

SAN DIEGO TOURISM MARKETING DISTRICT
BOARD OF DIRECTORS MEETING
Bahia Resort Hotel: Marina Room
998 West Mission Bay Drive, San Diego, CA 92109
Friday, November 11, 2011
9:05 am to 11:47 p.m.

MINUTES

Roll Call

C. Terry Brown, Chairman, called the meeting to order at 9:05 a.m.

Board members present: Terry Brown, Bill Evans, Mohsen Khaleghi, Bob Rauch, Richard Bartell, Ray Warren.

Board member absent: Patrick Duffy, Luis Barrios and 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

Balboa Park Celebration

Mr. Swanson reported that he put together a marketing concept for the Balboa Park Celebration. He expressed disappointment in the progress of the celebration.

Crew Classic

Janet Coulon from Crew Classic reported that registration opens on November 1. Last year registration was up twenty percent (20%). This year, by noon, registration was up thirty-six percent (36%) over last year. They are very pleased with the tremendous response.

INFORMATIONAL ITEMS

1. TMD Renewal Progress: Lambeth gave an update on the status of renewal. He stated that the process has been delayed by approximately two months. The City is still reviewing the Plan. It is anticipated that the City Council's budget and finance committee will hear the Plan in January.
2. Lorin Stewart gave an update on the finances. He reported that there is approximately \$1.150M for contingency in fiscal year 2012.

ACTION ITEMS

1. Approval of Minutes
A motion was made by Mohsen Khaleghi to approve the minutes. There was a second from Richard Bartell. Yes 6, No 0, Abstain 0.

**SDTMD November 11, 2011
Minutes, Page 2**

2. FY 2012 Advance Request: San Diego Crew Classic
There was a request for an advance in the amount of \$13,000 for the Crew Classic. Ray Warren motioned to approve the request, Terry Brown seconded. Yes 6, No 0, Abstain 0.
3. ConVis Budget Revisions / Adjustments
Jere Batten reported on adjustments due to changes in the carry-over amounts. There are no new items. Ray Warren moved to approve the revisions, Terry Brown seconded. Yes 6, No 0, Abstain 0.
4. FY 2013 Annual Application Presentation: Beyond the Border: Art, Inc.
Ann Berchtold reported on the Art San Diego Fair, which is a 3.5 day annual event. This will be the Fair's fourth year. In 2009, there were 2,500 attendees and 100 room nights. In 2010, there were 5,500 attendees and 350 room nights. In 2011, there were 8,000 attendees and 605 room nights.

Ann also reported on the Arts month campaign. In 2009 there were 47 attendees, in 2010 there were 60, and in 2011 there were 100.

They are requesting \$50,000 to reach a national audience. For last year's 605 rooms sold, the ADR was \$189. The target this year is to have 1,000 room nights, with a value of \$303,345. This would be a 6.05:1 ROI. Bob Rauch asked how the ADR was determined. Ann replied that they looked at room blocks and hotel reports to determine the ADR.

Bill Evans asked why this is not supported by the Arts and Culture Commission. Ann said they are supported by the commission but have not received a commission grant because they are not a non-profit.

Ray Warren said the event was well thought through. He asked who the target audience was. Ann said collectors from Los Angeles, Phoenix, New Mexico, and other markets.

Richard Bartell said he attended the last two years. He felt like there was less artwork last year. Ann said that they made the booths bigger, but had the same number of galleries. Bartell asked about timing of room nights. Ann said over 3.5 days. Bartell asked if the event was moving to Balboa Park, Ann said yes. He also asked how they came up with an expectation of 1,000 room nights. Ann said they looked at the drive markets and had discussions with PR firms. Bartell asked which hotel or hotels will the event affiliate with. Ann said that has not yet been determined but there will probably be 3 to 4 affiliated hotels.

Bill Evans said he was troubled by the numbers. He said the increment is 1,000 room nights. Ann said these are the best projections. Evans expressed concern about the ROI. Bob Rauch stated that ROI is about 3:1. We will need to look at it in comparison to the other requests.

Bartell pointed out that the application form has been changed to specify incremental room nights. The board discussed their desire to have a precise way to calculate ROI based on incremental room nights. Evans also suggested the methods for determining ROI be better coordinated.

**SDTMD November 11, 2011
Minutes, Page 3**

5. FY 2013 Annual Application Presentation: SD Natural History Museum – TITANIC Artifact Exhibit

Dr. Mick Hager, President of the Natural History Museum, presented. The exhibit will run from February 10 – September 9, 2012. He described the unique exhibition and said it coincides with the 100 year anniversary of the sinking and release of James Cameron's new 3D film.

They are requesting \$200,000 for out of market advertising.

Bill Evans asked about marketing dollars spent and actual room nights generated. Evans asked about getting money back if the promotion is successful.

Richard Bartell asked how the 15,000 room night projection was developed. Mick reported that they looked at surveys from over-night visitors going to Body World.

Evans asked how they distinguish people who are already here and went to the exhibit from people who came here for the exhibit. Lorin Stewart indicated that the Visitor surveys ask specific questions.

At the end of the meeting, Bob Rauch motioned to advance \$187,500 to the Natural History Museum for the Titanic exhibit. Ray Warren seconded. Yes 6, No 0, Abstain 0.

6. FY 2013 Annual Application Presentation: SD Spirits Festival

They have decided that the event will be the last weekend in August. The festival started in 2009. In 2009, it included 19 brands, 39 in 2010, and 60 in 2011. In 2012, they forecast a forty-percent (40%) increase in brand participation. They expect attendees from Orange County, Los Angeles, and Arizona.

Richard Bartell asked about who attends the event. The answer was enthusiasts, who come to learn about and taste very high-end spirits and meet mixologists. Richard Bartell asked how much is industry vs. visitor attendance, the answer was 50/50.

They have requested \$29,500. Of that amount, \$16,000 is payroll.

7. FY 2013 Annual & FY 2012 Incremental Application Presentations: Sandiego.com

Terry Brown reported that he met with Sandiego.com and Joe Terzi regarding the application.

The request is for \$202, 935. The expected ROI is 5:1, with 7,805 room nights generated. Bill Evans said that this is a large dollar amount, and indicated ConVis are the experts on the website. He would like to have a report from ConVis.

Terry Brown said that the proposal compliments and competes with ConVis.

Alessandra Lezama said that everything they are doing is designed to complement ConVis' activities. Ray Warren asked about their unique AI technology that generates internet room night bookings.

**SDTMD November 11, 2011
Minutes, Page 4**

Richard Bartell asked about their track record. They said they started in late August 2011, and don't have much of a track record yet. They are proposing a new, 12-month, spot marketing campaign.

Ray Warren said it is very difficult to think about this without thinking about sandiego.org (ConVis). There needs to be cohesiveness, which should come through ConVis. He stated that we don't want to confuse the public.

Bill Evans asked about a funding model based on results. Bob Rauch said that this is an attractive idea, but the funding request level is too high.

Terry Brown noted that there is some time before the TMD Board needs to make a decision on this request. Ray Warren said that the presentation must be integrated with ConVis. Bill Evans expressed concern about funding a start-up business. Richard Bartell said he is less concerned about the ConVis issue, although ConVis should definitely be involved.

Richard Bartell expressed concern that this technology is untested.

Lorin Stewart reported that the excess over \$1M is \$150,000. Mohsen Khaleghi asked about availability of ConVis funding for this activity. Rick from ConVis said there is no ConVis funding available for this program.

The meeting was adjourned by Chairman Brown without objection at 11:47 a.m.

Approved _____ Date _____
Luis Barrios, Secretary