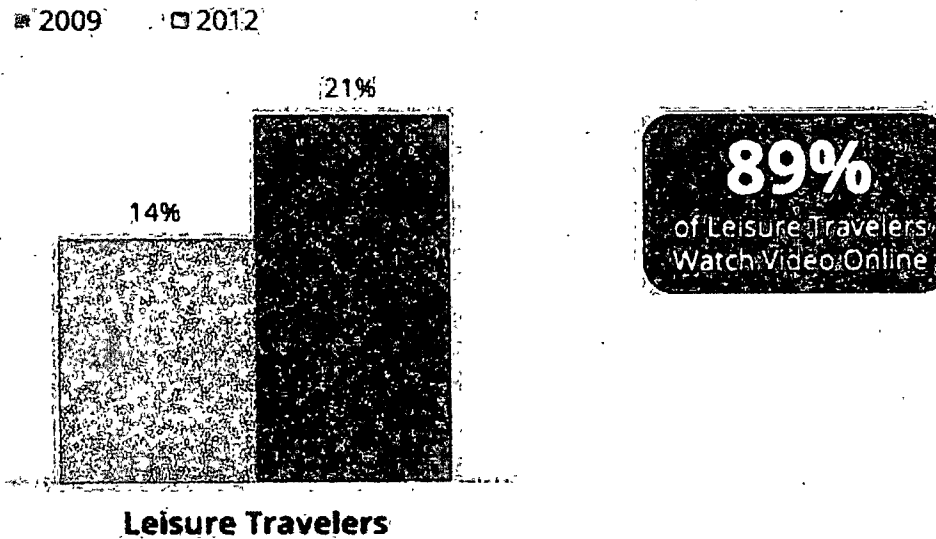
625

© 2011 Google. Travel for Dummies, 4th Edition, 2012, Justin R. Sizemore  
at all at what point in your travel planning process do you view videos?  
Data: Watcher uploaded/commented on travel videos online N=756

Google Charts: 5/24/12, 10:17 AM

# think Travelers and Online Video with Google

⊛ Online Video as a Resource for Planning Travel Has Grown Over Time

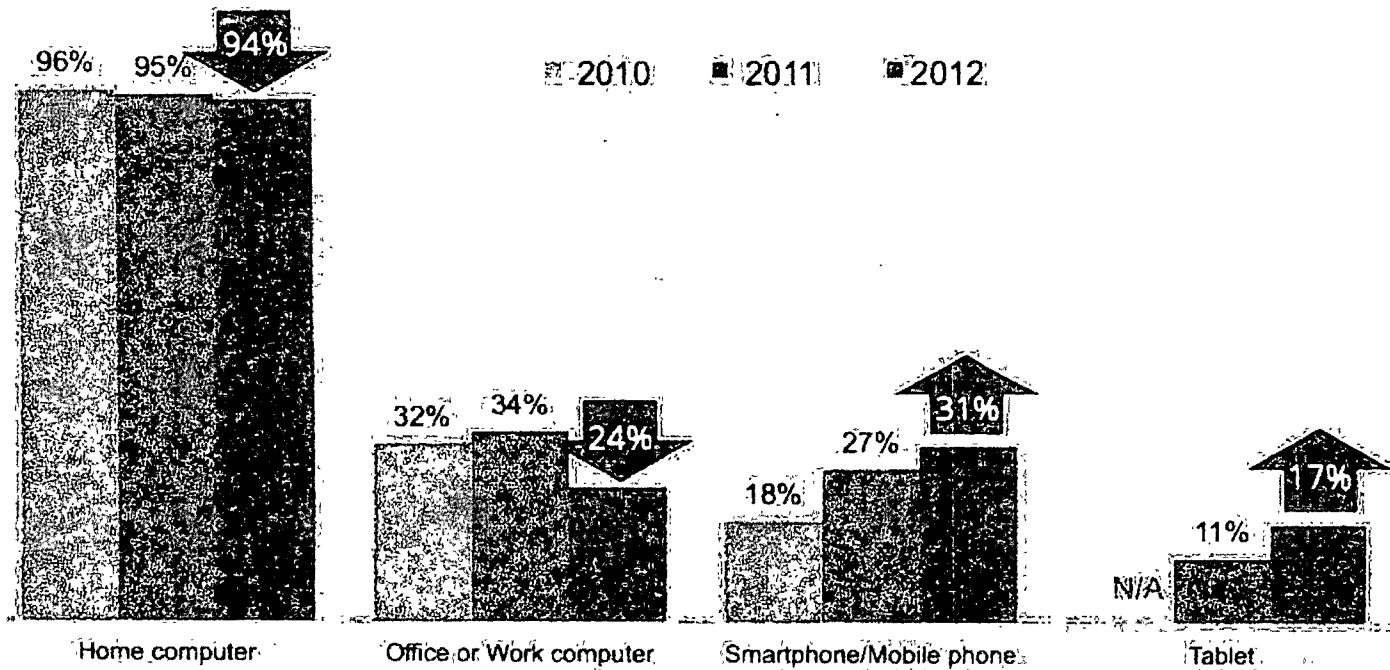


⊛ 89% of Leisure Travelers Watch Video Online; 21% Use Video for Travel Planning

# think Travelers Use of Mobile with Google

## • Fewer Leisure Travelers Use Computers

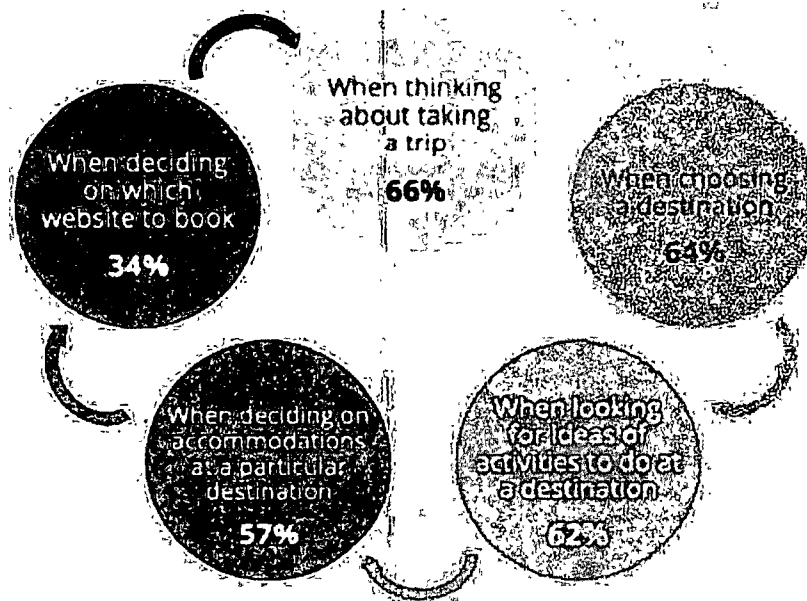
Where Leisure Travelers Access Travel Information



627

# Travelers and Online Video

- ✪ Travelers Watch Online Video in all Phases of Travel Planning

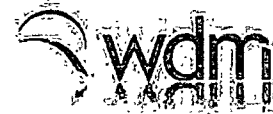


- ✪ Of Travelers Who Watched Online Video While Planning Travel, 45% Say They Were Prompted to Book as a Result



# HILTON HEAD ISLAND

Meeting & Groups Branding



# Creative Work Plan

Date: August 24, 2012

Prepared by: WJ

**Situation:**

The meeting business on Hilton Head Island is an important component of the economy in our region. Meetings drive critical revenue streams to the shoulder and off-season. Meetings drive economic development. Meetings drive tourism as attendees come back to visit with their families with some eventually calling Hilton Head Island home.

Developing the strongest possible brand message in order to attract more, and better, meetings is an essential piece in the marketing of our destination.

The current reinvestment renaissance going on with the major resort properties on Hilton Head Island presents us with a unique opportunity to re-brand our meetings message and to put our best foot forward as we begin to recast some of the old mis-conceptions that many still hold regarding Hilton Head Island as a meeting place. The investment in infrastructure will result in a shiny new face for the meetings business on our island and will give us the opportunity to re-introduce ourselves to meeting planners throughout the US and beyond.

The story we have to tell to the meetings industry is a strong one. Hilton Head Island offers the perfect combination of stunning natural beauty, relaxed southern hospitality, and full range of products that provides a variety of settings, price points and facilities for meetings. Our island is easy to get around once attendees are here, the quality of our product is high and the variety of amenities and activities makes for a very compelling message.

We will be developing a new brand for meetings. It will be a simple message that can be delivered consistently by the VCB in our macro destination efforts, but also gives a singular voice to our many hospitality partners that will help reinforce the message by delivering a consistent brand.

# Creative Work Plan

When we show the meetings community that we are united in our efforts to insure them the greatest experience possible, they can't help but give us a second look, come re-visit our island and ultimately renew our standing as the premier destination for meetings on the east coast.

## **Product Description:**

The meetings product on Hilton Head Island is truly world-class. We offer spectacular oceanfront resorts that are as exhilarating as they are refreshing. Equipped with the latest electronics, entertainment and communications tools available, these spectacular properties are second to none in their location, services, and with the renovation renaissance underway, quality.

We also offer master planned resort communities that provide intimate settings amidst stunning natural beauty, and we have mid-market properties available to suit most any budget or need.

The areas amenities and activities provide a wide range of team building, recreational and socially responsible settings to enrich the mind and renew the body.

The physical product includes:

- The Westin - 412 rooms, 28,000 sq. ft. of meeting space
- The Sonesta - 340 rooms, 20,000 sq. ft. of meeting space
- The Omni - 323 rooms, 25,000 sq. ft. of meeting space
- The Marriott - 513 rooms, 45,000 sq. ft. of meeting space
- The Beach House - 202 rooms, 4,800 sq. ft. of meeting space
- Sea Pines Resort - 40 rooms, 15,000 sq. ft. of meeting space
- 6,000+ Villas and Homes
- 250+ Restaurants
- Luxury Spas
- 20+ Prestigious Golf Courses
- 50 miles of public bike and nature trails
- 12 miles of sandy white beaches

Hilton Head Island is in the business of renewing and enriching visitors in a sophisticated, relaxing, and aesthetically beautiful environment. Our region offers many essential, desirable and valuable

Creative

Work

Plan

attributes to the meeting attendees which result in positive reviews from all who attend meetings on Hilton Head Island.

One of the key attributes of our brand promise is our beautiful environment. The relaxed pace and natural beauty of the island draws people together in positive ways and fosters togetherness and creativity which are desirable attributes in the minds of business leaders who might consider Hilton Head Island for a meeting. Hilton Head Island is a place where people come together naturally. Team building happens naturally here as well. Great ideas come to life naturally, and great meetings happen naturally.

**Differentials:**

**Environment** - The aesthetic beauty of nature and the relaxed pace, without all of the bright lights and urban distractions of so many coastal destinations come together to provide a setting that is conducive to building relationships, inspiring creativity, relaxing and rejuvenating the spirit. All of these things seem to happen naturally here. It's one of the key attributes that seem to bring so many people back year after year. This unique and rare combination differentiates Hilton Head Island.

**Variety** - Amidst the natural, unspoiled beauty of our carefully planned and managed environment, lies a plethora of recreational activities, shopping, dining, history and the arts that make Hilton Head Island a destination like no other. We hear of people who come to play golf, but never seem to make it to the course because they find so many other things to do. From inland marinas to the beach, live entertainment to galleries, historical sites and tours to shopping and dining at some of the best restaurants in the South, Hilton Head Island offers a world class resort atmosphere full of things to do.

**Quality of Service** - The relaxed pace of life on Hilton Head Island affords the opportunity for a high level of personal service. Employees are often found chatting with guests and getting to know them by name. This personal touch is a real differentiator that is increasingly rare in the hospitality world today.

**Wholesome Experience** - Hilton Head Island is a destination with low negatives. There are few reasons to object to a visit to Hilton

# Creative Work Plan

**Head Island** - This uncomplicated, easy atmosphere is particularly attractive to groups seeking to strengthen teams, build business relationships, and inspire creative thinking.

**Sustainability** - Groups seeking to leave a small environmental footprint will find Hilton Head Island a particularly attractive destination. Local green initiatives are numerous and put into practice throughout the area.

**Social Responsibility** - Hilton Head Island is one of the first destinations in the country to incorporate a turnkey social responsibility program into the group and meetings offerings. These programs can be completely customized to meet the needs of any organization.

**Casual Luxury** - Attendees can leave the suits and formal business attire behind when they attend meetings on Hilton Head Island. Area resorts, restaurants and entertainment venues are sophisticated yet casual.

**History** - Real history happened here. All around the lowcountry, visitors can find the past come to life at historical sites, museums and parks. This is particularly appealing to educational, religious, and military meetings.

## **Prospect:**

Hilton Head Island is not for everyone. The core meeting is one with 50 attendees and under. While several venues can handle meetings of 250 to 300, the primary prospect is 50 and under.

Meeting planners are 70 percent female. They have a low-risk tolerance, and pay close attention to details. Meeting planners are also driven to provide the best experience to their attendees, while garnering positive feedback on all areas of the meeting.

Older planners still value relationships and interpersonal communications, which are a strong suit of the resorts on Hilton Head Island, while a whole new breed of younger planners favor efficiency, electronic communications and facts. Younger planners also seek a higher level of activity and excitement for attendees, which might

# Creative Work Plan

justify the inclusion of some of our higher energy centers like Shelter Cove Marina and Harbor Town into our messaging.

Types of meetings we are targeting:

- Corporate meetings
- Associations
- Social
- Military
- Educational
- Religious
- Fraternal

## **Benefits:**

We can look at the benefits of the meetings destination in two ways: Functional Benefits and Emotional benefits

Functional Benefits include:

- \$100 Million in Renovations
- Ease of getting around the Island once here
- Southern hospitality and service
- Personal attention
- Relaxed pace
- Variety and diversity of activities
- Fewer distractions
- Greater share of service, not competing with many larger meetings
- High rate of satisfaction
- Add on days are embraced

Emotional Benefits:

- Family oriented, wholesome
- Inspiring natural beauty
- Conducive to team building
- Rejuvenation and restoration
- Uncomplicated

## **Competitive Comparison:**

The meetings business is highly competitive and destinations compete aggressively for groups and meetings business. We must

Creative

Work

Plan

stand out from the crowd with a message that resonates with today's meeting planners:

Hilton Head Island has a compelling story to tell to the 50 person, and under, meeting planner. While we cannot compete with larger destinations that have convention centers, our larger resorts on Hilton Head can handle meetings up to about 250 to 300 people:

One of the fundamental challenges we face as we compete with other like destinations is perception. There are two perceptions that are widely held:

Hilton Head Island is perceived as difficult to get to. Direct flights are limited, and the Savannah/Hilton Head International Airport is 40+ miles away.

There is also a perception that the resorts and meetings facilities on the island are dated.

Our primary competition is:

- Amelia Island
- Kiawah Island
- Wild Dunes
- Myrtle Beach
- Savannah

In order to best compete we must get meeting planners here for site visits. The current resort renaissance and investment will pay dividends once more and more planners see for themselves the updates and improvements that have taken place throughout our island.

**Tone and Personality:**

Our message should attract attention in a creative and elegant manner. It should connect emotionally as well as pragmatically. It should leverage the natural beauty and the benefits of having a meeting on Hilton Head Island and must stand out and clearly define the unique position we hold in the market.

Creative

Work

Plan

The personality of the Hilton Head Island brand is: natural, tranquil, inviting, graceful and timeless. The meetings message should fit and support the overall brand, yet focus on specifics that are important to meetings planners: new and exciting product, high value and quality, outstanding experience for attendees.

**What do people currently think about our destination?**

Meeting planners and attendees have the perception that Hilton Head Island is difficult to get to and the product is dated.

**What do we want them to think:**

With nearly \$100 million in renovations and improvements underway, Hilton Head Island is better than ever. The new and updated product in the same beautiful setting that Hilton Head Island is known for offers great value, a high quality experience, and is ideal for building relationships; inspiring creative thinking, and rejuvenating busy executives. It's time to come back to Hilton Head Island.

**Why should they believe it?**

- \$100 million in renovations
- The natural environment is still the same; beautiful and inspiring
- High marks on post meeting surveys

**Means of Distribution:**

As we begin to deliver the new Meetings Brand Message it will be important that a consistent message is delivered across all channels, by all entities that are talking to meeting planners and influencers. As the VCB reaches out with an overall Hilton Head Island Meetings message, that message will be re-enforced and built upon by the hospitality businesses here on the island, which will help clarify the message in the minds of potential meeting planners and result in more inquiries and, ultimately, more closed business.

Trade Shows – Face-to-face meetings are still a key driver for selling meetings on Hilton Head Island. Translating our meetings brand message to a strong trade show presence will be an important piece of our communications strategy.

# Creative Work Plan

**Print Ads** - Our agreement with Collinson Media & Events affords the opportunity to reach out with a print ad series to get attention and generate inquiries.

**RBC/Heritage Tournament** - Tournament attendees are right in the wheelhouse of our meetings target audience. While they might not be meeting planners per-se, many are executives and business owners that can influence where their business meetings are held, and they are right here on Hilton Head Island for a week. This is an ideal time to plant the seed of our message and introduce the idea of holding a meeting here in the future.

**In-Market Promotion** - Many, if not most, meetings are planned by people who have some connection to the Island. Some vacation here, some own condos or second homes; others may have attended another meeting here. Building on the Heritage idea above, we can plant the meeting brand message seed while people are already on the Island - and absolutely loving it.

**Brochure** - The overview brochure will be created or "branded" with our new meeting brand message and its brand new look. This will be done both electronically and in all print materials.

**Micro-site** - The development of a customized landing page that represents the Island overall could be a valuable tool in the sales process. This would be a positive and encouraging follow-up piece that could be sent to meeting planners after they have received a proposal from a specific resort or hotel. It would showcase the Island destination - variety, ease of doing business, value - and it would show meeting planners that the community is unified in ensuring that their Hilton Head Island experience is a positive and enjoyable one.

**Direct Mail** - Develop a follow-up piece to send in response to meeting planner inquiries from Trade Shows and advertising. This piece could deliver a strong brand message along with an offer to come visit the destination. A program like this might be funded as an opt-in program for those resort and hotel partners that want to bring meeting planners to the Island.

# Creative Work Plan

**Video** - A web video can deliver the meetings message with all of the emotion and influence that would come to life in a visual presentation of the meetings experience on Hilton Head Island.

**Single most important idea:**

Wow - Hilton Head Island is better than ever! Let's hold our next meeting here!

**Call to Action:**

Site Visit.

**Marketing Objective:**

We would like to see an increase in year round corporate meetings, year round association meetings, and an increase in shoulder and off season SMERF groups- Social, Military, Education, Religious, and Fraternal.

**Special Considerations and Terms of Engagement:**

Some ideas that might be pursued include: Shopping and benchmarking other destinations.

Setting up a fund to get more meeting planners to visit HHI - all the major hotels would support that.

Need to prepare a timeline for launch in 2013.



**TOWN OF HILTON HEAD ISLAND  
ACCOMMODATIONS TAX ADVISORY COMMITTEE**

**Date:** April 25, 2013 **Time:** 1:00 p.m.

**Members Present:** Robert Stenhammer, *Chairman*; Mike Alsko, *Vice-Chairman*; John Munro, Frank Soule, Trish Heichel, Stewart Brown

**Members Absent:** None

**Staff Present:** Susan Simmons, *Director of Finance*; Brian Hulbert, *Staff Attorney*; Bret Martin, *Deputy Finance Director*; Erica Madhere, *Finance Assistant*

**Council Present:** John McCann

**Others Present:** Susan Thomas, Charlie Clark, Ray Deal, Bill Miles, Brenda Ciapanna, Jayme Greco, David Tigges and Representatives from the Hilton Head Island-Bluffton Chamber of Commerce/VCB and Hilton Head Island Marketing Council

**Media:** Brian Heffernan

---

**1. Call to Order:**

The meeting was called to order at 1:00 p.m.

**2. FOIA Compliance:**

Public notification of this meeting has been published, posted, and mailed in compliance with the Freedom of Information Act and the Town of Hilton Head Island requirements.

**3. Approval of Minutes:**

Mr. Brown moved to approve the Minutes of December 13, 2012. Ms. Heichel seconded the motion. The Motion passed unanimously. (6-0)

**4. Special Orders**

Due to the resignation of former Chairman Bret Martin, a special election was held to appoint a new Chairman and Vice-Chairman for the remainder of Fiscal Year 2013. Ms. Heichel nominated Mr. Robert Stenhammer for Chairman and Mr. Brown seconded the motion. The motion passed unanimously (6-0). Ms. Heichel nominated Mr. Mike Alsko for Vice-Chairman and Mr. Munro seconded. The motion passed unanimously (6-0).

**5. Chairman's Report:**

Mr. Stenhammer expressed his eagerness to serve as Chairman of the Committee; he thanked the Committee for the vote and thanked the Town for the support. He reviewed the remainder of the 2013 meeting schedule and noted it is a more condensed schedule than in the past in an effort to provide accessibility to the new grants in the beginning of the calendar year. Mr. Stenhammer also mentioned he would like the Committee to review the 2013 grant application and be prepared to discuss possible changes to the 2014 grant application at the next meeting on July 16. He would like to make sure the application asks qualifying questions that prove the organizations provide value to the community, drive overnight visitors or enhance the

experience of overnight visitors, and that they collaborate with other organizations. Members of the Committee have continued to work with Dr. Salazar and the USCB on a program that will allow organizations to collect data, and are hoping to create a program that all qualifying organizations applying for Accommodations Tax Grants will be able to utilize. The data collection, in the form of surveys, can be used as a measurement tool of an organization's return on investment. The results are great for the event/organization, but also are extremely useful to Island tourism as a whole when all results are rolled in together and viewed in aggregate.

6. **Unfinished Business:**

None

7. **New Business:**

a. **Hearing regarding the Chamber of Commerce and Visitor & Convention Bureau's proposed budget of expenditures for 2013-2014 of the 30% allocation of State Accommodations Tax Funds for advertising of tourism.**

Mr. Stenhammer disclosed a potential conflict of interest and left the dais for the duration of the hearing. The required disclosure form is attached.

David Tigges, former Chairman of the Hilton Head Island-Bluffton Chamber of Commerce and Visitor and Convention Bureau and current member of the Hilton Head Island Marketing Council, made opening comments to the Committee. The Hilton Head Island Marketing Council was formed by the Visitor and Convention Bureau in 2012 to provide direct input from the local tourism and hospitality industry into the VCB's Sales and Marketing program. The 13 members of the Marketing Council unanimously approved the Chamber/VCB's 2013-2014 Marketing Plan. Mr. Tigges thanked the Marketing Council's Chairman, Steve Birdwell, for his excellent management of the Council, as well as the Chamber's Staff for their professional work; Susan Thomas for her leadership, and Charlie Clark for her role in earned media and public relations. Additionally, Mr. Tigges recognized the Chamber/VCB's financial integrity, managed by Ray Deal, and congratulated them on receiving an Unqualified Audit year after year.

Susan Thomas, Vice-President of the Hilton Head Island-Bluffton Chamber of Commerce and Visitor and Convention Bureau kicked off the presentation with a recap of the recent successful advertising campaign, specifically the television commercial spot that ran on major networks such as CBS and the Golf Channel leading up to and during the RBC Heritage Classic golf Tournament. The focus of the commercial was based on the branding of Rejuvenation, Refreshment, and Reconnection to what is important to oneself, which was derived from late Sea Pines developer Charles Fraser's concept to come home a better person at the end of the day. The commercial, narrated by audio recordings of Charles Fraser, was produced to build awareness of Hilton Head Island as a destination, and also to drive traffic to the Chamber/VCB's website. During the Heritage week, traffic to the website was up 22%.

Ms. Thomas stated 2012 was a solid year for the national and local travel and tourism industry. In Hilton Head, there was an increase of 3 percent in the number of visitors and a 6.1 percent increase in lodging revenue per available room. As compared to other competitive destinations, Hilton Head Island was in the upper third in occupancy, mid-range for average daily rate, and upper third in web search and conversion. The Chamber has been tracking growth in interest in Hilton Head Island by geographic regions and has noticed a shift from the Southeast to more Northeast, Midwest, and Canadian regions.

Accommodations Tax Advisory Committee

Page 2

The Chamber expects 2013 to be an even stronger year due to the renovations of many major hotels and resorts and the ongoing retail reinvestment. So far, the occupancy rate is up significantly in the first quarter of the year, although there is room for improvement in average daily rate on the Home / Villa side. Year over year visitors to the Chamber's website increased 25%, and part of the 2013-14 Plan is to increase the paid search engine marketing budget to facilitate even more website visitor growth, both on the web and mobile since about 40% of the website visitors were using a mobile device. The Chamber is currently developing more content about what to do once visitors are here due to the large upshift in mobile users. Ms. Thomas explained the prioritized target market segments are Golf, and there is a very robust Golf marketing program already in place, and the Culinary market for which there are many cross promotions, such as a Bike and Dine promo in May and the annual Restaurant Week. They are researching the Tennis market to develop another growing segment.

Ms. Thomas also spoke about a recent generational shift, there are now five generations to reach as the Y Generation is coming into more discretionary income and the Baby Boomers are reaching retirement. This is considered to be the "New Normal", and the challenge is how to appeal to each generation and also to the frugality mind set which surfaced after the last recession and has affected the population regardless of income level. Also part of this shift is an increased importance in wireless and electronic connectivity, which the Town and Private sectors are working diligently on improving.

In summary, Ms. Thomas explained the Marketing Plan is a collaboration between the Public and Private partners, and it has been supported by the travel industry. The goal is to move the needle forward, through investing in research, and to keep Hilton Head Island in the mind of travelers, especially the Affluent Traveler.

The Committee members congratulated the Chamber / VCB on their comprehensive plan and appreciated the content, branding, mobile marketing, and teamwork among the local businesses and the community.

Mr. Brown made a motion to recommend that Town Council approve the budget as presented by the Hilton Head-Bluffton Chamber of Commerce and Visitors & Convention Bureau and Ms. Heichel seconded the motion. The Motion was approved by a vote of 5-0. (Mr. Stenhammer did not participate in the vote due to his recusal as noted above.)

**8. Adjournment:**

Ms. Heichel moved to adjourn the meeting. Mr. Stenhammer seconded the Motion. The meeting was adjourned at 2:04 p.m.

**Approved:**

**Respectfully submitted:**

**Robert Stenhammer, Chairman**

**Erica Madhere, Secretary**



## MEMORANDUM

**TO:** Town Council  
**CC:** Accommodations Tax Advisory Committee Members

**FROM:** Stephen G. Riley, ICMA-CM, Town Manager

**VIA:** Susan M. Simmons, CPA, Director of Finance

**DATE:** May 8, 2013

**SUBJECT:** Chamber of Commerce Visitor and Convention Bureau Proposed 2013-2014 Budget

---

### **Recommendation:**

After a full review by the Accommodations Tax Advisory Committee of the 2013-2014 proposed budget and marketing plan for the Chamber of Commerce Visitor and Convention Bureau, the Committee voted to recommend to Town Council that the proposed budget be approved. Staff also recommends that Town Council approve the 2013-2014 proposed budget and marketing plan.

### **Summary:**

On April 1, 2013 the Chamber of Commerce Visitor and Convention Bureau (V&CB) submitted to the Town and the Accommodations Tax Advisory Committee its detailed proposed budget and marketing plan for 2013-2014. The budget breaks down Revenues and Expenses between Hilton Head Island and other areas, and also breaks down Hilton Head Island expenses per category. The marketing plan details key marketing strategies; research-based destination marketing and planning; target audiences; social media strategies; the digital marketing and media campaign; etc. Also provided was a Marketing Dashboard with comparative statistics showing the goals and results of previous years' marketing efforts and promotions along with statistics comparing Hilton Head's efforts and results to other similar or competitive destinations.

### **Background:**

According to law, 30% of the two percent bed tax funds collected by the State of South Carolina go to the pre-determined Destination Marketing Organization with an ongoing tourist program, which is the V&CB of the Hilton Head Island Chamber of Commerce. Town Code requires the Accommodations Tax Advisory Committee to review the V&CB's proposed budget and marketing plan each year and make a recommendation to Town Council. Attached is a memo from the Accommodations Tax Advisory Committee Chairman, Robert Stenhammer, and a synopsis of the V&CB's proposed budget and marketing plan. The detailed budget proposal is available at Town Hall for your review.



Date: May 8, 2013

To: Mayor Drew Laughlin, Town Manager Steve Riley, and Hilton Head Island Town Council

Cc: Hilton Head Island Accommodations Tax Advisory Committee

From: Robert Stenhammer – Chairman, Accommodations Tax Advisory Committee (ATAC)

Re: Recommendation to approve the DMO's 2013-2014 marketing plan and budget for the 30% State Accommodation tax funds for marketing and advertising our destination.

Enc: The 2013-2014 Hilton Head Island Destination Marketing Plan and Budget

The Accommodations Tax Advisory Committee has completed its annual review of the proposed budget of the Hilton Head Island-Bluffton Chamber of Commerce's Visitors and Convention Bureau (VCB) for the expenditure during the ensuing fiscal year of the 30% of the State accommodations tax funds (ATAX) allocated to the VCB as the Town-designated marketing organization (DMO).

On April 25, 2013 the ATAC met to review the DMO's marketing plan and budget. David Tigges, former Chairman of the Hilton Head Island-Bluffton Chamber of Commerce and Visitor and Convention Bureau and current member of the Hilton Head Island Marketing Council, made opening comments to the Committee. The Hilton Head Island Marketing Council was formed by the Visitor and Convention Bureau in 2012 to provide direct input from the local tourism and hospitality industry into the VCB's Sales and Marketing program. The 13 members of the Marketing Council unanimously approved the Chamber/VCB's 2013-2014 Marketing Plan. Mr. Tigges thanked the Marketing Council's Chairman, Steve Birdwell, for his excellent management of the Council, as well as the Chamber's Staff for their professional work, Susan Thomas for her leadership, and Charlie Clark for her role in earned media and public relations. Additionally, Mr. Tigges recognized the Chamber/VCB's financial integrity, managed by Ray Deal, and congratulated them on receiving an Unqualified Audit year after year.

Susan Thomas, Vice-President of the Hilton Head Island-Bluffton Chamber of Commerce and Visitor and Convention Bureau kicked off the presentation with a recap of the recent successful advertising campaign, specifically the television commercial spot that ran on major networks such as CBS and the Golf Channel leading up to and during the RBC Heritage Classic golf Tournament. The focus of the commercial was based on the branding of Rejuvenation, Refreshment, and Reconnection to what is important to oneself, which was derived from late Sea Pines developer Charles Fraser's concept to come home a better person at the end of the day. The commercial, narrated by audio recordings of Charles Fraser, was produced to build awareness of Hilton Head Island as a destination, and also to drive traffic to the Chamber/VCB's website. During the Heritage week, traffic to the website was up 22%.

Ms. Thomas stated 2012 was a solid year for the national and local travel and tourism industry. In Hilton Head, there was an increase of 3 percent in the number of visitors and a 6.1 percent increase in lodging revenue per available room. As compared to other competitive destinations, Hilton Head Island was in the upper third in occupancy, mid-range for average daily rate, and upper third in web search and conversion. The Chamber has been tracking growth in interest in Hilton Head Island by geographic regions and has noticed a shift from the Southeast to more Northeast, Midwest, and Canadian regions.

The Chamber expects 2013 to be an even stronger year due to the renovations of many major hotels and resorts and the ongoing retail reinvestment. So far, the occupancy rate is up significantly in the first quarter of the year, although there is room for improvement in average daily rate on the Home / Villa side. Year over year visitors to the Chamber's website increased 25%, and part of the 2013-14 Plan is to increase the paid search engine marketing budget to facilitate even more website visitor growth, both on the web and mobile since about 40% of the website visitors were using a mobile device. The Chamber is currently developing more content about what to do once visitors are here due to the large up shift in mobile users. Ms. Thomas explained the prioritized target market segments are Golf, and there is a very robust Golf marketing program already in place, and the Culinary market for which there are many cross promotions, such as a Bike and Dine promo in May and the annual Restaurant Week. They are researching the Tennis market to develop another growing segment.

Ms. Thomas also spoke about a recent generational shift, there are now five generations to reach as the Y Generation is coming into more discretionary income and the Baby Boomers are reaching retirement. This is considered to be the "New Normal", and the challenge is how to appeal to each generation and also to the frugality mind set which surfaced after the last recession and has affected the population regardless of income level. Also part of this shift is an increased importance in wireless and electronic connectivity, which the Town and Private sectors are working diligently on improving.

In summary, Ms. Thomas explained the Marketing Plan is a collaboration between the Public and Private partners, and it has been supported by the travel industry. The goal is to move the needle forward, through investing in research, and to keep Hilton Head Island in the mind of travelers, especially the Affluent Traveler.

The Committee members congratulated the Chamber / VCB on their comprehensive plan and appreciated the content, branding, mobile marketing, and teamwork among the local businesses and the community.

Mr. Brown made a motion to recommend that Town Council approve the budget as presented by the Hilton Head-Bluffton Chamber of Commerce and Visitors & Convention Bureau and Ms. Heichel seconded the motion. The Motion was approved by a vote of 5-0. (Mr. Stenhammer did not participate in the vote due to his recusal):

**Recommendation:**

The Committee recommends that Council approve the Chamber/VCB's proposed 2013-2014 budget as the Town's designated non-profit organization to manage and direct the expenditure of the State Accommodation Tax 30% Fund for tourism promotion.

Thank You,



Robert Stenhammer, Chairman  
Accommodations Tax Advisory Committee

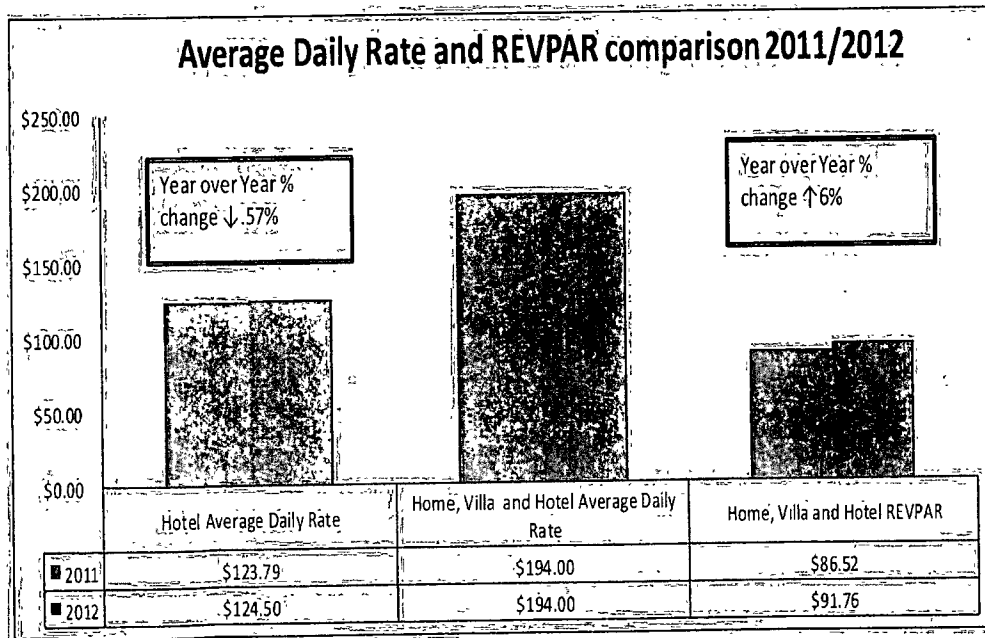
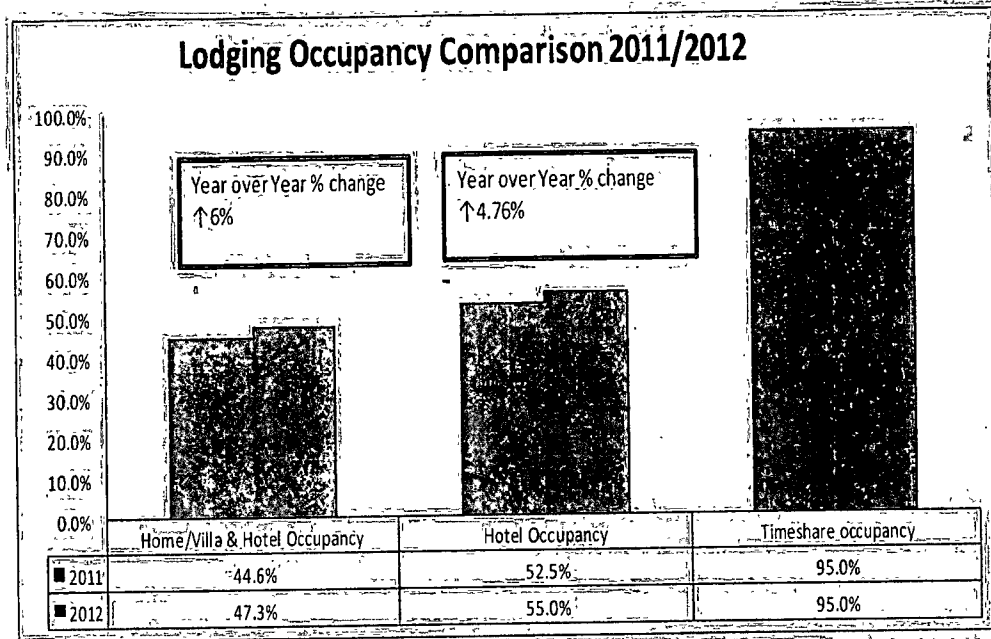


**HILTON HEAD ISLAND**  
**VISITOR & CONVENTION BUREAU**  
*South Carolina*

# YEAR END 2012 MARKETING DASHBOARD

2011-2012 Comparative statistics for <a href="http://www.hiltonheadisland.org">www.hiltonheadisland.org</a>			
2011 Year end		2012 Year end	Year over Year % change
1,201,941	Site visits	1,505,905	↑25.2%
5,404,557	Page views	6,646,797	↑22.9%
4.50	Pages per visit	4.41	↓2%
4:03	Minutes Avg on site	4.44	↑10.1%
73.39%	New visits	72.2%	↓1.62%
34%	Bounce rate	33%	↓2.94%
<b>Top content areas page views</b>			
<b>2011</b>		<b>2012</b>	
1. What to Do	368,011	1. See and Do	264,568
2. Where to Stay Hotels/Inns/Resorts	241,654	2. Event Calendar	174,616
3. Where to Stay	205,556	3. Dining /Restaurants	140,672
4. Event Calendar	181,004	4. Lodging/Hotels/Inns/Resorts	132,493
5. Dining	146,976	5. About the Island	132,170
<b>Mobile Traffic</b>			
<b>2011</b>		<b>2012</b>	<b>Year over Year % change</b>
147,072		377,107	↑156.4%
<b>Traffic Sources Overview</b>			
<b>2011</b>		<b>2012</b>	<b>Year over Year % change</b>
81.01%	Search Traffic	81.65%	↑.79%
9.46%	Referral Traffic	7.68%	↑18.8%
7.16%	Direct Traffic	9.58%	↑33.79%
2.37%	Campaigns	1.09%	↓54%
100%	Total	100%	

Sources: Smith Travel Research and Vacation Travel Research Program



2

### BOOKING PACE FOR HOMES AND VILLAS

Month	2013 Occupancy	2012 Occupancy	% Increase/decrease
March	63.4%	47.3%	+34%
April	37.5%	37.6%	-0.4%
May	27.8%	25.6%	+8.3%
June	39.7%	40.6%	-2.4%
July	33.7%	32.5%	+3.8%
August	24.7%	20.5%	+20.4%
Total	37.4%	33.8%	+10.9%

### 2012 Actual Occupancy

March 51.4%

April 49.7%

May 44.4%

June 74.9%

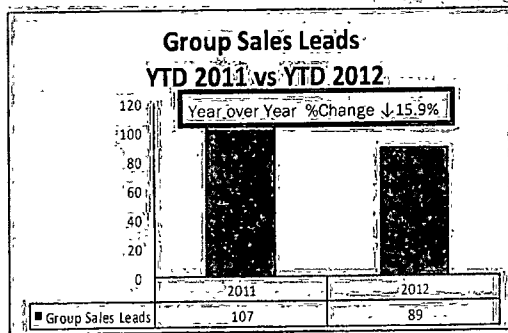
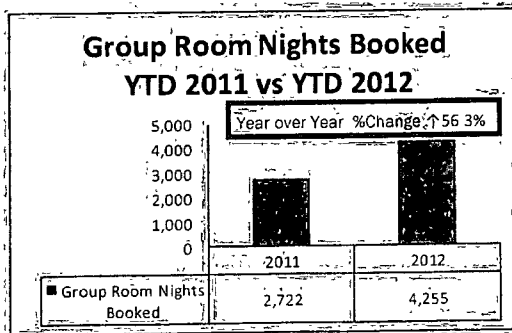
July 85.9%

August 65.7%

Total 62.3%

Source: Vacation Travel Research Program (VTRIP) Home and Villa Data as of December 31, 2012

## Group Sales Results



## 2012 EPROMO/ENEWS RESULTS

Name	Date sent	Delivered	Opened	Open Rate	Click thrus	Click thru Rate
Golf Celebration	4/20/2012	106,002	13,989	13.30%	2,468	2.30%
Wine and Food Festival to all Insiders	2/10/2012	106,189	12,660	12%	1,496	1.40%
Wine and Food Festival to Golf Specific Insiders	2/10/2012	5,982	1,233	21.20%	140	2.40%
Come Back Rewards	3/6/2012	106,709	18,733	17.70%	2,170	2%
RBC Heritage to all Insiders	3/13/2012	106,074	12,229	11.60%	1,061	1%
RBC Heritage to Golf Specific Insiders	3/13/2012	5,906	1,046	18.10%	126	2.20%
Visitor Information Survey	3/20/2012	107,772	18,881	17.60%	6,537	6.10%
April Enews	4/12/2012	109,859	14,597	13.4%	3,352	3.10%
Affluent Lead Generator Eblast	5/8/2012	110,613	16,851	15.30%	2,530	2.30%
June Enews	6/14/2012	111,811	15,325	13.80%	2,435	2.20%
June Hotel Deals	6/28/2012	112,320	16,901	15.10%	3,246	2.90%
July Home and Villa Deals	7/25/2012	112,925	14,341	12.8%	2,527	2.30%
August Golf Eblast to all Insiders	8/22/2012	113,456	14,823	13.20%	1,905	1.70%
August Golf Eblast to Golf Specific Insiders	8/22/2012	5,917	856	15%	154	2.70%
Concours	9/5/2012	113,283	14,799	13.20%	1,312	1.20%
October Bluffton	10/2/2012	113,036	11,937	10.60%	1,288	1.10%
December Enews Shopping and Holiday	12/4/2012	113,322	12,567	11.20%	1,481	1.30%
Total/Average		1,561,217	211,777	15.23%	34,232	2.84%



**HILTON HEAD ISLAND  
VISITOR & CONVENTION BUREAU**  
*South Carolina*

**Staff**

Susan Thomas, Vice President  
sthomas@hiltonheadisland.org

Jack Reed  
Director of Sales  
jreed@hiltonheadisland.org

Elizabeth Simpson  
Internet Services Manager  
esimpson@hiltonheadisland.org

Kim Nelson  
Sales Team Coordinator  
knelson@hiltonheadisland.org

Brenda Ciapanna  
Sales & Marketing Manager  
bciapanna@hiltonheadisland.org

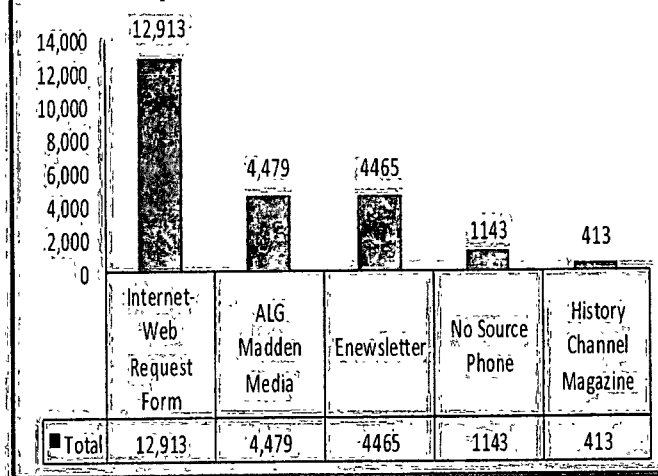
Kelly Smith  
Public Relations and  
Marketing Manager  
ksmith@hiltonheadisland.org

Kathy Winings  
Partnership Marketing Manager  
kwinings@hiltonheadisland.org

Leta Salazar  
Bluffton Marketing Manager  
Research Analyst  
lsalazar@hiltonheadisland.org

Wes Kitashima  
Sales Manager  
wkitashima@hiltonheadisland.org

**Top 5 Fulfillment Lead Sources**



**think | HILTON HEAD ISLAND  
& THE LOWCOUNTRY**

*Economic & Business Metrics for our Region*

Think about the possibilities: Looking for the latest news on travel and tourism, gas prices, census information, employment statistics, demographics? The chamber's web information source, Think Hilton Head Island and the Lowcountry provides instant access to important economic and business metrics for our region, 24/7, 365 days a year.

This information, provided by the chamber for many years, combined with the new metrics serves as a valuable economic toolkit for the community. From cost of living data to number of golf rounds played, Beaufort County labor market analysis, destination marketing research and plans, and occupancy rates for Hilton Head Island lodging, the economic and business metric information is a valuable link to economic development in our region. To access the site go to [www.thinkhiltonheadisland.com](http://www.thinkhiltonheadisland.com). For more information, please contact Leta Salazar, Research Analyst, at [lsalazar@hiltonheadisland.org](mailto:lsalazar@hiltonheadisland.org) or 843-757-3673.

Hilton Head Island-Bluffton Chamber of Commerce  
 Hilton Head Island Visitor Convention Bureau Schedule of Functional Revenues Expenditures  
 FY 2013-14 Budget

Revenues	VCB TOTALS	Town of HHI DMO	VCB Private Sector	SCPRT Dest. Specific	SCPRT Co-ops	Town of Bluffton	Beaufort Co DMO	Membership
Town of HHI DMO	1,150,000	1,150,000						
Town of HHI Supplemental Grant	750,000	750,000						
VCB Private Sector	388,500		388,500					
SCPRT Destination Specific	790,000			790,000				
SCPRT Coop	610,000				610,000			
Private Match Coop	1,230,000				1,230,000			
Town of Bluffton DMO	75,000					75,000		
B/C Bluffton & Daufuskie	306,000						306,000	
Total Revenues	4,799,500	1,400,000	388,500	790,000	1,840,000	75,000	306,000	1,700,000
Membership								1,700,000
Total Revenues with Membership	6,499,500							

Expenses

Research & Planning	65,000	51,800	14,250	29,850
---------------------	--------	--------	--------	--------

Packaging/Promotions

Webinars/Workshops	10,000			
Facebook Promos	4,000			
Sub-total	14,000	7,560	2,100	4,340

Destination PR

Agency Fees	148,000			
Out-of-Pocket/Promo	18,000			
UK Culinary Promo	8,000			
Sub-total	174,000	93,660	26,100	51,840

Destination Photography

	15,000	8,100	2,250	4,650
--	--------	-------	-------	-------

Social Media

Agency Promotions	18,000			
Blog/Writers	30,000			
Video Production	3,000			
Sub-total	51,000	27,540	7,650	15,810

Digital Marketing

VERB Dally Site Work	39,600			
Special Section Updat	60,000			
SEO/Ad Serve/Hostin	24,000			
SEM Marketing	200,000			

652

Hilton Head Island-Bluffton Chamber of Commerce  
 Hilton Head Island Visitor Convention Bureau Schedule of Functional Revenues Expenditures  
 FY 2013-14 Budget

SCPRT Coops	25,000			
Media Contingency	15,000			
Sub-total	40,000	139,399	54,540	169,661

**Consumer Promos & Lead Gen**  
 Broadcast & Print

Fall Broadcast Campaign	40,000			
Oprah Magazine	27,850			
America's Best Vacat	10,000			
Ad Production	5,000			
Sub-total	82,850	44,740	32,927	25,683

**Sweet Tea Partnership**

Atlanta Dining App	15,000			
Collaborate	5,000			
Sub-total	20,000	17,161	2,839	

**Innards/Collateral/Fulfillment**

E-Promos/E-News	26,000			
Vacation Planner	125,000			
Envelopes	6,000			
l-Vacation Planner	30,000			
Fulfillment Mail Ops/				
Postage/Visitor Data	60,000			
Toll-Free Phone	4,000			
Sub-total	251,000	135,540	37,650	77,810

**Group Sales & Marketing**

Lead Prospecting/SDF	42,000
Trade Sponsorships	40,000
Healthcare Events	5,000
Backyard Marketing	5,000
Select Service Sales Bl	5,000
SC/FI Motorcoach Eve	12,500
Site inspections	3,000
Sales Industry Dues	2,600
Website Refresh	15,000
Mobile Template	5,000
Social Media	5,000

653

Hilton Head Island-Bluffton Chamber of Commerce  
Hilton Head Island Visitor Convention Bureau Schedule of Functional Revenues Expenditures  
FY 2013-14 Budget

Promotional Giveawa	6,000			
Trade Shows	29,350			
Sub-total:	35,350	94,747	26,313	54,390
<b>International</b>				
Coastal SC USA Coop	147,000			
Brand USA Coops	45,000			
ITB Trade Show	6,000			
Ontario Motorcoach S	2,500			
UK Sales Mission	5,000			
IAGTO/ WTM	4,000			
Pow Wow Trade Show	8,000			
RBC Heritage Intl Fav	4,000			
Sub-total	171,500	2,69,610	18,225	37,669
VCB Continental	18,250	9,855	5,929	2,056
<b>HII Destination Marketing Operations &amp; Management</b>				
VCB Sales, Mkt,				
Visitor Services,				
Admin & Ops				
Personnel	606,144			
Benefits	151,536			
Operations	189,420			
Sub-total	947,100	454,488	178,477	314,135
<b>HII Supplemental Grant</b>				
Golf	150,000			
Tennis	25,000			
Culinary	50,000			
Cultural Heritage	25,000			
VCB Sales, Mkt, Visitor				
Services & Operations	7,000			
Sub-total	257,000	250,000		
<b>SCPR:Coops</b>				
RBC Heritage	757,500			
Air Service Promos	150,000			
Leisure Coops	180,000			
Specialty Market Coop	206,500			
Meetings & Group Co	350,000			
VCB Sales, Mkt, Visitor				
Services & Operations	196,000			

Hilton Head Island-Bluffton Chamber of Commerce  
Hilton Head Island Visitor Convention Bureau Schedule of Functional Revenues Expenditures,  
FY 2013-14 Budget

Sub-total	1,840,000				1,840,000				
Town of Bluffton DMO									
Promotions	49,975								
VCB Sales, Mkt,									
Visitor Services &									
Operations	25,025								
Sub-total	75,000					75,000			
B/C Bluffton & Daufuskie DMO									
Promotions	188,575								
VCB Sales, Mkt,									
Visitor Services &									
Operations	117,425								
Sub-total	306,000							306,000	
<b>TOTAL EXPENSES</b>	<b>4,799,750</b>	<b>1,400,000</b>	<b>388,750</b>	<b>790,000</b>	<b>1,840,000</b>	<b>75,000</b>	<b>306,000</b>	<b>4,799,750</b>	
Membership								1,700,000	
Total Expenses with Membership	6,499,750								
Revenues Minus Expenses	0	0	0	0	0	0	0	0	0
Expenses for Hilton Head Island Specific Programs									
Expenses for Other Marketing Programs									

655

**THE TOWN OF HILTON HEAD ISLAND**

**REGULAR TOWN COUNCIL MEETING**

**Date:** Tuesday, May 21, 2013

**Time:** 4:00 P.M.

**Present from Town Council:** Drew A. Laughlin, *Mayor*; Bill Harkins, *Mayor Pro Tem*; George Williams, Kim Likins, Lee Edwards, Marc Grant, John McCann, *Council Members*.

**Present from Town Staff:** Steve Riley, *Town Manager*; Greg DeLoach, *Assistant Town Manager*; Scott Liggett, *Director of Public Projects and Facilities/Chief Engineer*; Charles Cousins, *Director of Community Development*; Lavarn Lucas, *Fire Chief*; Tom Fultz, *Director of Administrative Services*; Susan Simmons, *Director of Finance*; Bret Martin, *Deputy Director of Finance*; Julian Walls, *Facilities Manager*; Natalie Majorkiewicz, *Systems & Reporting Administrator*; Nancy Gasen, *Director of Human Resources*; Brian Hulbert, *Staff Attorney*; Erica Madhere, *Finance Assistant*; Vicki Pfannenschmidt, *Executive Assistant*

**Present from Media:** Brian Heffernan, *Island Packet*

**1) CALL TO ORDER**

Mayor Laughlin called the meeting to order at 4:00 p.m.

**2) PLEDGE TO THE FLAG**

**3) INVOCATION**

**4) FOIA Compliance** – Public notification of this meeting has been published, posted, and mailed in compliance with the Freedom of Information Act and the Town of Hilton Head Island requirements.

**5) Proclamations and Commendations**

**a. Emergency Medical Services Week**

A number of Fire and Rescue personnel were on hand to accept the proclamation.

**6) Approval of Minutes**

**a. Town Council Meeting – May 7, 2013**

Mr. Harkins moved to approve. Mrs. Likins seconded. The minutes of the May 7, 2013 Town Council meeting were approved by a vote of 6-0. Mr. Williams abstained because he was not present at the May 7, 2013 meeting.

**7) Report of the Town Manager**

**a. Town Manager's Items of Interest**

Mr. Riley reported on some items of interest. He stated there would be a Public Hearing held on June 11, 2013 at 6:00 p.m. concerning the FY2014 Budget.

**8) Reports from Members of Council**

**a. General Reports from Council**

None.

**b. Report of the Intergovernmental Relations Committee – George Williams, Chairman**

Mr. Williams stated the meeting scheduled for May 20 was cancelled because the bills of interest concerning reassessment and texting while driving are not moving and will be added to the State's agenda in November when they reconvene.

**c. Report of the Personnel Committee – Lee Edwards, Chairman**

Mr. Edwards said a meeting has been scheduled for May 22, 2013 to begin the process of filling vacancies on boards and committees.

**d. Report of the Planning & Development Standards Committee – John McCann, Chairman**

No report.

**e. Report of the Public Facilities Committee – Kim Likins, Chairman**

No report.

**f. Report of the Public Safety Committee – Marc Grant, Chairman**

No report.

**g. Report of the LMO Rewrite Committee – Kim Likins, Ex-Officio Member**

Mrs. Likins said the Committee continues to meet weekly. They received the proposed zoning map and will be meeting on Thursday, May 23 to review.

**9) Appearance by Citizens**

None.

**10) Unfinished Business**

**a. Second Reading of Proposed Ordinance 2013-03**

Second Reading of Proposed Ordinance 2013-03 to amend the budget for the Town of Hilton Head Island, South Carolina, for the fiscal year ending June 30, 2013; to provide for the expenditures of certain funds; and to allocate the sources of revenue for the said funds.

Mr. McCann moved to approve. Mrs. Likins seconded. The motion was unanimously approved by a vote of 7-0.

**11) New Business**

**a. Consideration of a Recommendation**

Consideration of a Recommendation from the Accommodations Tax Advisory Committee for the Chamber of Commerce Visitor and Convention Bureau's proposed 2012-2013 "30 Percent" Budget.

Mr. Harkins moved to approve. Mrs. Williams seconded. Mr. Riley noted the motion needed amended to approve the Chamber of Commerce Visitor and Convention Bureau's proposed 2013-14 Budget. The maker and the seconder of the motion were in agreement. The amended motion was approved by a vote of 6-1. (Mr. Edwards was opposed.) After Item

11.b. was presented and voted on, Mr. Edwards explained that during the vote on Item 11.a. he referenced incorrect notes and meant to vote in favor of the proposed budget and asked that his vote be changed to an affirmative vote. Mayor Laughlin asked that the record reflect the amended motion was unanimously approved by a vote of 7-0.

- b. Consideration of a Recommendation that the Town Council of the Town of Hilton Head Island authorize the Town Manager to enter into a Memorandum of Agreement (MOA see attached) with Beaufort County to broadcast Town Council regular meetings for a one year trial period.

Mr. Harkins moved to approve. Mrs. Likins seconded the motion. Mr. Grant spoke in support of broadcasting Town Council meetings. Jocelyn Staigar thanked Council for considering the broadcasting and spoke in support of such. The motion was approved by a vote of 6-1. (Mr. Edwards was opposed.)

**12) Executive Session**

Mr. Riley stated he needed an Executive Session for contractual matters pertaining to land acquisition, including a request to sell a portion of town owned land and legal matters pertaining to pending and threatened litigation.

At 4:12 p.m. Mr. Harkins moved to go into Executive Session for the reasons given by the Town Manager. Mr. Williams seconded. The motion was unanimously approved by a vote of 7-0.

Mayor Laughlin called the meeting back to order at 4:48 p.m. and stated there was no action to be taken as a result of Executive Session.

**11) Adjournment**

Mr. Harkins moved to adjourn. Mr. Williams seconded. The motion was unanimously approved by a vote of 7-0. The meeting was adjourned at 4:49 p.m.

Vicki L. Pfannenschmidt,  
Executive Assistant

Approved:

Drew A. Laughlin, Mayor



HILTON HEAD ISLAND-BLUFFTON  
CHAMBER OF COMMERCE

October 31, 2009

Mrs. Amy Duffy  
Chief of Staff  
SC Department of Parks, Recreation & Tourism  
1205 Pendleton St  
Columbia, SC 29201

Dear Amy,

Thank you for the opportunity to provide the requested information to the State of South Carolina.

Enclosed you will find the 2009 Report for the House Ways & Means Committee & the Senate Finance Committee regarding the Destination Specific Tourism Grant.

Please let us know if you need anything else.

Sincerely,

Jessica Gardo  
Alliance Partnership Marketing & PR Manager  
Hilton Head Island Visitor & Convention Bureau  
Hilton Head Island – Bluffton Chamber of Commerce

PLAINTIFF'S  
EXHIBIT

J. Thomas

**To: The South Carolina House Ways and Means and Senate Finance Committee Chairmen**

**From: The Hilton Head Island-Bluffton Chamber of Commerce and Visitor & Convention Bureau (VCB)**

**Date: October 31, 2009**

**Re: Report on the Hilton Head Island Destination Specific Tourism Marketing Grant for 2009.**

The Hilton Head Island-Bluffton Chamber of Commerce has made substantive use of the Destination Specific Tourism Marketing Grant funds in 2009. By combining public funds with local private match dollars, significant impact has been made in reaching target markets; especially drive markets, which have been crucial to sustaining overall economic health in the Hilton Head area during the national recession.

**Overview of Hilton Head Island's Destination Specific Grant Program for 2009**

In 2009, Hilton Head Island's Destination Specific grant program has consisted of funding generated from the State of South Carolina and through private Chamber business members from the Hilton Head area. Direction and oversight has come from Chamber staff and Board members, plus a representative group of private investors.

In early 2009, marketing strategies and planning were finalized for this program in a manner consistent with the Hilton Head Island brand strategy. Tactics were designed to enhance existing Visitor & Convention Bureau marketing efforts. The public-private partnership has been successful at motivating new visitors to come to the area, while enticing previous visitors to return.

**I: Year Three Private Investor Commitments & Marketing Plan Development**

**The VCB evaluated the destination specific marketing program from Year Two (2008) and determined its strategy for 2009, namely focusing on key drive markets that could offset any negative effects from the national recession:**

- Commitments for 2009 destination marketing came from private investors and media partners such as hotel, golf, home & villa, food & beverage, transportation, real estate, retail, cultural events and other sectors. The total investment equaled \$2,047,778.
- As required by the State; and to demonstrate good faith, the Chamber secured a letter of credit to cover the private investment commitments.
- The private sector organizations included:

A Floral Affair, Inc.  
Accent on Photography  
Advanced Sail, Inc. Catamarans  
Adventure Inn Resort & Rentals  
Alexander's Seafood Restaurant  
Amanda Rose Weddings  
America, Oh Yes! Gallery  
Aqua Sports-Sea Wolf Charters  
Arbor Door Day Spa  
Art League Gallery of Hilton Head

Arts Center of Coastal Carolina  
Atlantic Community Bank  
Aunt Chilada's Easy Street Cafe  
Beach City Health & Fitness  
Beach Portraits Hilton Head Island  
Photography, Inc.  
Beach Properties of Hilton Head  
Beachside Getaway  
Beachwalk Hotel & Condominiums  
Beaufort Memorial Hospital

Bluffton Historic Preservation Society, Inc.  
 BridgePointe Condominiums  
 Camellia Art  
 Casa Blanca Spa  
 Celia Dunn Sotheby's International Realty  
 Chamber Music Hilton Head  
 Circle of Life Plant Interiors & Rentals, LLC  
 Coastal Discovery Museum  
 Coastal Home & Villa Rentals  
 Coligny Plaza Limited Partnership  
 Comfort Inn Hilton Head  
 Coral Resorts  
 Core Communities  
 Country Club of Hilton Head  
 Craftbuilt Homes  
 Crane's Tavern & Steakhouse Restaurant  
 Crescent Pointe Golf Club  
 Crosswinds Golf Club  
 Crowne Plaza Hilton Head Island Beach  
 Resort  
 D.R. Horton, Inc.  
 Days Inn  
 Destination Vacation  
 Discover Tours  
 Down South Publishers, Inc.  
 Dunes Marketing Group  
 Evergreen Pet Lodge  
 FACES DaySpa & Boutique  
 Fairfield Inn & Suites  
 FASTFRAME  
 Four Points Hotel by Sheraton Savannah  
 Airport  
 Golden Bear Golf Club  
 Golf Academy at The Sea Pines Resort  
 Goode Vacation Rentals  
 Gray Line Low Country Adventures, Ltd.  
 Gullah Heritage Trail Tours  
 Hampton Inn  
 Harbour Town Resorts, Inc.  
 Harbourside Community Bank  
 Heritage Library Foundation, Inc.  
 Hilton Garden Inn Hilton Head  
 Hilton Head Airport/Beaufort County  
 Hilton Head Choral Society  
 Hilton Head Community & Main Street  
 Theater  
 Hilton Head Concours d'Elegance &  
 Motoring Festival  
 Hilton Head Entertainment  
 Hilton Head Hideaways  
 Hilton Head Island Beach & Tennis Resort  
 Hilton Head Marriott Resort & Spa  
 Hilton Head National Golf Club  
 Hilton Head Regional Health Care - Hilton  
 Head Hospital  
 Hilton Head Rentals & Golf  
 Hilton Head Symphony Orchestra  
 Hilton Head Vacation Rentals  
 Hilton Oceanfront Resort & Spa

Historic Bluffton Arts & Seafood Festival  
 Holiday Inn Express Hotel & Suites  
 Holiday Inn Oceanfront  
 Homes & Land of Hilton Head  
 Homes of Hilton Head Island Magazine  
 Hudson's Seafood House on The Docks  
 Inn at Palmetto Bluff  
 Island Family Dental  
 Island Getaway Rentals  
 Island Postal Center  
 Jazz Corner, Inc.  
 Kingfisher Seafood & Steak House  
 Living Southern Style Relocation Guide  
 Low Country Nature Tours  
 Lowry Group  
 Main Street Inn & Spa  
 Main Street Realty  
 Mall at Shelter Cove  
 Marriott Vacation Club International  
 Metropolitan Hotel - Hilton Head  
 Michael Anthony's  
 Multiple Listing Service  
 Old Oyster Factory  
 Old Savannah Tours  
 Old South Apartment Homes  
 Old South Golf Links  
 Old Town Bluffton Merchants Society  
 Palmetto Dunes Oceanfront Resort  
 Palmetto Ferry Company  
 Park Lane Hotel & Suites  
 Piggly Wiggly at Shelter Cove  
 Piggly Wiggly Super Market #101  
 Pink House Gallery of Fine Art & Framing  
 Port Royal Golf Club  
 Preston Pottery  
 Property Rental Agency, LLC  
 Quinco Companies  
 RBC Enterprises  
 Red Cedar Place at Bluffton Park  
 Red Fish  
 Red Roof Inn  
 Reed Realty Team  
 Resort Island Realty  
 Resort Rentals of Hilton Head Island  
 ResortQuest Hilton Head Island  
 Salty Dog  
 Sanctuary  
 Savannah/Hilton Head International Airport  
 Sea Pines Real Estate Company  
 Sea Pines Resort  
 Sea Turtle Getaways, Inc.  
 SeaCoast Homes & Villas  
 Seashore Vacations, Inc.  
 SeaTURTLE Cinemas  
 Shelter Cove Harbour Shops & Restaurants  
 at Palmetto Dunes Oceanfront Resort  
 Skillets  
 Smokehouse  
 South Carolina Repertory Company

Southwind Vacation Rentals/Spinnaker  
Resorts  
Stellini Italian Restaurant  
Stock Farm Antiques  
Sunset Rentals, Inc.  
Tanger Outlet Center Hilton Head  
The Sandbox: A Hilton Head Area Children's  
Museum  
Tidelands Bank

Tobacco Road  
Tom Peoples Builder, Inc.  
Travel TV Network, LLC  
University of South Carolina Beaufort-South  
Campus  
Vacation Company  
Van Der Meer Tennis  
Westin Hilton Head Island Resort & Spa

**The Year Three marketing plan was developed with the following goals:**

- Grow domestic and international market share for the Hilton Head region through effective, sustainable destination travel and tourism marketing.
- Market the Hilton Head Island brand through a comprehensive, complimentary and integrated destination marketing program that increases visitation, length of stay, traveler spending and improves the overall economic impact of tourism to our region of South Carolina.
- Target drive market cities, such as Atlanta and Charlotte, to entice visitors seeking a travel experience closer to home, given the national recession. In addition, continue to encourage traditional Southern and Midwest markets such as Ohio, Virginia, Tennessee and Kentucky. Plus, target the luxury affluent in New York, New Jersey and Connecticut who are more insulated from the national economic downturn.
- From these efforts, generate a substantial level of qualified new prospects for conversion into Hilton Head region overnight visitors.
- For 2009, the target was 140,000 new visitor parties. Of these, 100,000 visitor prospects were expected to convert to visitor parties at a 31% conversion rate - or 31,000 visitor parties. 40,000 of the visitor prospects were estimated to convert at a 20% conversion rate - or 8,000 new visitor parties.
- Average spending per visitor party for the destination in 2009 was estimated at \$2,915. Direct economic impact was estimated at \$113.7 million.
- Marketing initiatives were tracked with unique URL addresses and enhanced software packages to determine return-on investment.

**II. Year Three Budget Allocation and Strategic Implementation**

**Budget Allocation:**

- Based on total private sector commitment as per above, the State of South Carolina matched this investment at a level of \$550,000. With this amount, the total Year Three budget was as follows:

Destination Specific Operating Budget Detail	
Administration	\$115,000
Agency Fees	\$100,000
City Magazine Co-Ops	\$805,000
Meetings & Group Programs & Research	\$275,400
Leisure & Golf Media, Creative	\$837,290
Hilton Head Insider Campaign	\$330,000
Bluffton Microsite	\$15,000
Public Relations	\$120,000
<b>TOTAL</b>	<b>\$2,597,690.00</b>

### Strategic Implementation:

- National Recession Affected Target Market Selection

- o Year Three of the program was heavily affected by the national recession. We focused on finding creative ways to grow the Hilton Head area market share of visitors in the face of a shrinking national travel marketplace.
- o Marketing tactics focused on enticing consumers in the drive markets of Atlanta and Charlotte, plus other Southeastern states, to vacation on Hilton Head Island by taking advantage of special travel packages and added value opportunities being offered by Chamber member businesses, especially through our Hilton Head Insider campaign.
- o Meetings and group marketing included the concept of "value" with the slogan, "Realize the full potential of your next meeting." This was designed to combat the "AIG" effect and to inform meeting planners that hosting a conference/convention on Hilton Head Island is possible within a limited budget and that offers plenty of added values.
- o The 2009 marketing campaign did convey value propositions while consistently maintaining the Hilton Head Island brand identity as a travel destination in which to relax, rejuvenate and reconnect with others - the key emotional drivers for travelers to choose Hilton Head Island, South Carolina.

- Leisure & Golf Advertising

Leisure, golf and tennis media focused on high impact travel and leisure publications, city publications in traditional markets, publications with a specific target audience and digital media. Print advertising continued to build brand awareness and also featured strong calls-to-action to [www.hiltonheadisland.org](http://www.hiltonheadisland.org). Special URL's and landing pages for better tracking were also utilized. Digital media focused on e-promotions and e-newsletters and a highly targeted network banner ad campaign.

The following print publications were employed for leisure and golf audiences: *Condé Nast Traveler*, *Oprah*, *Southern Living*, *More*, *Tennis*, *Links*, *Golf Digest* (see golf ad, Example A), and newspaper inserts in targeted cities. For specific Old Town Bluffton audiences, *Preservation magazine*, *Smithsonian magazine*, *Cooking Light* and *Skirt!* were used. For group tour, Leisure Group Travel was used. (See Bluffton ad, Example B.)

As in 2008, a 20-page advertorial co-op was placed in strategic city publications. These advertorials included extensive copy about the destination and advertisements from local cooperative Chamber member partners. The city and state publications included: Atlanta, Charlotte & Ohio magazines, Long Weekends, Cincinnati & Cleveland magazines, Pittsburgh, Louisville, Knoxville, Harrisburg and Rochester magazines, and Kentucky Monthly & Columbus Monthly.

- Luxury Market Advertising.

In 2009, an appeal to the luxury consumer was concentrated in the northeast and isolated to affluent zip codes. Although the economy has faced a national recession, those with upper incomes have still been traveling and spending money for their vacations. For this "luxury" audience, 2-page branded advertorial buys (See Example C) were placed through Media Max in the magazines: *Condé Nast Traveler*, *New Yorker*, *Architectural Digest* and *Vanity Fair*, as well as on their websites.

- Leisure & Golf Oriented Digital Media

For digital media, two methods of advertising were employed: e-blasts to Chamber's Hilton Head Insiders (70,000 names in database) and also a rich-media banner ad campaign that was used to generate 11,000,000 impressions for the destination.

For the e-blasts to the Hilton Head Insider database, both e-promos and e-newsletters were used. These included seasonal updates about the destination with beautiful photography and graphics. Plus, unique information, such as stories about Gullah culture and destination videos were used in the e-newsletters, designed to keep the Insider database "warm."

The following networks were used in the digital media banner ad campaign: Travel Ad Network, InterCLICK Ad Network, Southern Progress Group, GolfWeek Package, GolfChannel.com, AJC.COM, and Charlotte.com. The targeted states included NC, SC, GA, TN, KY, OH, PA and NY. (See Example D for rich media banner ads.)

- Bluffton Microsite

In 2009 a significant effort was made to create an Old Town Bluffton microsite (see Example E) addition to [www.hiltonheadisland.org](http://www.hiltonheadisland.org). Old Town Bluffton, 5 miles from the Island, is a wonderful day excursion for the Hilton Head Island visitor. VisitBluffton.org has been created and launched and a special "My Bluffton State of Mind" application enabled to allow socially driven content to be published on the micro-site. Users are able to publish stories and associated photos through an easy to use online interface. Any content published by actual travelers can be used to drive the experience that awaits potential travelers when they visit the Bluffton region. The VCB has the ability to moderate posts for appropriate content.

- Hilton Head 09 Campaign

The VCB developed a special campaign, "Hilton Head 09," utilized to stimulate Atlanta and Charlotte residents and airport travelers to vacation on Hilton Head Island in the spring & summer months. This was done specifically to combat any negative effects from the national

recession. The campaign proved very successful, generating more than 30 million impressions for the destination.

The campaign included:

- o Geo- and demographically targeted, strong call-to-action internet based advertising enticing new visitors for the spring and summer. Media placements included: outdoor advertising; radio promotions, internet banner ads on AJC.com and Charlotte.com, and a focused blitz in the Charlotte-Douglas International Airport (hanging banners and wall murals – see Example F.)
- o In 2009 the campaign drove traffic to a special URL, [www.hiltonhead09.com](http://www.hiltonhead09.com), featuring a special incentive to “Become a Hilton Head Insider” and receive special savings at the destination. This landing page showcased 70 Chamber partner promotions, including golf packages, spa packages, discounts on dolphin and kayak tours, special dining offers, and more.
- o Once opted-in, Insiders received a unique “Hilton Head Insider Card” to redeem the special offers with participating attractions & accommodations. Plus, the Insider received in the mail an Official Vacation Planner.

- Travel Zoo Fall Campaign

Hilton Head Island was featured as the “Destination of the Week” from September 16 – October 14, 2009. The destination feature page highlighted discounted Fall travel packages and fall festival activities. Editorial content about the destination was developed and Travel Zoo worked with individual co-op partners to craft the best customized offers possible. Media on Travel Zoo included the Destination of the Week page and inclusion in Travel Zoo Top 20 e-blast deployed to 11 million U.S., and Canadian Travel Zoo subscribers. The campaign garnered more than 41,000 clicks for the destination and more than \$60,000 in direct revenue. (See Example G for feature page.)

- Meetings & Group Marketing

The 2009 meeting & group marketing goals have been to increase room night bookings on Hilton Head Island and to promote the off-season. To accomplish such, tactics have included mostly online media, sales efforts via tradeshows, onsite FAMs and print media.

The following meetings media outlets were chosen: *Meeting South*, *Plan Your Meetings*, *Successful Meetings*, *Atlanta Business Journal* and E-Pro Direct/Meeting Mart. These delivered more than 500,000 e-blasts/e-newsletters to geo-targeted meeting planners (association, corporate, incentive, government) with the Hilton Head Island brand message. A special 2009 and 2010 incentive was developed and promoted via this media driving to [www.hiltonheadmeetings.org](http://www.hiltonheadmeetings.org). This incentive was meant to combat lingering “AIG” effect and demonstrate that Hilton Head Island is both appealing as a resort destination but also affordable and can deliver great value to the conference attendee. Most of the large convention properties agreed to participate in this offer. (See Example H.)

In 2009 the VCB began the process of also overhauling the meetings section of Extensive research was conducted by Ogilvy –Durham to determine the needs, preferences and patterns of behavior for meeting planners, tracing their journey from

idea to decision and translating that research into the development of a new microsite. This work is ongoing and once launched, will have newly designed navigation and tools that planners need to make the best decision feasible in choosing their next meeting destination. (See Example I).

#### • Public Relations Program

Public relations efforts in 2009 have focused on the visiting journalist program and special events promotions. Marketing the destination to broadcast, electronic and print journalists required that the VCB arrange visits by staff with key travel editors in their New York offices to pitch coverage of Hilton Head Island. Three trips were taken in spring, summer and fall, including appointments with the following media outlets:

##### April 2009

- ✓ Cigar Aficionado
- ✓ Food & Wine
- ✓ Parenting Early Years Magazine
- ✓ Freelance Writers

##### June 2009

- ✓ Frommer's Carolinas & Georgia Travel Guide
- ✓ Budget Travel
- ✓ Ladies' Home Journal
- ✓ Travelandleisure.com

##### October 2009

- ✓ Family Circle
- ✓ Thrillist.com
- ✓ Marthastewart.com
- ✓ The Wall Street Journal
- ✓ In Style

Highlights of 2009 coverage and outreach from concerted public relations efforts have included the following (See Example J):

- ✓ Hilton Head Island was listed as one of the Top 10 Destinations in the country for Memorial Day weekend getaways by three very strong online travel coverage sites: MSNBC.com, Shermantravel.com and AOL.com. These travel pages have a combined daily reach of 144,000 potential visitors and are very targeted and trusted resources for travelers.
- ✓ Hilton Head Island ranked in the Top 5 for America's Healthiest Beach and Lake Getaways per *Health* magazine, July/August 2009 issue (circ. 1.3 million). Hilton Head Island was also included as part of NBC's Today show regarding this inclusion in the Top 5 list.
- ✓ Hilton Head Island was included on CNN.com/travel home page as the lead travel story, posting the *Southern Living* May 2009 article, "Hilton Head by Water." CNN.com has a reach of over 653,000 visitors each day.
- ✓ USA Today's "Life on Vacation" column featured information on Lowcountry upscale real estate options. The article is scheduled ran September 4, 2009.

USA Today has a circulation of 2.2 million readers each day and Larry Olmstead's column is the most widely read real estate news in the nation:

- ✓ Hilton Head Island was featured in a NBC Today show segment airing September 9<sup>th</sup> featuring fall travel options. The Today show also brings strong exposure for our destination airing in over 3.4 million households each morning.
- ✓ London's Sunday Telegraph newspaper recently featured our area boldly as the front page of their travel section, noting many of our area hotels and attractions along with other South Carolina locales. It's one of the most widely read newspapers in Europe and the U.K. is one of the top three foreign markets from which we draw travelers.

A new area of our PR program has included delving into social media. Hilton Head Island has invited reputable travel journalists from top travel websites and travel blogs to visit Hilton Head Island. This summer the *Travel Channel* visited the island for a special story by Chris Keener on outdoor water activities and attractions. In addition, the VCB has implemented the Hilton Head Travel Blog (See Example K), a Twitter site, @hiltonheadsc, and is developing its Facebook page.

Hilton Head Island boasts three major special events that drive overnight visitors to the destination. These include the Heritage PGA TOUR golf tournament in April, the Wine & Food Festival in March and the Hilton Head Island Concours d'Elegance & Motoring Festival in November. News releases and media alerts have been produced as well as e-newsletters/e-promo information to the Hilton Head Insider database. (See Example L for website Calendar of Events page.)

### III. Year Three Results

#### National, State & Hilton Head Island Occupancy & RevPAR Discussion

According to Smith Travel's National Lodging Survey for Jan. 1 – Sept. 30, 2009, RevPAR, or revenue per available room, has decreased **-18.1%** in the U.S. compared to the same nine-month period of 2008. There has been an equally dramatic drop in occupancy and average room rates: U.S. lodging occupancy has fallen **-9.9%** and average room rates have fallen **-9.1%** during the first nine months of 2009.

The South Atlantic region's numbers are somewhat better, with an **-8.0%** drop in occupancy and a **-7.3%** average drop in room rates, resulting in a **-14.8%** drop in RevPAR, year-over-year.

South Carolina's losses have been mitigated by a number of factors, including the state public-private destination specific marketing grant program. The state has seen a decrease in occupancy of **-7.5%** and a decrease in room rates of **-6.6%** resulting in a RevPAR decline of **13.6%**.

On Hilton Head Island, the VCB's focus on leisure drive markets through the State's destination specific marketing grant program has specifically helped mitigate the effects of the worst national recession since the great depression of the 1930's. From January through September 2009, Smith Travel reports that Hilton Head Island, in comparison, has experienced an occupancy decline of only **-2.4%**, an average room rate decline of **-7.9%** and a RevPAR decrease of **-10.1%**. Most importantly, the key summer months of June, July and also

Page 8 of 11

Hilton Head Island Visitor & Convention Bureau - 2009 Destination Specific Report

September saw increases in occupancy of **+0.4%**, **+7.5%** and **+18.2%** respectively within our hotels and resorts. This tells us that despite a shrinking national travel marketplace, the destination is increasing its market share of visitors significantly.

While DMO's cannot directly impact average room rates, which are set by individual business owners, the VCB has been able to "move the needle" in a positive direction on the number of visitors to our state and to the Hilton Head Island-Bluffton region specifically, by successfully competing to win a greater share of the decreased number of travelers in the U.S.

### Hilton Head Island VCB Measurements

**Summary:** The Hilton Head Island VCB is measuring the success of its marketing and public relations efforts as seen in the table below. As explained previously, due to the national recession, we predicted slight increases in visitor inquiries from 2008 and very low, flat or declines in conversion rates. However, as explained that despite such national declines, Hilton Head Island remained competitive with destinations across the country.

Categories	2009 Estimated	2009 YTD January - September
<b>Leisure Visitor Metrics</b>		
Visitor Inquires	71,580	63,101
Website Unique Users	1,002,586	725,621
Website Page Views	3,000,000	3,123,417
Website Opt-Ins (Hilton Head Insiders)	50,724	66,405
Online Concierge user Sessions	1,010	1,003
Vacation Planner Distribution at Welcome Centers & Travel/Trade Shows	110,000	110,000
Welcome Center Visitors	55,340	42,391
<b>Meetings &amp; Group Metrics</b>		
Group Leads	205	207
Group Bookings / Room Nights	10,305	4,488
<b>PR Hits &amp; Equivalent Ad Value</b>		
Web stories and mentions:	318	261
Print stories and mentions:	280	198
Total web impressions:	253,643,417	202,914,734
Total print impressions:	44,795,283	35,836,227
Web & Print Equivalent Ad Value	\$5,835,484	\$6,791,760
Broadcast Equivalent Ad Value	\$3,677,031	\$2,757,773

### Hilton Head Island Visitor & Convention Bureau Awards:

This year, Hilton Head Island received two distinguished awards for its meetings & group marketing and sales efforts:

- First, the VCB earned the Hospitality Sales & Marketing Association International (HSMIA) "Best On-Site Booth for Promotion and Marketing" at this year's 9th Annual Affordable Meetings Mid-America Exhibition at Chicago's Navy Pier, April 1-2, 2009. This award was a direct result of allocating destination specific marketing funds to upgrade the VCB's tradeshow booth with digital Wii golf, new carpeting and table displays, better foliage and golf outfits for the sales team, reminiscent of the Heritage PGA tournament's Scottish Tartan jackets.
- The second award was given by Meetings & Conventions magazine. The Hilton Head Island VCB was honored with a Gold Service Award based upon voting by its readers. Less than 100 bureaus in the United States receive this accolade.

At the annual Destination Marketing Association International (DMAI) conference in Atlanta, GA, in July, Hilton Head Island's Vice President of the VCB, Susan Thomas, was honored as a "Destination Champion" for her efforts in spearheading this campaign. This award came on the heels of the year's most prestigious award for the destination, national DMAI Accreditation.

- The Hilton Head Island-Bluffton Chamber of Commerce/Visitor & Convention Bureau (DMO) was awarded national accreditation through DMAI. This is a highly distinguished honor as less than 100 other DMOs have been accredited by DMAI from a pool of 2,200 destinations worldwide. The chamber and VCB are extremely pleased with this recognition, and will continue to make every effort to maintain the rigorous standards of excellence as set forth by DMAI.

### IV. Next Steps

Year Four of the Destination Specific Marketing grant program will expand the reach of Hilton Head Island's brand commitment through a comprehensive destination marketing program, consistent with the Year Three program. Focus will continue to emphasize the Hilton Head Island area as a world-class beach and golf destination. Also, the Hilton Head area will continue to be represented as a place to relax, rejuvenate and reconnect, especially for families, couples, outdoor enthusiasts and business travelers. Support for the allied brands of Old Town, Bluffton and Daufuskie Island will be continued in targeted campaigns.

Core leisure and golf markets will include young families, couples, multi-generational travelers and seasonal golfers within a 1,000 mile drive radius of Hilton Head Island, especially in Charlotte, Atlanta and Washington, DC. On a monthly basis, digital e-communication strategies will reach out the Hilton Head Insiders to encourage repeat visitation. Also, driving return-on-investment for co-op partners will be attempted through creative travel packaging, promotions and strong calls-to-action.

For meetings & group marketing, regional meeting planners will be enticed to host shoulder and off-season conventions and conferences. Special incentives and focused sales initiatives will help achieve this objective. In addition, the destination will launch a new social responsibility campaign, called The Hilton Head Difference, to combat the lingering "AIG effect" and support positive perceptions about the value of choosing a resort destination as a place to realize the full potential of meetings and conventions, especially here on Hilton Head Island.

For public relations, Hilton Head Island will be positioned as the tried and true American destination—one that delivers on its promise for families, couples, and sports enthusiasts. PR will concentrate on driving sales and putting heads in beds. There will be an appeal to the decision makers and advocates who already support Hilton Head Island, which include: moms and families, golfers and regional and drive markets. With these objectives, the VCB will turn up the heat and drive results with proven, "block and tackle" tactics through broadcast, targeted promotions and creative packages.

### **Contact**

Susan Thomas, Vice President Visitor and Convention Bureau  
sthomas@hiltonheadisland.org  
Hilton Head Island-Bluffton Chamber of Commerce and Visitor & Convention Bureau  
843-785-3673  
[www.hiltonheadisland.org](http://www.hiltonheadisland.org)



An Island dedicated  
**TO YOUR OBSESSION**

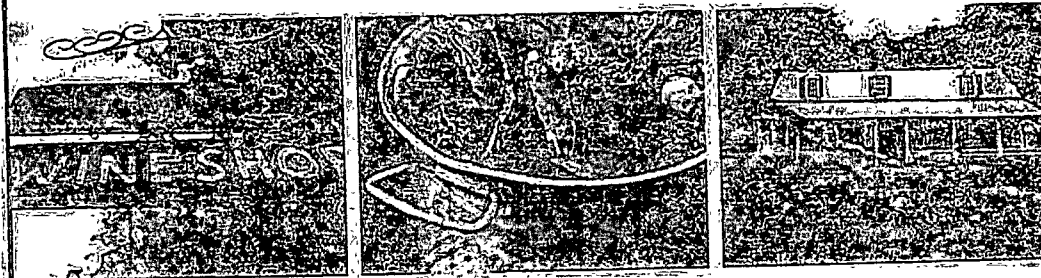
LET US CREATE YOUR HILTON HEAD ISLAND GETAWAY. Just one call. That's all it takes to arrange everything needed to make your golf island getaway perfect and you'll never forget. Our team of vacation planners will tailor your getaway from a list of more than 25 championship golf courses, 300+ accommodations that range from oceanfront hotels to B&B's, all aboard, transportation options, golf lessons for every level of player, spa treatments and more. Should any plans change at any point, it's no problem. The experienced professionals at our call center can make all necessary alterations for you. Just give us a call. We'll take it from there. Visit [www.colfisland.com](http://www.colfisland.com) or call 1.888.GOLF.ISL (1.888.465.3425).

HILTON HEAD ISLAND  
 come away with me



**Example A**

The best way to be inspired  
IS TO SEE NEW THINGS, AND OLD ONES, TOO.



Discover art, history, nature and Lowcountry cuisine in  
Old Town Bluffton, Hilton Head Island's neighboring historic district.  
Find more at [VISITBLUFFTON.ORG](http://VISITBLUFFTON.ORG) or call 866-488-5707.



OLD TOWN BLUFFTON  
Discover something second to none.



Don't miss the 5th Annual Historic Bluffton Arts & Seafood Festival!  
October 18-25. Learn more at [blufftonartsandseafoodfestival.com](http://blufftonartsandseafoodfestival.com)

**Example B**

GO ON VACATION AND rediscover what matters.

On Hilton Head Island, it's easy to leave your pace and get back to what matters — the people you love and the moments around you. By the time you vacation here, you'll have a new perspective that goes beyond the island and keeps you connected.

RESORTS, HOMES & VILLAS  
DISCOVER THE BEST OF HILTON HEAD ISLAND

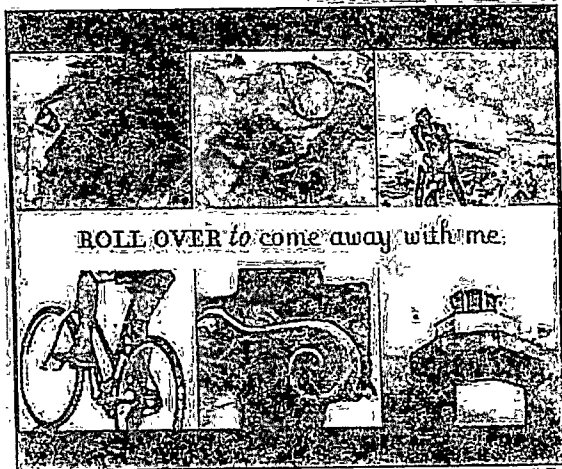
DISCOVER SPECIAL OFFERS AND MORE

SEE WHAT'S BEYOND THE ISLAND

START YOUR JOURNEY ON AT [HILTONHEAD03.ORG](http://HILTONHEAD03.ORG)

HILTON HEAD ISLAND  
where every path leads home

Example C



Banner ad - unopened

Banner ad rolled over/opened



*Every moment dances in my memory.*  
 LAUGHING. PLAYING. PULLING ME BACK.

CLICK ON A MOMENT.



Your island memories can begin today.

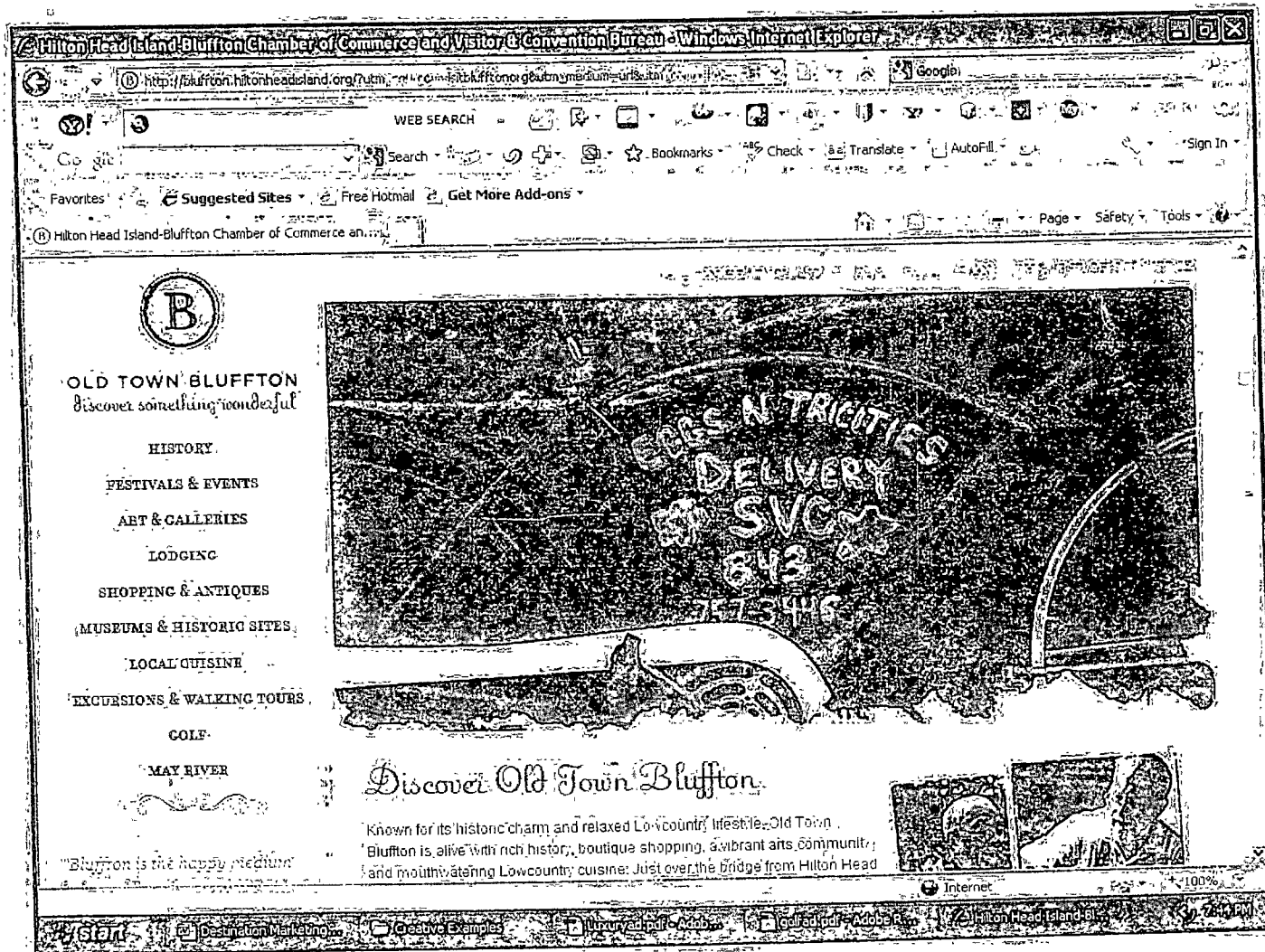
*Click here*

FOR SPECIAL SEA PINES RESORT GETAWAY PACKAGES.

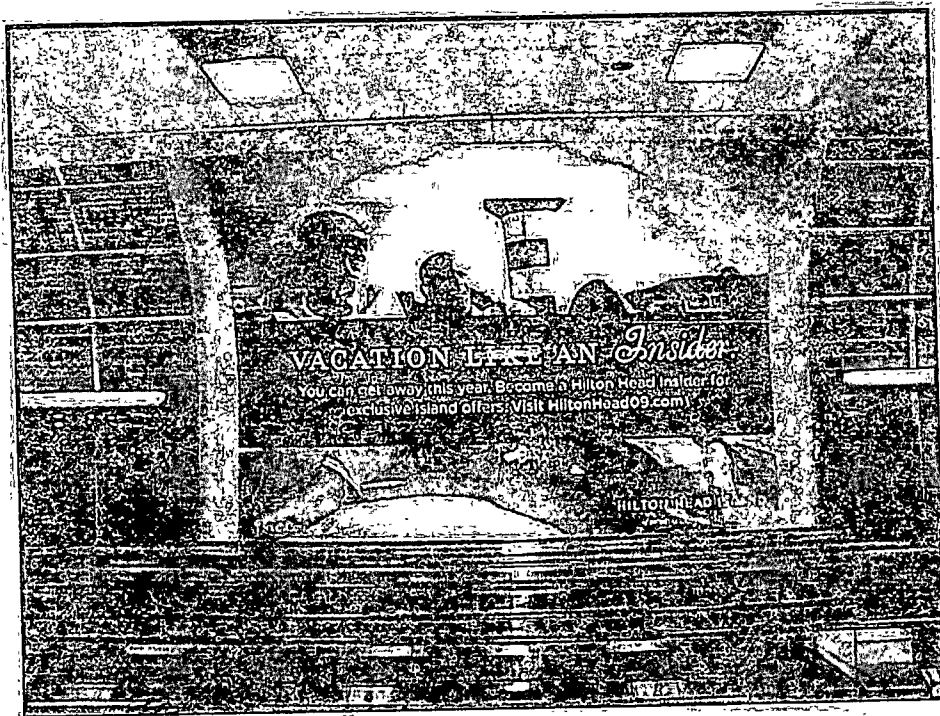
HILTON HEAD ISLAND



Example D



Example E



HILTON HEAD

Sign Up  
Here to  
Become a

HILTON HEAD  
INSIDER

HILTON HEAD ISLAND  
come away with me

Example F





HILTON HEAD ISLAND • BLUFFTON  
CHAMBER OF COMMERCE

*Serving the South Carolina Lowcountry*

February 25, 2010

Ms. Debra Cyrilla  
Town of Hilton Head Island  
One Town Center Court  
Hilton Head Island, SC 29928

Dear Ms. Cyrilla,

Enclosed are copies of the invoices that represent funds that have been expended under the Accommodations Tax Grant No.10901 for the Destination Marketing Program.

We are requesting the disbursement of funds for this project in the amount of **\$68,000.**

Thank you in advance for your assistance. Please contact me at (843) 341-8385, if you have any questions regarding this reimbursement request.

Regards,

*Kelly McCallister*

Kelly McCallister  
Hilton Head Island-Bluffton Chamber of Commerce

Enclosures



PO BOX 5647 HILTON HEAD ISLAND, SC 29938 TF 1 800 523 3373 P 843 785 3673 F 843 785 7110  
E INFO@HILTONHEADISLAND.ORG WWW.HILTONHEADISLAND.ORG  
2000 & 2006 National Chamber of the Year



HHI-BCoC\_00159



HILTON HEAD ISLAND • BLUFFTON  
CHAMBER OF COMMERCE

*Serving the South Carolina Lowcountry*

**REQUESTING REIMBURSEMENT FOR INVOICES**

Date Submitted: 02/25/10.

**Accommodations Tax Funds - Grant No. 10901**  
**Project: Destination Marketing Program**

<u>VENDOR</u>	<u>DATE</u>	<u>AMOUNT</u>
Blanche T Sullivan	02/12/10	\$550.00
Blanche T Sullivan	02/12/10	\$500.00
Bounce Agency	01/06/10	\$43,350.00
Bounce Agency	01/06/10	\$20,931.25
Golfer's Guide Mktg Solutions	02/01/10	\$77.24
Riggs Partners	02/01/10	\$141.51
Riggs Partners	02/01/10	\$995.00
Urnge Interactive	01/13/10	\$1,455.00

**TOTAL** \$68,000.00

PO BOX 5647 HILTON HEAD ISLAND, SC 29938 TF 1 800 523 3373 P 843 785 3673 F 843 785 7110

INFO@HILTONHEADISLAND.ORG WWW.HILTONHEADISLAND.ORG

2000 & 2006 National Chamber of the Year



HHI-BCoC\_00160

# BLANCHE T. SULLIVAN

SULLIVAN COMMUNICATIONS

55 WIDEWATER RD.  
HILTON HEAD, SC 29926  
HILTONHEADEDITOR@GMAIL.  
COM  
(843) 684-2581

February 12, 2010

HHI-Bluffton Chamber of Commerce  
Attn. Ms. Joy Shine Sharp, Marketing Manager  
Re: Invoice for eNewsletter article

<u>Name of Project</u>	<u>Word Count</u>	<u>Rate</u>	<u>Total</u>
February eNewsletter	c. 1,000	\$0.50/word	\$500

- Three articles re. Verizon Heritage  
- c. 200 words each
- Intro page/landing page copy (c. 200)

Please make check payable to Blanche T. Sullivan.

Thank you very much!

BLT

HHI-BCoC\_00161

# BLANCHE T. SULLIVAN

SULLIVAN COMMUNICATIONS

55 WIDEWATER RD.  
HILTON HEAD, SC 29926  
HILTONHEADEDITOR@GMAIL.  
COM  
(843) 684-2581

February 12, 2010

HHI-Bluffton Chamber of Commerce  
Attn. Ms. Joy Shine Sharp, Marketing Manager  
Re. Invoice for eNewsletter article

<u>Name of Project</u>	<u>Word Count</u>	<u>Rate</u>	<u>Total</u>
January eNewsletter	c. 1,100*	\$0.50/word	\$550

- Three articles re. HHI Wine & Food Fest.  
- c. 200 words each
- Intro page/landing page copy (c. 200)
- Direction change (by HHHA) /  
revision, copy addition

(\*Actual word count was significantly higher, per HHHA request)

Please make check payable to Blanche T. Sullivan.

Thank you very much!

BLT

HHI-BCoC\_00162



**INVOICE**

Invoice No: SCPRTMB0118

Invoice Date: 01/06/2010

Page: 1 of 1

Attention: Jessica Gardo  
Hilton Head Island Chamber  
1 Chamber of Commerce Drive  
Hilton Head Island, SC 29928  
Phone: 843.785.3673  
Fax: 843.785.7110

Date	Description	Amount
January 6, 2010	Golf Digest (August) Links Magazine (Winter) Golf Channel Destination Program (Less Agency Discount)	\$102,000.00 " " " (\$15,300.00)
<b>Total</b>		<b>\$00000</b>
<b>Payments/Credits</b>		<b>\$00</b>
<b>Balance Due</b>		<b>\$86,700.00</b>

Make all checks payable to the bounce agency, and mail to the address shown below. All Invoices are due upon receipt. If you have any questions concerning this invoice, contact Jason Manges, by phone at 864-271-8340 or by email at jason.manges@thebounceagency.com.

Payment due upon receipt.

1/2 - Town of HHI Grant # 10901 = \$43,350.00

**REMIT PAYMENT TO:**  
Attn: Jason Manges  
the bounce agency  
201 RiverPlace, Suite 400  
Greenville, SC 29601  
864-271-8340

the bounce agency • 201 riverplace, suite 400, greenville, sc 29601 • 864.271.8340 • www.thebounceagency.com

HHI-BCoC\_00163



**INVOICE**

Invoice No: SCPRTMB0119

Invoice Date: 01/06/2010

Page: 1 of 1

Attention: Joy Sharp  
Hilton Head Island Chamber  
1 Chamber of Commerce Drive  
Hilton Head Island, SC, 29928  
Phone: 843.785.3673  
Fax: 843.785.7110

Date	Description	Amount
January 6, 2010	CBS Digital (Spring) Fodors Premiere Partner Time Inc Travel (Spring) Rock You Premiere Partner Rock You (Spring) Silver Carrot (Spring) CBS Vignettes	\$49,250.00
	(Less Agency Discount)	(\$7387.50)
<b>Total</b>		<b>\$41,862.50</b>
<b>Payments/Credits</b>		<b>\$00</b>
<b>Balance Due</b>		<b>\$41,862.50</b>

Make all checks payable to the bounce agency, and mail to the address shown below. All invoices are due upon receipt. If you have any questions concerning this invoice, contact Jason Manges, by phone at 864-271-8340 or by email at [jason.manges@thebounceagency.com](mailto:jason.manges@thebounceagency.com).

1/2 - Town of HHI Grant # 10901 = \$20,931.25 Payment due upon receipt.  
1/2 - Town of HHI Grant # 10911 = \$20,931.25

**REMIT PAYMENT TO:**  
Attn: Jason Manges  
the bounce agency  
201 RiverPlace, Suite 400  
Greenville, SC 29601  
864-271-8340

the bounce agency • 201 riverplace, suite 400, greenville, sc 29601 • 864.271.8340 • [www.thebounceagency.com](http://www.thebounceagency.com)

HHI-BC6C\_00164

# INVOICE

**Golfer's Guide Mktg. Solutions**  
 P.O. Box 5928  
 843-842-4994  
 Hilton Head Island, SC29938



INVOICE DATE 2/1/2010  
 INVOICE NO. 016980  
 CUSTOMER NO. HHICHAMB  
 SALES PERSON  
 PAGE 1 of 1

**SOLD TO:** HHI-Bluffton Chamber of Commerce  
**SHIPPED TO:**

HHI-Bluffton Chamber of  
 Commerce  
 Attention: Marilyn Rhinehart  
 P. O. Box 5847  
 Hilton Head, SC 29938

Your Sales Representative:

F.O.B. POINT	CUSTOMER ORDER NO.	PO#	TERMS	OUR ORDER NO.
Due Upon Receipt				
ITEM NUMBER/DESCRIPTION		QUANTITY	UNIT PRICE	EXTENDED PRICE
Golf Island Regional Partnership Fulfillment 93 Pieces January 2010		1.00	77.24	77.24
PLEASE DETACH AND RETURN WITH PAYMENT. THANK YOU!				
			<b>TOTAL</b>	77.24

Customer Id: HHICHAMB  
 Invoice Number: 016980

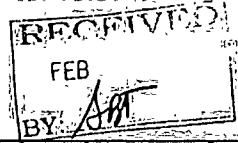
HHI-BCoC\_00165



**RIGGS PARTNERS**  
CREATIVE MARKETING CONSULTANCY

760 MEETING STREET  
WEST COLUMBIA, SC 29186

803.796.6972  
803.779.8447 FAX WWW.RIGGSPARTNERS.COM



**INVOICE**

6890-210

Susan Thomas  
Hilton Head Island V&CB  
PO Box 5647  
Hilton Head Island, SC 29938

Number: 11001035  
Date: 02/01/10  
Job Number: HHI 100102  
PO#  
Charge#

Job Name: Meeting Planner Brochure/Direct Mail  
Agency Contact: Kevin Smith  
Description: Work-to-date billing

Description	Amount
Creative Direction	
Copywriting	
Production Management	
<b>RIGGS Charges Subtotal:</b>	<b>\$1,150.00</b>
<b>TOTAL:</b>	<b>\$1,150.00</b>

PAYMENT TERMS: Net 30

\$141.51 - Town of HHI Grant # 10901  
\$1008.49 - Town of HHI Grant # 10911

HHI-BCoC\_00166

**R** RIGGS PARTNERS  
CREATIVE MARKETING CONSULTANCY

750 MEETING STREET  
WEST COLUMBIA, SC 29169

803 778 8972  
803 778 8447 FAX WWW.RIGGSPARTNERS.COM

RECEIVED  
FEB  
BY: *AS*  
6890-202

INVOICE

Susan Thomas  
Hilton Head Island V&CB  
PO Box 5847  
Hilton Head Island, SC 29938

Number 11001012  
Date 02/01/10  
Job Number HHI 100101  
PO#  
Charge#

Job Name: Campaign Management - January  
Agency Contact: Kevin Smith  
Description: Billing

Description	Amount
Account Management	
RIGGS Charges Subtotal:	\$995.00
<b>TOTAL:</b>	<b>\$995.00</b>

PAYMENT TERMS: Net 30

HHI-BCoC\_00167

Jessica Gardo

From: Jared Jester [do-not-reply-invoices@blinksale.com]  
Sent: Wednesday, January 13, 2010 9:43 AM  
To: Jessica Gardo; Jared Jester  
Subject: Invoice HHC10.1 from Urnge Interactive



Urnge Interactive  
PO Box 550  
Bluffton, South Carolina 29910  
US  
Phone: 843-589-9557  
Fax: 843-589-9051

**Invoice HHC10.1**

13 Jan 2010  
Due 13 Jan 2010 (Due Upon Receipt)

Hilton Head Chamber  
1 CHAMBER DRIVE  
PO BOX 5647  
Hilton Head Island, South Carolina 29938  
US  
Phone: 843-785-3673

Qty	Description	Price	Total
1.0 Service	Web Development / Logo Design / E-blast Deposit. This equals 50% of the total balance of the project.	\$1,455.00	\$1,455.00

Subtotal: \$1,455.00

**Total Due: \$1,455.00**

**Invoice Notes**

Hi Jessica,

I would like to swing by this afternoon and pick up a check so that we can hit the ground

1/13/2010

HHI-BCoC\_00168

running. We will deliver a schedule to you that outlines our production schedule this afternoon that will have all aspects of the project included. Please let me know if this works for you.

We are looking forward to working with you and the Chamber!

Best,

Jared Jester

[Click here to view, print, or forward this invoice online from your client invoice page.](#)  
You may also link this invoice to a Blinksale account.

1/13/2010

HHI-BCoC\_00169



**APPEARANCES**

**Taylor M. Smith, IV, Esquire**  
**Andrew S. Radeker, Esquire**  
Harrison & Radeker, PA  
923 Calhoun Street  
Columbia, South Carolina 29201  
Attorneys for the Plaintiff

**Robert E. Stepp, Esquire**  
Sowell, Gray, Stepp & Laffitte, LLC  
1210 Gadsden Street  
Columbia, South Carolina 29201  
Attorney for the Defendant

**John M.S. Hoefler, Esquire**  
Willoughby & Hoefler, PA  
930 Richland Street  
Columbia, South Carolina 29201  
Attorney for Damita Jeter

**INDEX**

	<b><u>Page:</u></b>
Mr. Smith.....Examination .....	3
Mr. Stepp.....Examination .....	27
Mr. Smith..... Re-examination.....	30
Certificate .....	32

**EXHIBITS**

(There were no exhibits marked during this deposition.)

**STIPULATIONS**

It is stipulated and agreed that this deposition is being taken pursuant to the South Carolina Rules of Civil Procedure.

It is stipulated by and between counsel and the witness that the reading and signing of the following deposition be, and the same are, hereby not waived. Copy for reading and signing of the deposition will be sent to Mr. Hoefler.

**ROBIN K. REIBOLD**  
3849 Overbrook Drive/Columbia, SC 29205  
(803) 447-7868 / (803) 576-1902

1 **MR. SMITH:** Welcome everyone today. My name is Taylor  
2 Smith. I'm an attorney for domainsnewmedia.com.  
3 This is the case of *DomainsNewMedia v. Hilton Head*  
4 *Island-Bluffton Chamber of Commerce*. I do not have  
5 a case number in front me, but I imagine Madam Court  
6 Reporter already has the pleading, so I will not go  
7 that far.

8 **DAMITA JETER,** having been duly sworn, deposes and  
9 testifies as follows:

10 **MS. JETER - EXAMINATION BY MR. SMITH:**

11 Q: Ms. Jeter, let me first ask you, if you don't mind,  
12 have you taken a deposition before?

13 A: Never have.

14 Q: You never have. Okay. Well, let me briefly explain  
15 to you some of the requirements we have for  
16 depositions and how they usually are conducted.  
17 This is deemed to be a proceeding in the presence of  
18 the court, which means we will abide by many of the  
19 restrictions on testimony; however, objections will  
20 only be made to satisfy the record. Meaning, at  
21 trial, Mr. Stepp, even Mr. Hoefer, if he decides to  
22 intervene in this matter, will come back and make  
23 objections on the record that they reserve today.  
24 The only time in which Mr. Stepp or Mr. Hoefer can  
25 tell you not to answer a question is if it concerns

3

**ROBIN K. REIBOLD**  
3849 Overbrook Drive/Columbia, SC 29205  
(803) 447-7868 / (803) 576-1902  
rkreibold@yahoo.com

1 privilege or something that is privileged  
2 information. Okay. So it's unlikely that will  
3 happen, but to the extent Mr. Hoefer tells you not  
4 to answer a question, I will briefly stop, allow him  
5 to explain, and we'll then move on.

6 A: Okay.

7 Q: If you have any questions or clarifications on what  
8 I've asked you, I would just ask you to direct them  
9 to me, okay, not to Mr. Hoefer or to Mr. Stepp.  
10 Now, what we're also going to be doing is, when you  
11 are being deposed today, if we need to take a break  
12 for any reason, if we have not concluded your  
13 deposition, you are still sworn in. And, in that,  
14 you are only allowed to talk with Mr. Hoefer, your  
15 attorney, about the issues I just spoke about,  
16 whether or not you're going to claim privilege  
17 upcoming or something of that variety. So you're  
18 very limited as to what instruction you can receive  
19 from your attorney in that moment. It's typically  
20 advised not to speak with your attorney unless that  
21 is the issue that you intend to speak with him  
22 about.

23 A: Okay.

24 Q: If you do speak with your attorney about that, I  
25 have the ability to inquire as to what the

4

**ROBIN K. REIBOLD**  
3849 Overbrook Drive/Columbia, SC 29205  
(803) 447-7868 / (803) 576-1902  
rkreibold@yahoo.com

1 conversation was about outside of the presence of  
2 the court reporter and the formal conduction of --  
3 formal -- doing this deposition. All right? Let's  
4 see. If you need to take a break for any reason,  
5 just let me know and we'll do that.

6 A: Okay.

7 Q: I would also appreciate it, and Madam Court Reporter  
8 would appreciate it, if you can make all of your  
9 answers verbal; that way she will be able to easily  
10 discern the record. Nodding and shaking the head  
11 gets a little weird ---

12 A: Okay.

13 Q: --- in terms of interpreting that, so you can just  
14 say yes or no. And if I at any point say please say  
15 yes, please say no, it's not to be rude. It's just to  
16 remind you. I would forget if my own deposition  
17 were being taken in that respect. Okay?

18 A: Sounds good.

19 Q: All right. I imagine you've already done this, but  
20 if you don't mind, can you spell your name again for  
21 the record.

22 A: D-A-M-I-T-A, J-E-T-E-R is the last name.

23 Q: All right. And Ms. Jeter, where do you reside?

24 A: I reside in Summerville, South Carolina.

25 Q: And what is your address?

5

**ROBIN K. REIBOLD**  
3849 Overbrook Drive/Columbia, SC 29205  
(803) 447-7868 / (803) 576-1902  
rkreibold@yahoo.com

1 A: 214 Amaryllis, A-M-A-R-Y-L-L-I-S, Avenue,  
2 Summerville, 29483.  
3 Q: Okay. And how many miles did you drive to come here  
4 today?  
5 A: Approximately 90.  
6 Q: Approximately 90. Okay. And I understand you are  
7 employed with the Tourism Expenditure Review  
8 Committee; is that correct?  
9 A: That is correct.  
10 Q: Okay. What is your position with, and if you don't  
11 mind, I'll call it TERC.  
12 A: That's fine.  
13 Q: What is your position with TERC?  
14 A: I'm the staff liaison.  
15 Q: A staff liaison. What does a staff liaison do for  
16 TERC?  
17 A: Essentially what I do is I help process all of the  
18 paperwork that TERC receives, including the annual  
19 reporting forms. And then since TERC is a volunteer  
20 committee, I kind of serve as the staff for the  
21 committee. I'm the only paid member of that  
22 committee, so. It's strictly a volunteer committee.  
23 So I essentially coordinate what is a -- what is  
24 TERC, which is, you know, a committee that's  
25 basically imposed by the legislature, so.

6

**ROBIN K. REIBOLD**  
3849 Overbrook Drive/Columbia, SC 29205  
(803) 447-7868 / (803) 576-1902  
[rkreibold@yahoo.com](mailto:rkreibold@yahoo.com)

1 Q: Okay. We'll go more into what TERC is a little bit  
2 later.  
3 A: Okay.  
4 Q: But we're going to ---  
5 A: Sure.  
6 Q: --- stick with your position for a second. How long  
7 have you been employed with TERC?  
8 A: Approximately from 2002 -- or, 2003 until 2008, and  
9 then again from 2009 until present.  
10 Q: Okay. Were you the staff liaison during both of  
11 those periods?  
12 A: Yes.  
13 Q: And what did -- what was your employment before  
14 working with TERC?  
15 A: I was a programs director for the South Carolina  
16 Petroleum Marketers Association.  
17 Q: And when was that?  
18 A: That was from two thousand -- 1998 until 2002.  
19 Q: Okay. And what did you do before that?  
20 A: I worked as a membership director for the  
21 Manufactured Housing Institute of South Carolina.  
22 Q: And what years were you there?  
23 A: From 1997 to '98.  
24 Q: I'm going to keep going back. And before that, where  
25 did you work?

7

**ROBIN K. REIBOLD**  
3849 Overbrook Drive/Columbia, SC 29205  
(803) 447-7868 / (803) 576-1902  
rkreibold@yahoo.com

1 A: I did a brief internship with Jones McFadden and  
2 Associates.  
3 Q: Okay.  
4 A: And I worked there as a meetings director, as well  
5 as a publications director.  
6 Q: All right. And where did you attend high school?  
7 A: Grace Christian School in West Columbia.  
8 Q: And did you attend college?  
9 A: I did.  
10 Q: Okay. And where did you attend college?  
11 A: University of South Carolina.  
12 Q: What did you study?  
13 A: Journalism.  
14 Q: So did you receive your bachelor's in Journalism?  
15 A: Yes.  
16 Q: Okay. Did you continue your college career ---  
17 A: No.  
18 Q: Okay. Have you ever been published before?  
19 A: Yes.  
20 Q: Okay. Is that in a newspaper or ---  
21 A: Yes.  
22 Q: Okay. What did you typically write about when you  
23 were ---  
24 A: Human interest stories.  
25 Q: All right. Now, if you can explain for me for a

8

**ROBIN K. REIBOLD**  
3849 Overbrook Drive/Columbia, SC 29205  
(803) 447-7868 / (803) 576-1902  
rkreibold@yahoo.com

1 quick second, because I am just not familiar with  
2 the ins and outs of what TERC is or is not, as I  
3 understand it, TERC is housed by the Department of  
4 Revenue?  
5 A: Correct.  
6 Q: But TERC is not a part of the Department of Revenue?  
7 A: Correct.  
8 Q: Can you explain that?  
9 A: There is a law that mandates that TERC had to be  
10 formed, in approximately 2002, as an oversight  
11 committee. And before that, the oversight was done  
12 with the Department of Revenue, or by the Department  
13 of Revenue, for these particular reporting forms.  
14 So TERC just enjoys a good relationship with the  
15 Department of Revenue. And for lack of really  
16 another office, the Department of Revenue allows us  
17 to be housed there. They technically employ me as  
18 their staff member; however, my employment is  
19 overseen by TERC and I get paid through state  
20 accommodations taxes. So that is kind of how the  
21 relationship between the Department of Revenue and  
22 TERC stands, or the history on how it was formed.  
23 Q: Okay. And TERC, as I understand it, the Tourism  
24 Expenditure Committee is actually made up of  
25 individuals?

9

**ROBIN K. REIBOLD**  
3849 Overbrook Drive/Columbia, SC 29205  
(803) 447-7868 / (803) 576-1902  
[rkreibold@yahoo.com](mailto:rkreibold@yahoo.com)

1 A: Correct.

2 Q: And who are these individuals?

3 A: It's 11 members. As far as their names, would you  
4 like those or ...

5 Q: If you know them, great. But if not, I imagine  
6 that's information we can get ---

7 A: I know all of them. It's all on our website. But  
8 it's an 11-member committee and essentially the  
9 governor appoints these members, or most of them.  
10 Some of them are appointed -- two of them -- one of  
11 them is appointed by the president pro tem of the  
12 Senate, and then another is appointed by the Parks,  
13 Recreation and Tourism department as an ex officio.  
14 So the governor appoints these at the recommendation  
15 of various organizations within the state, such as  
16 Travel and Tourism Coalition, Convention and  
17 Visitors Bureau, that sort of thing. The 11 members  
18 are non-paid members; they're strictly volunteer  
19 members. They are experts in the tourism industry  
20 for the most part. And then we have a couple of  
21 appointees from the recommendation of the Municipal  
22 Association of South Carolina and the Association of  
23 Counties. And they're there to kind of represent the  
24 government side. So in essence what they do,  
25 annually, their entire job is to review reporting

10

**ROBIN K. REIBOLD**  
3849 Overbrook Drive/Columbia, SC 29205  
(803) 447-7868 / (803) 576-1902  
rkreibold@yahoo.com

1 forms for compliance with the state statute. And  
2 what I do in that role is help them to process those  
3 forms: gather them, disseminate them, call meetings,  
4 that sort of thing.

5 Q: Okay. And I believe you just touched on this, but  
6 if you could describe the mission of TERC, how would  
7 you describe that?

8 A: Well, the law is the description of the mission, and  
9 that's to oversee annual reports and to verify that  
10 local governments are spending their funds in  
11 essence according to the statute.

12 Q: Okay. So what reports -- we'll start with reports.  
13 What reports does TERC often receive?

14 A: Well, at the -- October 1st, the law states that  
15 annual reporting forms have to be sent to TERC. And  
16 essentially what that is is that's an accounting of  
17 how local governments spent what we call their 65  
18 percent accommodations tax funds. And then TERC has  
19 to review those forms to make sure that they are in  
20 compliance with the statute.

21 Q: Okay. And just so I'm clear on that, the 65 percent  
22 funds we're talking about, these are accommodations  
23 tax funds?

24 A: Uh-huh.

25 Q: And these reports are due how often?

11

**ROBIN K. REIBOLD**  
3849 Overbrook Drive/Columbia, SC 29205  
(803) 447-7868 / (803) 576-1902  
*rkreibold@yahoo.com*

1 A: Annually.  
2 Q: Annually. Okay. What goes into the review process  
3 from TERC's standpoint on these 65 percent reports?  
4 A: Once the reports are in we gather the reports, and  
5 the way the reporting form is written is we --  
6 there's a space for us to ask how they spent their  
7 money, who they in essence gave their funds to, what  
8 organizations they gave their funds to. And then  
9 there's a brief project description on the forms. So  
10 then they tell us how the funds were essentially  
11 spent. We review that. If we have questions about  
12 that particular report, then we will ask the local  
13 government that question. A lot of times we need  
14 additional information because we, you know, maybe  
15 the description's not quite clear, so we'll ask that  
16 of them. And then if the reporting form is okay, we  
17 do nothing. If we feel like we need to question  
18 them again just to find out some additional  
19 information, we'll do that. And then sometimes we  
20 find that an expenditure is not in compliance with  
21 the statute, and at that point our committee votes  
22 to ask the State Treasurer's Office to withhold funds  
23 from future disbursements to that local government,  
24 which is all within the statute of our rights and  
25 our mission to do.

12

**ROBIN K. REIBOLD**  
3849 Overbrook Drive/Columbia, SC 29205  
(803) 447-7868 / (803) 576-1902  
rkreibold@yahoo.com

1 Q: Okay. Is the form that they are filling out and  
2 putting -- is that form created by TERC that they  
3 have to fill out?  
4 A: It was created -- to be honest with you, I'm not sure  
5 who created the form, if it was the Department of  
6 Revenue before TERC. I know since I have been there  
7 that is the form that TERC has used. So it may have  
8 been created by TERC; it may have been created by  
9 the Department of Revenue. But it's the same form  
10 every year.  
11 Q: Okay. And what are the guidelines for looking at  
12 whether or not an expenditure was appropriate?  
13 A: The law.  
14 Q: The law?  
15 A: The statute.  
16 Q: Okay. So when you say the law and the statute,  
17 you're referring to the accommodations tax statute?  
18 A: Right, Section 6-4-10.  
19 Q: Okay. And now, just so I'm clear, these are reports  
20 based upon expenditures of funds previously  
21 allocated pursuant to the 65 percent accommodations  
22 tax?  
23 A: Correct.  
24 Q: Okay. So the money that is being reported on these  
25 forms was public funds? Meaning, if we construe --

13

**ROBIN K. REIBOLD**  
3849 Overbrook Drive/Columbia, SC 29205  
(803) 447-7868 / (803) 576-1902  
rkreibold@yahoo.com

1           and I'm going to ask this as a question -- do you  
2           construe the money as provided to be public funds?  
3 **MR. STEPP:** Object to the form.  
4 **A:** We don't construe any -- I'm sorry, I don't understand  
5           the question. Can you please say that again?  
6 **Q:** I'll ask it one more time. If the money that is  
7           provided pursuant to the accommodations tax, that  
8           money goes to the municipality or the county,  
9           correct?  
10 **A:** Correct, from the State Treasurer's Office.  
11 **Q:** That money then is then allocated by the county to a  
12           designated marketing organization; is that correct?  
13 **A:** That's not the 65 percent funds.  
14 **Q:** Okay.  
15 **A:** That's the 30 percent funds.  
16 **Q:** Okay.  
17 **A:** And what I'm referring to now, what we're talking  
18           about is the 65 percent funds.  
19 **Q:** Right. So the reports then are done by the counties  
20           or the cities; is that correct?  
21 **A:** Correct.  
22 **Q:** Okay. So in these reports, they are reporting on  
23           what they have done with the 65 percent funds?  
24 **A:** Correct.  
25 **Q:** And in reviewing those funds, you'll look to, you

14

**ROBIN K. REIBOLD**  
3849 Overbrook Drive/Columbia, SC 29205  
(803) 447-7868 / (803) 576-1902  
rkreibold@yahoo.com

1           said, the statute 6-4-10; is that right?  
2   A:       Uh-huh.  
3   Q:       And if you don't mind, just say yes' so we can ---  
4   A:       Yes. I'm sorry.  
5   Q:       That's okay. Let's back up for a second and discuss  
6           the types of funds that are overseen by TERC.  
7   A:       Okay.  
8   Q:       So, I think we've already referenced the 65 percent  
9           fund. Are there any other types of funds that are  
10          overseen by TERC?  
11   A:       The way TERC breaks everything out is there's a --  
12          the funds come in at 100 percent. Sixty-five  
13          percent of those funds are what we, in essence,  
14          review. Thirty percent of those funds go to a DMO.  
15          Then another five percent goes back to the general  
16          fund, and they -- they don't have to -- it can just  
17          go to the general fund. They're exempt from any  
18          other portion of the statute. So what we, in  
19          essence, review to make sure it's compliant is the 65  
20          percent funds. And then when we get the reporting  
21          forms, we make sure that the 30 percent funds goes  
22          to an appropriate DMO. And that's it, we do not  
23          review any further.  
24   Q:       And just so I'm clear, the 65 percent is separate  
25          from the 35 percent you mentioned?

15

**ROBIN K. REIBOLD**  
3849 Overbrook Drive/Columbia, SC 29205  
(803) 447-7868 / (803) 576-1902  
rkreibold@yahoo.com

1 A: Correct.  
2 Q: It's not 35 percent of the 65 percent?  
3 A: Correct.  
4 Q: We're talking about separate funds?  
5 A: Correct.  
6 Q: And the 35 percent, as you've just mentioned, is  
7 allocated towards marketing?  
8 A: Thirty percent is ---  
9 Q: Thirty.  
10 A: --- and five percent goes back to the general  
11 budget.  
12 Q: Okay. Thank you for correcting me on that. All  
13 right. So there are two principal classes of funds  
14 that TERC is looking at ---  
15 **MR. STEPP:** Object to the form.  
16 Q: That would be the 65 percent and the 30 plus five  
17 percent?  
18 A: Uh-huh.  
19 Q: That's a yes?  
20 A: Yes. That's a yes.  
21 Q: Okay. Are these funds, when allocated to the  
22 municipality or to the county, are they allocated  
23 through a transaction-by-transaction basis or is  
24 this through a lump sum?  
25 A: The 65 percent funds?

16

**ROBIN K. REIBOLD**  
3849 Overbrook Drive/Columbia, SC 29205  
(803) 447-7868 / (803) 576-1902  
[rkreibold@yahoo.com](mailto:rkreibold@yahoo.com)

1 Q: The 65 percent.  
2 A: How they are transacted to the county?  
3 Q: Correct.  
4 A: From the State Treasurer's Office?  
5 Q: Correct.  
6 A: That's more of a question for the State Treasurer's  
7 Office. I'm familiar with the process as it's told to  
8 me by the State Treasurer, which is they do so on a  
9 quarterly basis.  
10 Q: Okay. When an expenditure is deemed to be in non-  
11 compliance, does that change the way in which the  
12 money that was previously allocated is going to be  
13 received by the town or city?  
14 A: From what I understand from the State Treasurer's  
15 Office, when TERC certifies non-compliance to the  
16 State Treasurer's Office of an expenditure, the State  
17 Treasurer will withhold funds from future  
18 disbursements by quarter until the entire sum that  
19 they're withholding is met.  
20 Q: Okay. All right. And moving to the 30 plus five  
21 percent, or 35 percent, those are funds directed, as  
22 you said, towards marketing?  
23 A: The 30 percent is.  
24 Q: The 30 percent.  
25 A: The five percent goes back into the general budget.

17

**ROBIN K. REIBOLD**  
3849 Overbrook Drive/Columbia, SC 29205  
(803) 447-7868 / (803) 576-1902  
rkreibold@yahoo.com

1 Q: Okay.

2 A: The 30 percent, from what we -- I mean, according to  
3 the statute, the 30 percent has to go to a  
4 designated marketing organization that has a proven  
5 tourism promotion program. And we check to make  
6 sure on our reporting form that the 30 percent goes  
7 to an organization such as that. And that's what all  
8 that we check for.

9 Q: Okay. And you described that it's a designated  
10 marketing organization because it has a particular,  
11 and I can't recall the word you just used, but a  
12 particular tourism or a particular bent towards  
13 providing marketing for the area?

14 A: That's taken directly from the statute.

15 Q: Right.

16 A: And that says that they have to have an ongoing  
17 tourism promotion program where, if an organization  
18 such as that is not in the area, for example, that  
19 they can start one to meet its needs.

20 Q: So does TERC make a determination as to whether or  
21 not they have an ongoing tourism program?

22 A: We check to verify sometimes. However, because of  
23 the fact that we have 11 members who work in the  
24 travel and tourism industry, we know, for example,  
25 that the Columbia Convention and Visitors Bureau

18

**ROBIN K. REIBOLD**  
3849 Overbrook Drive/Columbia, SC 29205  
(803) 447-7868 / (803) 576-1902  
rkreibold@yahoo.com

1 does have an ongoing tourism promotion program.  
2 What we check for is to make sure that they are non-  
3 profit, because that is part of the statute. If we  
4 are unsure, we ask those questions. We don't verify  
5 every one that comes through, no, because we know  
6 that 90 percent of them are, just from our experts  
7 in the industry.  
8 Q: Okay. And when you're referring to the experts in  
9 the industry, are you referring to your committee  
10 members or do you have another ---  
11 A: Committee members ---  
12 Q: --- group of people?  
13 A: No, committee members. Hoteliers, those who work  
14 for the Convention and Visitors Bureau, those who  
15 work closely with the Convention and Visitors  
16 Bureau, those who work with chambers of commerce,  
17 that sort of thing. And over the years -- you know,  
18 I'm unaware of this, but from what I understand from  
19 the Department of Revenue, when this statute was  
20 first formed, they did verify that more, but over  
21 the years we do understand, for example, that the  
22 Convention and Visitors Bureau here is an  
23 appropriate non-profit with an ongoing tourism  
24 promotion program.  
25 Q: Why did they stop verifying? Or why did the level

19

**ROBIN K. REIBOLD**  
3849 Overbrook Drive/Columbia, SC 29205  
(803) 447-7868 / (803) 576-1902  
rkreibold@yahoo.com

1 of verification stop?

2 A: I cannot answer that. I'm unaware of why they  
3 stopped verifying.

4 Q: Are you aware of how many times TERC has found there  
5 is not an ongoing tourism promotion with any  
6 particular designated marketing organization?

7 A: I know that we have inquired over the years  
8 regarding maybe one or two annually. And as far as  
9 how many times definitively, I'm not aware of a  
10 certain number. I know that we have inquired over  
11 the years just to make sure that it is an  
12 appropriate organization, with an ongoing tourism  
13 promotion program. If we have questions, we'll  
14 inquire at that time.

15 Q: What, in a given plan, would present a question as  
16 to whether or not it's an ongoing tourism opportunity  
17 that's being provided?

18 A: Well, since we don't get a copy of the plan per se,  
19 the marketing plan, our reporting form just simply  
20 asks for a name of a 30 percent organization or the  
21 destination management organization. We just simply  
22 ask the local governments to put a name. So if, for  
23 example, you know, instead of the Pickens County  
24 Chamber of Commerce receiving the funds, the Hagood  
25 Grist Mill now receives the funds. We would ask

20

**ROBIN K. REIBOLD**  
3849 Overbrook Drive/Columbia, SC 29205  
(803) 447-7868 / (803) 576-1902  
rkreibold@yahoo.com

1           that question. We would inquire, you know, how is  
2           this now a non-profit, the Hagood Grist Mill, with  
3           an ongoing tourism promotion program.  
4   Q:     Do you -- that inquiry as to whether or not it is an  
5           ongoing tourism promotion program, is that made in  
6           the form, or is there another kind of report that  
7           you do?  
8   A:     The form itself just has a space to list who the  
9           recipient is, and if we have a question about that  
10          particular recipient we'll write a letter to the  
11          local government.  
12   Q:     And the inquiry is, so I'm clear, that there is an  
13          ongoing tourism promotion being provided by this  
14          organization?  
15   A:     The inquiry is not that. The inquiry is that, on  
16          the reporting form itself, that we just ask for them  
17          to list who they give the funds to. And then we  
18          don't make inquiries further than that unless there's  
19          a reason for us to do so.  
20   Q:     And I guess what I'm asking is if there is a reason  
21          to do so, it's limited to -- the scope of the inquiry  
22          is limited to asking that question?  
23   A:     Correct.  
24   Q:     Okay. Designated marketing organizations, what are  
25          they?

21

**ROBIN K. REIBOLD**  
3849 Overbrook Drive/Columbia, SC 29205  
(803) 447-7868 / (803) 576-1902  
[rkreibold@yahoo.com](mailto:rkreibold@yahoo.com)

1 A: The organization itself is a chamber of commerce, a  
2 convention and visitors bureau, some organization  
3 that has an ongoing tourism promotion program and  
4 can effectively market the area to bring tourists  
5 into the area.

6 Q: Must every county have one?

7 A: That, I do not know.

8 Q: Must these organizations be funded by public funds,  
9 or by the funds we're talking about today?

10 A: That, I do not know.

11 **MR. STEPP:** Object to the form.

12 Q: So if I understand you correctly, it's not that TERC  
13 is primarily concerned that a correct designated  
14 marketing organization is chosen, it's that one  
15 exists?

16 **MR. STEPP:** Object to the form.

17 A: I don't know that that's necessarily what we're  
18 looking for. We're looking to make sure that the 30  
19 percent funds go to an appropriate destination  
20 management organization, marketing organization,  
21 that has an ongoing tourism promotion program. And  
22 the law states that if one doesn't exist in the area,  
23 that you may form your own.

24 Q: Presently, is TERC reviewing marketing plans  
25 submitted by designated marketing organizations?

22

**ROBIN K. REIBOLD**  
3849 Overbrook Drive/Columbia, SC 29205  
(803) 447-7868 / (803) 576-1902  
*rkreibold@yahoo.com*

1 A: No, they are not.  
2 Q: And why is that?  
3 A: Because we do not believe that that is within our  
4 scope of authority to do so.  
5 Q: Have you asked the attorney general for an opinion  
6 on whether or not y'all have the authority to review  
7 them?  
8 A: We have asked that.  
9 Q: And what is the status of that at the moment?  
10 A: We have not heard back from the attorney general's  
11 office on that question.  
12 Q: When was that submitted to the attorney general?  
13 A: In May.  
14 Q: In May. Of this year?  
15 A: Uh-huh.  
16 Q: Okay. What did you do in preparation for today's  
17 deposition?  
18 A: I spoke with our attorney, Mr. Hoefer. And that was  
19 it.  
20 Q: Okay. All right. Are you aware or have you brought  
21 any documentation concerning what has been the 35  
22 percent allocation to the defendant in this matter,  
23 meaning the Bluffton-Beaufort ---  
24 A: I have brought no documentation regarding the 30  
25 percent allocation.

23

**ROBIN K. REIBOLD**  
3849 Overbrook Drive/Columbia, SC 29205  
(803) 447-7868 / (803) 576-1902  
rkreibold@yahoo.com

1 Q: All right. Are you aware of anything that would  
2 suggest the defendant in this matter is treated any  
3 differently as a marketing organization than any  
4 other DMO in the state?

5 A: No, I am not.

6 Q: Have you received -- or, have you heard any  
7 representations from the defendant of their status  
8 as a designated marketing organization before?

9 A: No, I have not.

10 Q: Have you heard any representations from the  
11 defendant in this matter concerning their status as  
12 a public body?

13 A: No, I have not.

14 Q: Are you aware of any representations made concerning  
15 this defendant that they may be a public body?

16 A: No, I have not.

17 **MR. SMITH:** We'll take a break for a quick second.

18 **MR. STEPP:** Sure.

19 **(Break from 10:22 a.m. until 10:29 a.m.)**

20 Q: Ms. Jeter, can you tell me anything you're aware of  
21 concerning the allocation of either the 65 percent  
22 or the 30 plus five percent?

23 A: That I am aware of?

24 Q: Right. You mentioned earlier that you don't know  
25 precisely how the allocation works, that it's the

24

**ROBIN K. REIBOLD**  
3849 Overbrook Drive/Columbia, SC 29205  
(803) 447-7868 / (803) 576-1902  
rkreibold@yahoo.com

1 work of the Treasurer. I'm just curious as to what  
2 information you may be aware of in any respect  
3 regarding ---  
4 A: Well, I mean, from what we understand, the way the  
5 Treasurer disburses funds is on a quarterly basis.  
6 And the local governments have to spend those funds  
7 within two years of receipt of those funds. So our  
8 awareness is essentially based from the statute and  
9 the rules of the statute. As far as exactly when  
10 the State Treasurer's Office disburses the funds,  
11 whether it's the beginning of the month, the end of  
12 the month, I'm unaware of that. So that's -- you  
13 know, our mission and our goal is just to oversee  
14 the funds once they are reported to us and just  
15 verify that they are being spent according to the  
16 statute.  
17 Q: Okay. And with regards to the 30 plus five percent  
18 funds, how is the amount of money each designated  
19 marketing organization receives determined?  
20 A: I am unaware of that. I think that that's -- that  
21 is, from what we understand, the local government's  
22 responsibility once they receive the 30 percent  
23 funds as far as who it goes to, how much each  
24 organization gets. We just simply verify that they  
25 are sending the 30 percent amount to an appropriate

25

**ROBIN K. REIBOLD**  
3849 Overbrook Drive/Columbia, SC 29205  
(803) 447-7868 / (803) 576-1902  
rkreibold@yahoo.com

1 organization.

2 Q: Once a DMO's name is submitted to TERC, how does TERC  
3 determine the amount of funds that that DMO would  
4 receive?

5 A: Well, according to the report that we receive,  
6 there's a total at the top of the report, and then we  
7 just simply break it down mathematically as far as  
8 we subtract from the total 65 percent, five percent  
9 and 30 percent. We verify that the total is correct  
10 based off of what we receive from the State  
11 Treasurer's Office, an annual report each year, so  
12 then the totals match.

13 Q: So how accurate is it to say that if a county  
14 submits the name of a DMO to TERC, that the DMO will  
15 receive that 30 plus five percent funds, unless TERC  
16 rejects the DMO as a proper recipient of the funds?

17 **MR. STEPP:** Object to the form.

18 A: The TERC -- say that all again. I'm sorry.

19 Q: How accurate is it to say that if a county submits  
20 the name of a DMO to TERC, that the DMO will receive  
21 the 30 percent plus five funds unless TERC rejects  
22 the DMO as an improper recipient of the funds?

23 A: By the time TERC gets the reports that's reporting to  
24 us, the 30 percent recipient, those funds have  
25 already been given to the 30 percent recipient. So

26

**ROBIN K. REIBOLD**  
3849 Overbrook Drive/Columbia, SC 29205  
(803) 447-7868 / (803) 576-1902  
rkreibold@yahoo.com

1 at that point, the 30 percent recipient, just like  
2 the 65 percent recipient, have already received  
3 those funds. And so if we -- I won't say rejected --  
4 but question the 30 percent recipient, we'll go back  
5 to the municipal -- municipality or local government  
6 and ask them to verify the 30 percent recipient to  
7 us -- verifying may not be the appropriate word --  
8 just prove that they are an appropriate  
9 organization. And if they do, then what -- that's  
10 fine. If they don't, then many times what they do  
11 then is just get their funds to another appropriate  
12 organization the next fiscal year. By the time we  
13 get the funds, or a report of the funds, the funds  
14 have already been spent.

15 Q: I've got you. So does TERC ever limit the amount of  
16 30 percent funds that a DMO receives?

17 A: We cannot do that.

18 **MR. SMITH:** Let's take another break for a quick.  
19 **(Off the record briefly.)**

20 **MR. SMITH:** All right. We have no further questions for  
21 Ms. Jeter.

22 **MR. STEPP:** Thank you.

23 **MS. JETER - EXAMINATION BY MR. STEPP:**

24 Q: Ms. Jeter, I've got a couple of questions for you.  
25 Good morning. We met before the deposition started,

27

**ROBIN K. REIBOLD**  
3849 Overbrook Drive/Columbia, SC 29205  
(803) 447-7868 / (803) 576-1902  
[rkreibold@yahoo.com](mailto:rkreibold@yahoo.com)

1 but to refresh your recollection, I'm Bobby Stepp and  
2 I represent the defendant in this case, the Hilton  
3 Head Island-Bluffton Chamber of Commerce. And this  
4 is Bill Miles, who's the president of that chamber.  
5 Have you ever met Mr. Miles before?  
6 A: I don't know that we've ever met before.  
7 Q: Okay. Do you know anybody at the Hilton Head  
8 Island-Bluffton Chamber of Commerce?  
9 A: I don't know anyone personally. I've gotten emails  
10 from time to time over the years from various  
11 chambers of commerce. I can't say whether or not I've  
12 ever gotten a question before from any member.  
13 Q: Okay. It's my understanding of your testimony that  
14 you -- that TERC does not review the reports  
15 submitted by DMOs to the local governments  
16 concerning the expenditures ---  
17 A: A marketing plan or a planned budget of  
18 expenditures, no, we do not.  
19 Q: So TERC doesn't review the marketing plan or the  
20 expenditure report, either one; is that correct?  
21 A: We review the expenditure, the annual expenditure  
22 report that comes to us, but we do not review what  
23 goes from the chamber to the local government.  
24 Q: The reports that you review come from the local ---  
25 A: Correct.

28

**ROBIN K. REIBOLD**  
3849 Overbrook Drive/Columbia, SC 29205  
(803) 447-7868 / (803) 576-1902  
rkreibold@yahoo.com

1 Q: --- those reports come from the local governments --  
2 -  
3 A: Correct.  
4 Q: --- not from the -- not from the DMOs ---  
5 A: Correct.  
6 Q: --- is that correct? Okay. Has any question ever  
7 been raised during your tenure at TERC about the  
8 propriety of expenditures by the Hilton Head Island-  
9 Bluffton Chamber of Commerce?  
10 A: Not that I'm aware of.  
11 Q: Has any question ever been raised during your tenure  
12 at TERC about whether the Hilton Head Island-  
13 Bluffton Chamber of Commerce is an appropriate  
14 designated marketing organization?  
15 A: Not that I am aware of.  
16 Q: Has TERC, during your tenure, ever questioned  
17 expenditures by the Town of Hilton Head based on the  
18 Town of Hilton Head's reports?  
19 A: We have questioned some expenditures on the 65  
20 percent reporting form for the Town of Hilton Head.  
21 Q: And how were those questions resolved?  
22 A: They were resolved. They were answered ---  
23 Q: To TERC's satisfaction?  
24 A: --- to TERC's satisfaction.  
25 Q: Okay. Has any money, to your knowledge, been

29

**ROBIN K. REIBOLD**  
3849 Overbrook Drive/Columbia, SC 29205  
(803) 447-7868 / (803) 576-1902  
rkreibold@yahoo.com

1 withheld from the Town of Hilton Head based upon any  
2 objections raised by TERC?  
3 A: Not to my knowledge at this point.  
4 Q: What about Town of Bluffton?  
5 A: Not to my knowledge.  
6 Q: What about Beaufort County?  
7 A: Not to my knowledge.  
8 Q: And just to be clear, you are a staff member of the  
9 committee, but you're not a member of the committee;  
10 is that correct?  
11 A: I'm a staff -- yes, I serve as staff liaison.  
12 Q: Okay. That's all I have for you. Thank you.  
13 **MR. SMITH:** I've got brief redirect.  
14 **MS. JETER - RE-EXAMINATION BY MR. SMITH:**  
15 Q: Ms. Jeter, with regards to the 65 percent funds that  
16 were questioned by Beaufort County, were those by  
17 Beaufort County?  
18 A: To be honest with you, I don't -- it was the Town of  
19 Hilton Head, I think, had spent funds on an airport,  
20 and we questioned the validity of that. This is to  
21 my knowledge without seeing the reports in front of  
22 me. So honestly, it could be Hilton Head; it could  
23 be Beaufort County. From what I'm remembering now,  
24 it was Hilton Head, and we asked the validity of 65  
25 percent expenditure on an airport. And after we got

30

**ROBIN K. REIBOLD**  
3849 Overbrook Drive/Columbia, SC 29205  
(803) 447-7868 / (803) 576-1902  
rkreibold@yahoo.com

1 additional information from the Town of Hilton Head,  
2 we were satisfied with that expenditure.  
3 Q: Do you recall what the additional information was?  
4 A: I don't recall.  
5 Q: Generally speaking, what kind of additional  
6 information would resolve a situation like that?  
7 A: We will ask for sometimes something as simple as a  
8 more thorough explanation of how the funds were  
9 specifically spent, whether or not the funds have a  
10 tourism impact. Sometimes we'll ask for specific  
11 concrete numbers of how they have a tourism impact.  
12 Q: All right. Are you aware of any DMO ever having not  
13 received all of the funds that were allocated to the  
14 DMO?  
15 A: I am not aware of that.  
16 Q: All right. That's all we have.  
17 MR. STEPP: Nothing further.  
18 (There being no further questions, the deposition was  
19 concluded at 10:39 a.m.)

31

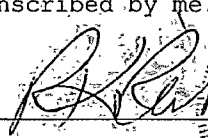
**ROBIN K. REIBOLD**  
3849 Overbrook Drive/Columbia, SC 29205  
(803) 447-7868 / (803) 576-1902  
rkreibold@yahoo.com

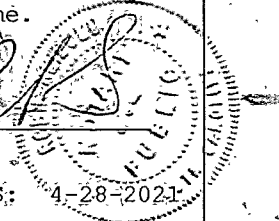
**CERTIFICATE**

I certify that the foregoing transcript, consisting of 31 pages, is a true, accurate and complete transcript of the deposition taken before me, Robin K. Reibold, the undersigned Court Reporter, at the law offices of Harrison & Radeker, 923 Calhoun Street, Columbia, SC. This deposition was held on August 18, 2015, in the within-captioned case.

Said hearing was reported using the method of Stenomask with backup and was transcribed by me.

September 2, 2015

  
ROBIN K. REIBOLD  
MY COMMISSION EXPIRES: 4-28-2021



32

**ROBIN K. REIBOLD**  
3849 Overbrook Drive/Columbia, SC 29205  
(803) 447-7868 / (803) 576-1902

THE STATE OF SOUTH CAROLINA  
In the Supreme Court

---

APPEAL FROM BEAUFORT COUNTY  
Court of Common Pleas

Michael G. Nettles, Circuit Court Judge

---

Appellate Case No. 2016-000460  
Case No. 2013-CP-07-0080

---

DomainsNewMedia.com, LLC, Respondent,

v.

Hilton Head Island-Bluffton Chamber of Commerce, Appellant.

---

CERTIFICATE OF COUNSEL

---

As required by Rule 210(g), SCACR, the undersigned certifies that the Record on Appeal contains all material proposed to be included by the parties and not any other material.

SOWELL GRAY ROBINSON STEPP & LAFFITTE, LLC

By: 

Robert E. Stepp (SC Bar No. 5335)  
Tina M. Cundari (SC Bar No. 71951)  
Bess J. DuRant (SC Bar No. 77920)  
1310 Gadsden Street  
Columbia, South Carolina 29201  
803-929-1400  
[rstepp@sowellgray.com](mailto:rstepp@sowellgray.com)  
[tcundari@sowellgray.com](mailto:tcundari@sowellgray.com)  
[bdurant@sowellgray.com](mailto:bdurant@sowellgray.com)

Attorneys for Appellant.

May 26, 2017

THE STATE OF SOUTH CAROLINA  
In the Supreme Court.

---

APPEAL FROM BEAUFORT COUNTY  
Court of Common Pleas.

Michael G. Nettles, Circuit Court Judge

---

Appellate Case No. 2016-000460  
Case No. 2013-CP-07-0080

---

DomainsNewMedia.com, LLC, ..... Respondent,

v.

Hilton Head Island-Bluffton Chamber of Commerce, ..... Appellant.

---


**PROOF OF SERVICE**

---

I certify that I have caused the Record on Appeal to be served upon Respondent by electronic mail on May 26, 2017, addressed to its attorney of record, Taylor M. Smith at [taylor@harrisonfirm.com](mailto:taylor@harrisonfirm.com).

SOWELL GRAY ROBINSON STEPP & LAFFITTE, LLC

By: \_\_\_\_\_

  
Robert E. Stepp (SC Bar No. 5335)  
Tina M. Cundari (SC Bar No. 71951)  
Bess J. DuRant (SC Bar No. 77920)  
1310 Gadsden Street  
Columbia, South Carolina 29201  
803-929-1400  
[rstepp@sowellgray.com](mailto:rstepp@sowellgray.com)  
[tcundari@sowellgray.com](mailto:tcundari@sowellgray.com)  
[bdurant@sowellgray.com](mailto:bdurant@sowellgray.com)

Attorneys for Appellant