



**SAN DIEGO TOURISM MARKETING DISTRICT
BOARD OF DIRECTORS MEETING
Bahia Resort Hotel: Mission Ballroom
998 West Mission Bay Drive, San Diego, CA 92109
Friday, February 12, 2010
9:00 am to 12:30 p.m.**

MINUTES

Roll Call

C. Terry Brown, Chairman, called the meeting to order at 9:08 a.m.

Board members present: Patrick Duffy, Kerri Robinson, Bill Evans, Terry Brown, Richard Bartell, Bob Rauch, Ray Warren and Mohsen Khaleghi.

Board member absent: Luis Barrios.

Also in attendance: Lorin Stewart, Executive Director, Jere Batten, Batten Accountancy Inc., and John Lambeth, legal counsel.

John Lambeth reported that members of the audience are welcome to address the Board on items on the agenda and items not on the agenda. Mr. Lambeth stated that Board members are discouraged from speaking with applicants, must disclose any communication they have had with an applicant. Mr. Lambeth also informed the Board of the rules associated with recusal.

Lorin Stewart gave an overview of the process and asked that Board members submit their ranking sheets. The rankings were displayed on the large screen in the front of the room. Mr. Stewart described the remainder of items on the agenda.

PUBLIC COMMENT:

Kathy Keehan from the San Diego Bicycle Coalition addressed the Board regarding Bike the Bay. Ms. Keehan thanked the Board for consideration and expressed appreciation for the process.

A representative from La Jolla stated to the Board that they had previously tried to obtain funding for La Jolla area projects. He requested that the Board support San Diego North CVB.

Omar Hedidu from San Diego Hotel Week.com addressed the board regarding looking more at a direct booking engine. Mr. Hedidu thanked the Board

Alan Kidd from the Sports Commission discussed the additional events that have been booked since the last discussion. Mr. Kidd discussed the Gold Cup Soccer event with the Board.

Kathy from the Film Commission thanked the Board for their funding last year.

She stated that the Film Commission is requesting the same amount as last year. The Film Commission has a new series and new features coming in. Ed Quinn, vice-chair of the Film Commission, discussed a new campaign to recruit independent film makers to come to San Diego.

Lorin Stewart and Jere Batton gave a presentation on ranking order.
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ACTION ITEMS:

1. There were no changes to the Minutes from the SDTMD Board of Directors meeting of January 29, 2010. A motion was made by Mohsen Khaleghi to approve the minutes. There was a second from Richard Bartell. Yes 7, No 0, Abstain 0.
2. **Conflict of Interest Clarification**
John Lambeth presented the Board with the new policy language regarding conflict of interest clarifications. Bill Evans asked about "host" hotels. Mohsen Khaleghi and Kerri Robinson asked for further clarification of host hotels. A motion was made by Richard Bartell to approve the new language with the exception of the host hotel language. There was second from Patrick Duffy. Yes 7, No 0, Abstain 0.
3. **TMD Forecast**
Lorin Stewart presented the TMD forecast for FY 2011. The current projection is for \$23.7 million in the next fiscal year. Meredith Dibden-Brown clarified the timing of receipt of revenue. Richard Bartell asked about actual receipts for the third and fourth quarter of 2009. Mr. Bartell said the projections may be too optimistic. (Bob Rauch joined the meeting at 9:51 a.m.) Ray Warren stated the estimates are difficult because revenues have been so far down. Mr. Warren stated he was comfortable with the 7% increase estimate for the fourth quarter of FY 2011. Bill Evans stated the Board should be conservative so that the TMD would not need to cut funding later. A motion was made by Ray Warren to adopt the \$23.7 million projection for FY 2011. There was a second from Bob Rauch. Yes 8, No 0, Abstain 0.
4. **FY 2011 Funding Allocations**
Jere Batten explained the amounts for various allocations. Bill Evans stated that he did not believe the catastrophe fund was targeted to cap out at \$1 million. Mr. Evans recommended that additional dollars should be put in the catastrophe fund to anticipate later needs. Ray Warren stated that if the TMD puts more money in the catastrophe fund, the TMD may miss opportunities to fill room nights this year. Terry Brown stated that he believes that the \$1 million in catastrophe fund is sufficient. A motion was made by Bill Evans to put an additional \$1 million in the catastrophe fund, not \$1 million total. Richard Bartell stated that he thought that the \$1 million total in the fund is sufficient. There was a second to the motion from Bob Rauch. Mr. Rauch also stated that \$1 million total is sufficient. Yes 1 (Evans), No 7 (Duffy, Robinson, Brown, Rauch, Khaleghi, Warren, Bartell), Abstain 0.

A motion was made by Ray Warren that a total of \$1 million will be kept in the catastrophe fund. There was a second from Bob Rauch. Yes 8, No 0, Abstain 0.

Ms. Batten stated that the incremental funds for FY 2011 are \$7.945 million. In FY 2009 Convis Received \$23.9 million; In FY 2010 Convis received \$17.9 million. In FY 2009 San Diego North received \$2.57 million; In FY 2010 San Diego North received \$2.775 million. Joe Terzi presented a revised Convis budget, changing from \$20 million to \$19 million. Mr. Terzi stated that many other places are raising additional funds and the need for marketing is greater than ever before. Mr. Warren asked about the remaining funds. Mr. Bartell asked about National Cable advertising. Mr. Terzi stated that at \$19 million, national cable is already cut out, and there is more emphasis on specific spot markets. Mr. Evans asked about cuts to the sales force. Mr. Terzi stated that he is not cutting the sales force. Patrick Duffy asked about increases to salaries in the proposed budget. Mr. Terzi reported that it is a one percent increase. Mr. Terzi stated there is a commitment to PCMA of approximately \$2 million. Mr. Evans asked about economic impact of PCMA. Mr. Terzi stated that PCMA is one of the best meeting events. Similar returns as from ASAE.

A motion was made by Bob Rauch to cut \$700,000 from the Convis budget, taking it from \$19 million to \$18.3 million. This would allow for \$1.4 - \$1.5 million for other organizations. A second was made by Ray Warren. Mr. Evans asked about the \$700,000 reduction in Convis. Mr. Bartell asked what Convis would do without the \$300,000. (If their allocation was \$18 million.) Mr. Terzi stated he is attempting to receive funding from other sources. Mr. Brown stated he would be more comfortable with approving an \$18 million budget for Convis now. Mr. Khaleghi stated the funding decision should be specifically focused on the return on investment. Convis has a proven track record. Mr. Evans stated PCMA is a terrific stimulus. Mr. Evans said the Board should not be cutting Convis now, when the need is the most significant. Mr. Warren stated that there are many other organizations that are providing a significant return on investment. Kerri Robinson agreed that there are other programs that have significant returns. Mr. Bartell stated that the extra \$300,000 to Convis is relatively small to Convis, but large to smaller organizations. Yes 2 (Rauch, Robinson), No 6 (Bartell, Warren, Evans, Khaleghi, Duffy, Brown), Abstain 0.

A motion was made by Ray Warren for a \$1 million cut to the \$18 million. A second was made by Richard Bartell. Yes 8, No 0, Abstain 0.

The Board then discussed the rankings. Ray Warren suggested the following allocations: The first four highest ranked organizations to be at 75% of their requested funding; Sports Commission, Bowl Games, California State Games and the Film Commission. The next three organizations to be at 50% of their requested funding; Rock and Roll Marathon, Beer Week and Crew Classic. The next three organizations to be at 40% of their requested funding; Thunder boats, Wine and Food Festival and Accessible San Diego. Bill Evans suggested Accessible San Diego should receive more funding for their core budget. Bob Rauch stated that MCCSN has a good return on investment but because of the rankings, they would receive nothing. A motion was made by Bill Evans that the Board consider each applicant individually. A second was made by Bob Rauch. Mr. Rauch suggested the Board consider holding monies aside so that all organizations get discussion. Richard Bartell suggested that money not be held aside for organizations that may receive nothing. Mohsen Khaleghi stated that the TMD monies should not be used to fund administration for other

organizations, only marketing. Yes 8, No 0, Abstain 0.

The Board took a ten minute recess.

A motion was made by Bob Rauch to fund the Sports Commission at 75% of their requested funding. A second was given by Bill Evans. Yes 8, No 0, Abstain 0.

Ray Warren recused himself from the Bowl Game discussion. A motion was made by Bob Rauch to fund the Bowl Games at 75% of the requested funding. A second was made by Patrick Duffy. Richard Bartell stated this is a small amount of money in the Bowl game budget. Bowl Games will continue without TMD funding. Yes 2 (Rauch, Brown), No 5 (Robinson, Evans, Duffy, Khaleghi, Bartell), Abstain 1 (Warren).

A motion was made by Kerri Robinson to fund the Bowl Games at 50% of the requested funding at \$250,000. A second was made by Patrick Duffy. Bob Rauch stated that the Bowl Game is a very successful event that generates significant room nights at a time when hotels are empty. Mr. Rauch stated that he is not comfortable with funding only 50%. Yes 2 (Duffy, Robinson), No 5 (Rauch, Brown, Evans, Khaleghi, Bartell), Abstain 1 (Warren).

A motion was made by Bill Evans to fund the Bowl Games with \$100,000. A second was made by Mohsen Khaleghi. Yes 1 (Evans), No 6 (Rauch, Brown, Khaleghi, Bartell, Duffy, Robinson), Abstain 1 (Warren).

A motion was made by Richard Bartell to fund the Bowl Games with \$150,000. A second was made by Mohsen Khaleghi. Yes 4 No 3 Abstain 1 (Warren).

A motion was made by Bob Rauch to fund the California State Games at \$50,000. A second was made by Richard Bartell. Bill Evans noted that this had one of the best return on investment numbers, even though it is at a time when hotels are busy. Yes 5 (Rauch, Duffy, Robinson, Bartell, Khaleghi), No 3 (Evans, Wareen, Brown), Abstain 0.

A motion was made by Bill Evans to fund the Rock and Roll Marathon for \$100,000. A second was made by Mohsen Khaleghi. Bob Rauch stated the Rock and Roll Marathon has an impressive return in early June. Mr. Rauch offered an amendment to fund the Rock and Roll Marathon at 50% of the requested funding, \$145,510. Mr. Evans and Mr. Khaleghi both accepted the change to the motion. Yes 8, No 0, Abstain 0.

A motion was made by Bill Evans to fund Beer Week at \$50,000. A second was made by Ray Warren. Yes 7, No 1 (Robinson), Abstain 0.

A motion was made by Ray Warren to fund the Crew Classic with \$100,000. A second was made by Terry Brown. Yes 8, No 0, Abstain 0.

As to Thunder Boats, Kerri Robinson asked about how the event has changed from previous years when it received no funding. Bill Evans asked how much the City has raised prices on the event. The City has raised the prices by three times what they were previously. A motion was made by Patrick Duffy to fund the Thunderboats with \$50,000. A second was made by Terry Brown. Yes 8, No 0, Abstain 0.

Ray Warren recused himself from the San Diego Bay Wine and Food Festival discussion. A motion was made by Terry Brown to fund the San Diego Bay Wine and Food Festival with \$25,000. A second was made by Richard Bartell. Yes 5 (Brown, Bartell, Robinson, Rauch, Duffy), No 2 (Khaleghi, Evans), Abstain 1 (Warren).

A motion was made by Bill Evans to fund Accessible San Diego with \$60,000. There was no second to this motion. A motion was made by Bob Rauch to fund Accessible San Diego with \$75,000. A second was made by Terry Brown. Yes 8, No 0, Abstain 0.

Patrick Duffy recused himself for discussions about Century Club. A motion was made by Terry Brown to not fund this event. A second was made by Mohsen Khaleghi. Yes 7, No 0, Abstain 1 (Duffy).

Bob Rauch stated that he would like to increase funding for California State Games from \$50,000 to \$75,000. A motion was made by Bob Rauch to increase funding for the California State Games to \$75,000. A second was made by Ray Warren. Richard Bartell stated his support for the increase to \$75,000. Yes 8, No 0, Abstain 0.

Century Club raised a concern that the Board misunderstood the date of the event. Terry Brown and Bob Rauch stated that the Board did understand the date of the event and that there is a possibility for funding at a later time.

A motion was made by Bob Rauch to fund MCCSN at 40% of the requested funding - \$41,000. There was no second to this motion. A motion was made to fund MCCSN at 50% of the requested funding. A second was made by Terry Brown. Mohsen Khaleghi stated that these activities should be done by Convis. Bill Evans asked about Convis' efforts in this market. Mr. Evans stated this is duplicative and that he cannot support the motion. Richard Bartell stated there is a long lead time on these activities. The Board needs to give it time to see the results. Clara Carter from MCCSN clarified that the TMD funding is not 100% of the funding for MCCSN. It is 96% of the FAM tour expenses. FAM tour is approximately 60% of the MCCSN budget. Joe Terzi clarified that his support for MCCSN was based on Clara's work in the local market. MCCSN is doing some things that Convis does not do. Mr. Terzi said there is an opportunity for Convis to work with MCCSN and that there are ongoing discussions. Mr. Terzi stated cost for FAM tour by Convis would be \$25,000 - \$30,000. Mr. Bartell encouraged MCCSN to work with Convis. Yes 5 (Rauch, Bartell, Brown, Robinson, Warren), No 3 (Evans, Khaleghi, Duffy), Abstain 0.

Bob Rauch stated that Bike the Bay has a high return on investment. Richard Bartell stated for such a small number of room nights, TMD should not fund. Event could approach a hotel directly to sponsor. A motion was made by Richard Bartell to not fund Bike the Bay. A second was made by Bob Rauch. Yes 8, No 0, Abstain 0.

C. Terry Brown recused himself from the Citizen's Diplomacy Council. Bob Rauch stated he would like to see the Citizen's Diplomacy Council received money. A motion was made by Bob Rauch to fund the Citizen's Diplomacy Council with \$10,000. There was no second for this motion.

A motion was made by Bob Rauch to not fund New Marketing. A second was made by Terry Brown. Yes 8, No 0, Abstain 0.

A motion was made by Terry Brown to not fund Pazzo. A second was made by Ray Warren. Yes 8, No 0, Abstain 0.

A motion was made by Terry Brown to give the remaining \$140,865 to the Bowl Game Association. A second was made by Bill Evans. Mr. Evans offered an amendment to the motion to split the remaining \$140,865 between the Bowl Game Association and the Sports Commission. Mr. Brown agreed to the amendment. Mr. Brown withdrew his original motion. Richard Bartell stated he would like to hear from some of the applicants that have been reduced. Kathy from the Film Commission said the \$655,000 is a bare bones budget. Reducing to \$491,000 will be devastating and it is unknown what effect that will have. Alan Kidd from the Sports Commission stated that the cut would mean the elimination of 2 sales people. Currently they have 8 sales people. Mr. Evans stated that the Board should give some time for the organizations to analyze the decisions that have been made by the TMD Board. Lorin Stewart told all the recipients that the TMD will need new budgets that match the amount funded. A motion was made by Terry Brown to not allocate the remaining \$140,865 at this time. A second was made by Bill Evans. Yes 8, No 0, Abstain 0.

Informational Items:

Chairman's Report – There were no additional items reported on as part of the Chairman's report.

Treasurer's Report – There were no additional items reported on as part of the Treasurer's report.

Executive Director's Report – There were no additional items reported on as part of the Executive Director's report.

CONSENT:

5. None

6. **Motion to Adjourn**

The meeting was adjourned by Chairman Brown without objection at 12:30 p.m.

Approved _____
Luis Barrios, Secretary

Date _____