



**SAN DIEGO TOURISM MARKETING DISTRICT
BOARD OF DIRECTORS MEETING
Bahia Resort Hotel: Marina Room
998 West Mission Bay Drive, San Diego, CA 92109
Friday, January 21, 2011
9:00 am to 12:30 p.m.**

MINUTES

Roll Call

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

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

Board members absent: Luis Barrios and Kerri Robinson.

Also in attendance: 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.

Evans disclosed that part of his dock was lent to the Bahia Hotel by Crew Classic without his knowledge. The dock is for temporary use and will be returned to Crew Classic.

Informational Items

- 1. Bob Nelson resignation as vendor due to Port Commission appointment
Chairman Brown disclosed that Bob Nelson has resigned because he has been appointed as a Port Commissioner. Brown publicly thanked him and congratulated him on his new position.**

- 2. CONVIS: Proposed Office Relocation presentation related to the Convis FY 2012 Proposed Budget
Joe Terzi gave general information about the Convis leases. He stated that two leases will expire in the summer of 2011. He reported that he is in the final stages of discussion on a new lease.**

Brown reported that he has seen the new proposed office location. He also reported that he believed that the lease was a "good deal". Bartell said that he believed the proposed lease included a very reasonable rent for the space. He asked about downtown versus other locations. Terzi said the preference is to be downtown as the highest concentration of rooms is downtown. Also the government agencies that Convis deals with are downtown. Terzi also detailed other buildings that were reviewed in locations outside of Downtown.

Bartell said that he believes it is not his role as a TMD Board Member to micro-manage Convis. He added that Convis should be entitled to be reimbursed for reasonable rent. Bartell asked if it is worth it to pay more to be downtown. Terzi said it is Convis' preference to be downtown. He believes that Convis will be more productive at the proposed location than at the existing location.

Evans stated that he is a big fan of the improvements at Convis since Terzi has taken over. Evans said he believes the TMD is ethically required to review the lease. Evans believes the deal that Convis has proposed at the new building is a very good deal. However, the building is a high end building. He questioned whether Convis needs such a nice space. Evans expressed concern about how nice office space for Convis might affect renewal of the TMD. Warren said that we should be asking whether or not this is a good deal. Rauch said he is concerned about the image and expense. He also said that he believes this issue is the business of Convis. Duffy asked about the long term implication of the image question. Terzi said that overall they will be paying less rent than they are today. The rent is approximately 2.3% of Convis' total budget.

Evans expressed his concern. Brown thanked Joe Terzi.

ACTION ITEMS:

1. **Approval of Minutes**
A motion was made by Bob Rauch to approve the minutes. There was a second from Ray Warren. Yes 7, No 0, Abstain 0.
2. **SD Convention Center Corporation: Reallocation of FY09 and FY10 Approved Funds**
Carol thanked the TMD Board for its previous support. She reviewed the history of the TMD funding for groups.

Warren recused himself since his hotel will receive a specific block of rooms from these events. Evans expressed concern about the TMD paying for rent at the convention center. Brown asked about the convention center's ability to discount rent based on agreements with the City. Carol said that they are able to do this if funding is available.

Bartell asked about what other convention centers do in similar situations. Carol said other convention centers have other additional revenue sources. Bartell asked if the SD Convention Center was at a competitive disadvantage (because of the lack of city funding) compared to other cities. Carol said yes. Khaleghi asked why the convention center could not give free or significantly reduced rent. Khaleghi asked how many hotels would be affected by this event. Rauch stated that he does not believe this is a city-wide compression issue. Brown said if 16 hotels are filled there will be compression.

Brown asked about the timing of the decision. Carol said there needed to be an immediate decision. Evans said that the convention center has cash reserves. He also said that the convention center is spending a lot of money on architectural design work right now. A motion was made by Evans that the TMD not fund any subsidies for rent for the convention center. There was a second from Rauch. Rauch said he thinks very highly of Carol and her team. He said the

2014 proposal makes sense although believes the TMD should not fund the 2019 proposal. Brown said he believes the TMD should fund convention center rents if it generates enough room nights. Evans believes the TMD cannot vote on this because the ROI numbers were not presented.

Evans withdrew his motion. Rauch made a motion that the TMD not fund this proposal because the ROI calculations are not included. There was a second from Bartell. Yes 5, No 1 (Evans), Abstain 1 (Warren).

Lorin gave background information on the upcoming application items.

3. **FY 2012 Application Presentation: Beyond the Border: Art, Inc**
Ann Berchtold gave an overview of the presentation and showed a brief video. She then went through a detailed slide show. The request is for \$50,000 and it is projected to generate 3,320 room nights. The ROI is 8.32:1.

Evans asked about making the \$50,000 a loan to be paid back at a later date. Bartell asked about what UBS does for their customers. Bartell asked is UBS pays for anyone to come in from out of town. Bartell said he attended the event last year and said it was very impressive. He also said it looked like mostly local attendees. Bartell asked about room night generation figures. Warren expressed support for the idea. He liked that this was “seed” funding for an event that has potential to grow. Evans asked about timing. He said the utility of the event would be greater if it were held at a different time.

4. **FY 2012 Application Presentation: San Diego Brewer’s Guild/Beer Week**
Chris Kramer gave a presentation on the San Diego Beer Week. SD has received significant international notoriety as a ‘mecca’ for locally brewed beer. There are 477 events over 10 days with 63 participating breweries. VisionQuest performed an analysis of incremental room nights. There were 1,435 room nights directly generated in the 10 days with a 3.59:1 ratio. Bartell asked about the distribution of room nights.
5. **FY 2012 Application Presentation: Accessible San Diego**
Wes thanked the TMD for its previous support and requested \$25,000 for CSUN.

Bartell asked about the expenditure of funds requested. Wes explained that \$75,000 of funding is used for core programs. ASD is requesting additional funds for specific activities/groups. Warren asked if the Hyatt provides funding. Brown said he has said repeatedly that ASD should not be doing sales or marketing. It appears the ASD is seeking funding for these kinds of activities. Khaleghi asked if the proposed group is already booked at the Hyatt. Wes said yes. Khaleghi asked if the room nights are already secured. Wes said yes. Khaleghi suggested that an agreement between ASD and Convis be reached. He offered to help make the agreement.

Rauch asked about board members being able to help Convis and ASD reach an agreement. Rauch made a motion that an ad hoc task force be assembled to work on this issue. The members are Rauch and Khaleghi. There was a second by Warren. Yes 7, No 0, Abstain 0.

6. **Accessible San Diego FY 2011: Posting Correction on Budget**

There was a typographical error on the ASD FY 2011 budget. Warren made a motion to correct. There was a second by Brown. Yes 7, No 0, Abstain 0.

7. **FY 2012 Application Presentation: Competitor Group**

Scott Dickey and Kerry Logan presented information about the Rock and Roll Marathon. This is the largest sporting event in San Diego and the 3rd largest event at the convention center behind Comicon and the Auto Show. In 2009 there were 18,500 participants and 30,000 in 2010. They commissioned a study by SDSU about the results which showed 41,766 room nights generated in 2010. The funding request is for \$350,000.

Bartell said he is a big fan of the event. Hotels are full when R&R is happening. Bartell asked about how the event would be different without the TMD funding. He also asked when there will no longer be a need for TMD funding. Scott said that they look at their own ROI. This is the only city that does not provide a subsidy for the event.

Warren said the R&R provides incredible compression throughout the city. He asked about the lack of support from the City and the costs that the City charges. The City charges \$32,000 per mile for basic services. Khaleghi said the R&R has been a great event. He asked about the arrangements with the charitable organizations.

8. **FY 2012 Application Presentation: San Diego Bay Wine & Food Festival**

Michelle presented the successes of the Bay Wine & Food Festival. 34% of the audience is from outside San Diego and they book approximately 40 hotels during the event. The number of projected room nights was 2,000. The actual number of room nights last year was 2500-2900, tracked through the block or website. There was an extensive survey methodology. The data was submitted to SDSU. The ROI calculation is conservative.

The request for is for \$75,000 funding for out of town marketing and promoting hotel packages. The number of projected room nights is 3200 with an ROI of 6.35:1. Evans complimented Michelle on a great presentation.

Brown brought up the issue of renewal. He indicated that Lambeth and he and Lorin had begun work on the renewal. Evans brought up the issue of funding restrictions in the current TMD. He suggested there be a group put together to work on this. He volunteered to serve on the working group.

9. **FY 2012 Application Presentation: Thunderboats Unlimited/San Diego Bayfair**

They have secured sponsorship from Air Guard. In 2010, 125 race teams participated with approximately 70,000 people attending the event. In 2011, the organizers are proposing to add on several additional events. They are requesting \$100,000 from the TMD. They indicated that this is the last year they will ask for funding from the TMD.

Bartell asked about previous funding. He also asked about appearance fees for the boats. Evans asked if this is the last year of asking for TMD funding. Yes.

Motion to Adjourn

The meeting was adjourned by Chairman Brown without objection at 12:25p.m.

Approved _____ **Date** _____
Luis Barrios, Secretary