

**SAN DIEGO TOURISM MARKETING DISTRICT  
BOARD OF DIRECTORS MEETING  
Bahia Resort Hotel: Marina Room  
998 West Mission Bay Drive, San Diego, CA 92109  
Friday, July 15, 2011  
9:00 am to 12:30 p.m.**

**MINUTES**

**Roll Call**

C. Terry Brown, Chairman, called the meeting to order at 9:12a.m.

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

Board member absent: Keri Robinson.

Also in attendance: Jere Batten, Lorin Stewart, Executive Director 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 and must disclose any communication they have had with an applicant. Mr. Lambeth also informed the Board of the rules associated with recusal.

**PUBLIC COMMENT**

Alessandra Lezama, CEO of SanDiego.com gave the Board an update on the new technology and changes at San.Diego.com

**INFORMATIONAL ITEMS**

1. **TMD Renewal Progress**  
Lambeth informed the Board that renewal was progressing according to plan. He reported that the City Attorney's office was close to completing their review of the enabling ordinance revisions. The ordinance will then be heard by a subcommittee of the City Council and then the full Council in August. Once the ordinance is complete, the plan will be finalized and the industry will begin collecting petitions. After the petition drive is complete, there will be approximately two and one half months of hearings.
2. **Updated SDTMD FY12 Projections**  
Warren reported that there is approximately \$1.8M in the opportunity/catastrophe fund.

**ACTION ITEMS:**

1. **Approval of Minutes**  
A motion was made by Luis Barrios to approve the minutes. There was a second from Warren. Yes 8, No 0, Abstain 0.
2. **SDTMD FY 2012 Officer Election**  
There was a motion by Barrios to nominate Terry Brown as Chairman. There was a second by Khaleghi. There were no further nominations. Yes 8, No 0, Abstain 0.

There was a motion by Duffy to nominate Richard Bartell as Vice Chairman. There was a second from Brown. There were no further nominations. Yes 8, No 0, Abstain 0.

There was a motion by Brown to nominate Luis Barrios as Secretary. There was a second from Warren. There were no further nominations. Yes 8, No 0, Abstain 0.

There was a motion by Khaleghi to nominate Ray Warren as Treasurer. There was a second by Bartell. There were no further nominations. Yes 8, No 0, Abstain 0.

3. SDTMD FY 2013 Meeting Schedule

Lorin reviewed the meeting calendar with the Board. There was a motion by Warren to approve the calendar. There was a second by Barrios. Yes 8, No 0, Abstain 0.

4. FY2013 Application-Guidelines

Lorin explained the application process and reviewed the application and guidelines with the Board. There was a motion by Bartell to approve the application and guidelines. There was a second by Khaleghi. Yes 8, No 0, Abstain 0.

5. SDTMD Executive Summary

Chairman Brown reported on Councilmember Carl DeMaio's challenge to the industry to make TOT revenues reach \$300M. Chairman Brown said there is an opportunity to move on the challenge. He recommended that an ad hoc committee be formed to work, possibly with SDSU, to develop ideas for achieving the goal.

Evans said this is a large task. Evans said a 25% increase would be significant. He said this is a serious undertaking. We should be looking for a firm that has expertise in many different disciplines. Warren said what is being asked for is a vision. Stewart said there is a lot of background work that needs to be done. Bartell said that this is a watershed moment. He supports having SDSU work on this project. Exploring what the City can do to help this effort is critically important.

Rauch said that in 1999, SDSU and UCSD did a report on the tourism industry in San Diego. He said the proposed work would be a good follow up to that study. He said the discussion is on the right track.

Brown, Warren, Evans and Rauch volunteered to be on the ad hoc committee. There was a motion by Warren to approve the creation of the ad hoc committee, to approve the appointment of the directors who volunteered, and to approve the allocation of \$10,000 to fund the effort. This was seconded by Rauch. Yes 8, No 0, Abstain 0.

6. FY 2011 Single Line Item Revision: SD Sports Commission (SDSC) Budget

Alan reported that they are asking for a recoding of \$6,500 from Public Relations to Research. There was a motion to approve the recoding by Duffy. There was a second by Barrios. Yes 8, No 0, Abstain 0.

7. FY 2012 Final ConVis Budget

Terzi reported that there was approximately \$1.5M carried forward. He reported on ConVis negotiations to lease office equipment. The lease costs are approximately \$110,000/year. He requested a budget modification to reflect these changes.

Warren asked how much of the overall office equipment expense was for furniture. Terzi said there are plan interpretation issues with respect to using TMD money to acquire furniture. Brown noted that the TMD has specific prohibition regarding spending money on capital equipment. Evans asked if the same restriction would have to be in the plan upon renewal. Lambeth reported that it does not necessarily have to be in there, but that it is in the current renewal draft.

There was a motion by Evans to approve the budget change. This was seconded by Duffy. Yes 8, No 0, Abstain 0.

8. FY 2012 Incremental Application Presentation: Competitor Group/Rock & Roll Marathon

Bruce from Rock & Roll Marathon said the original ask was for \$350,000. They received \$250,000. He came before the SDTMD Board today to ask for another \$100,000. The new figures show that the Rock & Roll Marathon generated 57,926 room nights. The proposal is to spend the \$100,000 on buying TV spots in other markets to promote the race.

Evans said the Rock & Roll marathon is a mature event. He said the event has been very successful, but that he is hard pressed to support funding given the dates of the event. Bruce said the biggest growth year was 2009-2010. It went from 14,000 runners in 2009 to 30,000 in 2010. The TMD funds have had a significant impact.

Brown said approving the request would set a bad precedent. He said he is not supportive of additional funding because it would set a bad example of going back to revisit decisions. Rauch said it doesn't matter that the Rock & Roll marathon is a for-profit organization. He said there is tremendous compression and that the TMD should allocate the additional funds because of the impressive ROI. Bartell said that the Board can look at the \$100,000 as a new proposal with an ROI of 8.47:1. He asked about where the TV spots would run. Bartell said he agrees with Rauch that the Board should approve the request.

Brown asked for clarification on which year of the race was being funded. Khaleghi asked about specific room night generation. Evans said we should be looking at marginal room nights. Warren said the dates of the event are at a slow time. Warren said it is a great opportunity to see if the Rock & Roll marathon can produce an additional 5,000 room nights. He said he supports the funding. Barrios asked about how the decision is made to identify the point at which the event sells out.

Bartell said every year is a new year as it relates to attracting new runners to the event. 60% of the runners this year were first timers to running in the marathon. Evans said he thinks the numbers are not correct.

Rauch made a motion to approve \$100,000. There was a second by Warren. Yes 7, No 1 (Evans), Abstain 0.

9. **FY 2012 Incremental Application Presentation: America's Cup – SD Sports Commission**

Alan Kidd said that the Sports Commission is constantly looking for new opportunities. RC-44 started the effort to establish San Diego as a world class venue for sailing. America's Cup finals will be in San Francisco. Alan introduced Mike McDowell.

Mike McDowell said that the TMD was designed to create a stable funding source and generate room nights. He said a success story within the TMD is Sea San Diego and RC-44. He said there is newly developing stadium racing or "NASCAR on the Water". Competitive niche sailing is a market that can be a driver for the tourism industry.

The total cost of the event is approximately \$1M. The Port has contributed \$316,000 in sponsorship plus some real estate services. The request is for \$300,000 from the TMD.

Warren asked about how the \$1M would be spent. John from America's Cup World Series reported that the money would go towards marketing, PR, docks, cranes and pontoons. The PR and marketing will focus on filling room nights.

Terzi reported that the CTTC is promoting this event as an opportunity for the state.

There was a motion by Warren to approve the allocation of \$300,000. There was a second by Evans. Brown said the returns could be phenomenal. Yes 8, No 0, Abstain 0.

10. **FY 2012 Incremental Application Presentation: Soccernation.com**

The group is not quite ready to present but will return at a later time.

The Board will not meet in August. The next meeting is scheduled for September 16, 2011.

The meeting was adjourned by Chairman Brown without objection at 11:12a.m.

Approved \_\_\_\_\_ Date \_\_\_\_\_  
Luis Barrios, Secretary