

**SAN DIEGO TOURISM MARKETING DISTRICT
BOARD OF DIRECTORS MEETING**

Bahia Resort Hotel: Mission Ballroom
998 West Mission Bay Drive, San Diego, CA 92109
Friday, December 2, 2011
9:07 am to 11:08 p.m.

MINUTES

Roll Call

C. Terry Brown, Chairman, called the meeting to order at 9:07 a.m.

Board members present: Terry Brown, Patrick Duffy, Mohsen Khaleghi, Richard Bartell, Luis Barrios, Keri Robinson, Bill Evans.

Board member absent: Ray Warren, and Bob Rauch.

Also in attendance: Lorin Stewart, Executive Director and Melanee Cottrill, Civitas Advisors.

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

PUBLIC COMMENT

San Diego Bay Wine and Food Festival

This year's official results will be presented in January. They are currently working with SDSU to audit the event's ROI. They will surpass 1 billion media impressions this year. The event had a film crew for 2 days, the result will be approximately 600,000 video downloads. It is expected they will surpass their ROI prediction.

INFORMATIONAL ITEMS

1. TMD Renewal Progress: Terry Brown reported that there is no update.
2. Public Records Requests
Terry Brown reported that Union Tribune reporter Lori Weisberg has been demanding public records. Lorin Stewart provided the Board copies of records requests. Civitas has responded to the request and asked for a 14-day extension for financials. Jere Batten will make her office available for review of receipts. Richard Bartell asked if we can get another extension. Lorin thinks 14 days will be long enough to gather the requested records.
3. Audit
Lorin reported audit responses have been updated on the spreadsheet. 2012 has changed slightly. PCMA has an offer for sponsorship.
4. \$1,052,733 cash remains in contingency for FY 2012. Excess over catastrophe fund is \$52,733.

ACTION ITEMS

1. Approval of Minutes

A motion was made by Richard Bartell to approve the minutes. There was a second from Luis Barrios. Yes 7, No 0, Abstain 0.

2. FY 2011-2011 SDTMD Financial Audits

Presentation by Doug from Robert R. Redwitz & Co. The Board received and reviewed Financial Statements and a Supplemental Information and Compliance Report. Redwitz & Co. concluded that the district was in compliance with the city agreement in all respects except report timing. Extensions were granted on the audit till October 2011. The 2010 audit was delayed due to financial records needed beyond SDTMD's control. Interim procedures were recommended to avoid delays in the future, particularly due to privacy and confidentiality concerns in obtaining financials from businesses. Bill Evans motioned to approve the audit, Duffy seconded. Yes 7, No 0, Abstain 0.

3. FY 2012 Incremental Application Follow-Up Presentation: SanDiego.com

Presentation by Alessandra. Since the last board meeting presentation, SanDiego.com staff has met with the SDTMD marketing committee. Sandiego.com offers to market San Diego as a destination, and individual hotel members. They are committing to deliver over 7,000 room nights with analytics to support bookings, and to produce materials for hotels including videos. They have met with Joe Terzi, and their goal is to compliment ConVis' efforts. They will allow ConVis to brand SanDiego.com to avoid confusion. They want to create a comprehensive "smart listing" of all hotel choices for users. They offered to remove risk to the district by allocating funding to deliverables only.

Bill Evans reported that the marketing committee had experts review the proposal's technical details. They found there was no added benefit over what ConVis is already doing and felt there would be a mixed message which could be detrimental. Experts did not feel there was new technology, rather a blending of existing technologies. The marketing committee voted unanimously not to support the current proposal.

Richard Bartell pointed out SanDiego.com has been operating for a while and many hotels participate, but not using the currently proposed technology. Alessandra said the smart listing would allow direct bookings on the site, which is not what they currently offer. The new program would provide ads to a targeted audience looking online to travel, pushing information rather than waiting for travelers to find the website.

Bill Evans thought the website could be detrimental because it is not consistent with ConVis' design and branding. Richard Bartell asked if the marketing committee considered funding on a deliverable-only basis. The committee thought any funding would be detrimental to ConVis' new site. Bill also felt the more hotel-specific nature of this proposal may not be appropriate for SDTMD funding.

ConVis reported on their review of SanDiego.com. They are concerned that it is confusing and visitors will get lost trying to book rooms on it. There will also be

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confusion between the .org and .com web addresses, when ConVis runs a campaign this confusion does lead to more hits at SanDiego.com. There was discussion between ConVis and Alessandra re: audience and web presence.

Terry Brown reported that legal counsel John Lambeth opined that Brown's recusal was not necessary. Brown did not want to turn down possible room nights but expressed confidence in the committee's recommendation.

Bill Evans motioned to not support SanDiego.com's application for 2012 incremental funding. Luis Barrios seconded. Yes 7, No 0, Abstain 0.

4. FY 2013 Annual Application Follow-Up Presentation: San Diego Spirits Festival

The SD Spirits Festival has amended their application since the last meeting and presented the revised application. They increased their combined advertising / PR budget by \$20,000, primarily directed to out-of-town visitors. The event was moved from the last weekend in June to the last weekend in August 2012. They have had a further increase in brand participation and been endorsed by Tasting Panel Magazine. They now forecast a 50% increase in brand participation, up from the original 40% projection. ADR has also increased from \$136 to reflect the primary hotels impacted. They are the largest spirits festival on the West Coast and expect to continue drawing national and international brands to participate.

The proposal amount has increased \$20,000 for additional out-of-county marketing. With additional funding they hope to see more attendees than participants, instead of the previously anticipated 50/50 mix.

5. FY 2013 Annual and Incremental Application Presentation: SD Sports Commission

The commission would like to carry over unspent previous allocations to hire staff to work on the Elite Clubs National League soccer tournament to be held March 31 - April 2, 2012, with expected 28:1 ROI.

Bill Evans motioned to approve request to carry-over funds, Terry Brown seconded. Yes 7, No 0, Abstain 0.

6. FY 2011-2012 Budgeted Funds: SD Sports Commission

Bill Evans reported that the city is re-purposing some polo fields. The Sports Commission is going to bid to run the field and hopes to generate 50,000 - 100,000 room nights with events there. A RFP for field management is anticipated in first quarter 2012.

The 2011 event listing with room nights, ADR, and total revenue was presented. Total bookings were 20,056 room nights with an ADR of \$133.80. This generated \$2,683,626 in revenue, from the \$363,391.16 funding allocation. ROI was 7.4:1. Future bookings were also secured in 2011.

The 2013 funds request will be \$710,500. The expected ROI is 15:1, estimated revenue \$10,705,382.50. They want to hire an additional marketing person, spend \$28,000 on collateral materials, \$9,000 on additional travel, \$25,000 on research by

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San Diego State, and enhance web presence (interactive facilities list, bookings, registration coupons) in conjunction with ConVis. They expect summer and winter games to grow with an additional dedicated staff person.

Bill Evans would like to create a policy on how ROI is calculated, particularly the return that SDTMD dollars are getting. The Sports Commission will provide more data on events. Lorin Stewart noted that San Diego State's surveys have added the question, "why are you here?" to help calculate ROI.

The Commission presented on a proposal to market hotel and golf packages for the PGA. They are requesting \$30,000 for a staff person to focus on golf and \$80,000 to market the golf initiative.

Bill Evans asked why the program isn't funded by ConVis because is duplicative with their efforts. Golf is transitioning to the Commission from ConVis. Richard Bartell noted he has read golf is on the decline and is no longer a growth business - Commission confirmed. Expected ROI is 6.07:1 with \$136.81 ADR and 5,000 room nights generated with \$684,500 value.

7. FY 2013 Annual Application Presentation: California State Games

Sandi Hill presented. The 2012 games will have 22 sports and they expect 9,000 athletes from all over the state. She reported on the 2011 State Games of America, which the TMD supported by paying 1/2 of the fee for proposing in 2008.

The 2012 games have hotel blocks around the County. They moved blocks to properties that are in the TMD. They are also doing regional qualifiers to bring athletes from all over the state. They estimate 2,500 room nights from hockey over President's Day weekend, when participants will have to stay in a TMD hotel room block. Richard Bartell asked where venues and room concentrations are for winter games. Rooms are in Rancho Bernardo, Mission Valley, La Jolla, Mid/Central for Ice Arena – essentially spread out over Central & North County. Their goals are to increase participation, provide easy hotel access, and increase room nights. Funding supports a part-time sales person, marketing staff efforts and collateral. They estimate 14,000 room nights and \$1.9M revenue from their \$100,000 request (same as last year), with a 19:1 ROI and \$136.81 ADR.

8. FY 2013 Annual Application Presentation: Thunderboats Unlimited Inc., SD Bayfair

Gregg Mansfeld presented. They are working on paying off their debt, currently they have no paid staff and won't until debt is paid off. The 2011 event ROI was 33:1, they think they can do better next year. The 2011 event had three days of racing with 110,000 attendees and 21 million media impressions. Visitors spent an average of four nights in San Diego. The 2013 event will have additional classes and expanded live entertainment to bring a larger, younger crowd. They will also add military games, paintball, and a small microbrew festival to compliment the entertainment stage. The estimated room nights are 13,060 with \$1.7M revenue. Last year they were granted \$50,000; this year's request is \$80,600.

Bill Evans noted it looks like a lot of money is going to marketing in San Diego, he didn't think that was an appropriate expenditure for SDTMD funds. The Commission reported that some funding spent on ads in San Diego resulted in free

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ads in outside markets. Bill would like funds separated to identify sales. Last year they expected 6-9,000 room nights and sold 13,000. Richard Bartell pointed that the expected ROI from the requested increased funding amount is lower than last year's was with a lower funding amount. Richard and Bill requested a revised budget that doesn't allocate TMD funding to local marketing.

Terry Brown reported that Ray Warren has submitted his resignation as a board member as he is leaving San Diego. Richard Bartell will form a nominating committee to fill the vacancy. Bill Evans would like a new board member as fast as possible so they can get background to vote on proposals. Richard will have the committee meet this month. Lorin Stewart noted that the Board can still vote with a vacancy. Mohsen Khaleghi suggested Ray Warren submit his resignation effective immediately to allow a new person to join the board earlier. Civitas will research whether the vacancy can be allowed to remain until after the vote on applications or whether they Bylaws allow Chair to appoint someone to fill the position.

The meeting was adjourned by Chairman Brown without objection at 11:08 a.m.

Approved _____ Date _____
Luis Barrios, Secretary