



**SAN DIEGO TOURISM MARKETING DISTRICT  
BOARD OF DIRECTORS MEETING  
Bahia Resort Hotel: Mission Ballroom  
998 West Mission Bay Drive, San Diego, CA 92109  
Friday, March 19, 2010  
9:00 am to 12:30 p.m.**

**MINUTES**

**Roll Call**

C. Terry Brown, Chairman, called the meeting to order at 9:06 a.m.

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

Board member absent: Patrick Duffy and Keri Robinson.

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.

**PUBLIC COMMENT:** No Public comment.

**ACTION ITEMS:**

1. There were three changes to the Minutes from the SDTMD Board of Directors meeting of February 12, 2010. A motion was made by Ray Warren to approve the minutes as corrected. There was a second from Mohsen Khaleghi. Yes 7, No 0, Abstain 0.
2. **FY 2009 Performance Audits and White Paper**  
Doug Clevenger presented an overview of the audit reports. Marlee Ehrenfeld with MJE gave an overview of MJE. Susan Smith, from MJE, presented an overview of the white paper. The goal of the paper was to evaluate the draft performance audits of the TMD and make recommendations for feasible ROI measurements. Only hotel room nights generated within the TMD (and only assessed hotels) can be used for determining ROI. The current measurements included "definite measurements" through online booking and mandatory room blocks. Measurements also included "estimated measurements" such as surveys. Surveys must include non-biased, random survey samples to be statistically significant. Opt-in methodology is not a statistically significant random sample. Bill Evans asked whether the TMD should be conducting the surveys to measure ROI. Ms. Smith said that the TMD should at least coordinate with the vendors and give them direction. Ray Warren stated that

most efforts are easier to measure than Convis or SD North programs. Mr. Warren asked about the most cost-effective way to measure ROI. Ms. Smith said smaller surveys or working through the OTAs may be the most cost effective.

Chairman Brown stated the purpose of the White Paper was to review methodologies of measuring ROI. From this point forward the TMD can set uniform metrics to measure ROI. April and May 2010 will include discussions with MJE about developing uniform metrics prior to contracting for the FY 2011 year. Bob Rauch asked about confidence in the opt-in methodology. Ms. Smith said opt-in was not statistically significant. Joe Terzi stated that Convis' work with TNS is about \$30K per campaign. Convis measurements were implemented prior to the TMD and the ROI requirements. Chairman Brown stated we have asked auditors to look at activity in the TMD and activities outside the TMD. He also pointed out that SD North charged a significant portion of its payroll to the TMD even though less than half of its members are within the TMD. Chairman Brown would like to have an audit to investigate how the TMD dollars are spent. Richard Bartell said that the city has asked about this question. It is important to the city that they are only reimbursing for activities that are focused on benefiting assessees within the TMD.

A motion was made by Chairman Brown to engage auditors, Robert Redwitz & Co., to look at Convis' and San Diego North's expenditures of TMD funds and evaluate if they are benefiting assessees within the TMD, as well as what service is being provided to non-assessees outside the TMD. There was a second from Richard Bartell.

Joe Terzi said he believes that it will be difficult to measure. He asked that the auditor work with Convis and San Diego North to develop the methodology. Chairman Brown said he agreed. The auditor stated that it is not uncommon for them to look at the measurements of benefit in circumstances where there are multiple beneficiaries. Richard Bartell said it will be difficult to answer this question with precision, but that the TMD still needed to ask the question. He said he hoped not to overburden Convis and San Diego North with too much measuring when they need to be marketing. Bob Rauch said the motion was not very detailed. Yes 7, No 0, Abstain 0.

Chairman Brown said that the team did a great job on the white paper. A motion was made by Bob Rauch to accept the FY 2009 MJE white paper. There was a second by Ray Warren.

Lorin Stewart said that Cami Mattson asked to clarify that the white paper included the allocated, not the expended funds. The auditor said the direction was to examine ROI for funds awarded. Ray Warren said allocation is not the best measurement. Bill Evans said it was disappointing that the money was not spent to drive demand when there was a great need. Mohsen Khaleghi said it was important that others have confidence from the outside that the ROI is accurate.

John Gates, Chair of San Diego North CVB, stated that this issue was a great concern to San Diego North. Looking at "allocations" lowers the ROI and is not accurate. Whether one should spend funds or not is another question.

The motion was amended by Bob Rauch to include a footnote about appropriations in the MJE white paper. There was a second from Ray Warren. Yes 7, No 0, Abstain 0.

A motion was made by Richard Bartell to accept the performance audits performed by Robert R. Redwitz & Co. There was a second from Ray Warren.

Richard Bartell said he would like to congratulate the recipient vendors that did a great job producing consistent returns that benefit the industry. Lorin Stewart said that the returns actually went up after the audits. Yes 7, No 0, Abstain 0.

3. **FY 2011 Budget Review**

Lorin Stewart stated that there were several requests that came to him as related to the 2011 Budget.

Ray Warren recused himself from the San Diego Bowl Game discussion. Richard Bartell disclosed he had a conversation with Steve Cushman. Bruce Binkowski reviewed successes of the Bowl Games including 55,494 total room nights between the two games. Steve Cushman stated that the event brings room nights to San Diego in the two slowest months of the year. For the money provided to this event, the event produces tremendous ROI. Mr. Cushman asked what would happen to the hotels if the event went away in December.

Mr. Terzi presented a proposed change to the 2010 budget. (Bill Evans left the meeting). Convis is working on redesigning their website. He requested the specific reallocations for 2010 to allow for funds to go to the website project. Bob Rauch asked Mr. Terzi if original website platform decision was a mistake. Mr. Terzi stated the current website is leased. Mr. Rauch asked if this was short sighted, and Mr. Terzi responded that he did not think that it was fair for him to comment on decisions made before his service to Convis. Mr. Rauch stated that it was a mistake and short sighted.

Tom Wilson from Century Club asked for reconsideration to fund the Farmer's Invitational Golf Tournament. He highlighted all the successes of the tournament, including the media exposure and room nights generated. Mr. Wilson asked for \$25,000 in funding, which he indicated will produce a ROI of 123:1. Ray Warren asked Mr. Wilson what was the total number of room nights during the tournament. Mr. Wilson was not sure, but mentioned that there was over a 3 million dollar economic impact.

Chairman Brown commented that this is an important event, but asked if the TMD did not support the event, does that mean there is just less money going to charity.

Richard Bartell also felt this was an important event and asked if the \$25,000 that Mr. Wilson was asking for was going to go to social media. Mr. Wilson said that it was going to social media. Mr. Bartell asked about the total expense budget. Mr. Wilson stated it is about \$5 million. Mr. Bartell asked Mr. Wilson if he did not get the \$25,000 would he forgo the social media. Mr. Wilson responded that they would need to cut back on their marketing efforts for the event.

**Joe Terzi stated that if TV spots are available, Convis can take the \$25,000 out of their budget. Mr. Wilson confirmed that there are TV spots available.**

**Cathy Anderson from the Film Commission thanked the TMD for its funding. She described how they have made cuts and stated there is a series in town and production is up.**

**Alan Kidd from the Sports Commission discussed how they have made adjustments in their budget based on the Board's direction.**

**Michelle Metter from the San Diego Bay Wine and Food Festival presented two letters that discussed the ROI. Based on estimates from SDSU, the ROI was higher than projected. They spent \$45,000 last year for all of the market advertising. Ms. Metter requested funding of \$45,000 for the festival.**

**Omar from San Diego Hotel Week presented at a previous board meeting and originally asked for \$125,000. He asked that the TMD reconsider giving some funding for the event in April and emphasized that any money given to the event would be spent completely on marketing.**

**Mr. Rauch stated he had spoken with Omar and that he finds it difficult to support a for-profit event without a track record. Mr. Bartell stated that for-profit or non-profit does not make a difference to him, but the TMD has limited funds and we must allocate them to organizations that are producing the most ROI. Mr. Warren suggested that Hotel Week talk to Convis and look at the most critical need dates. Omar mentioned that he had talked to Convis and that is how they set the date.**

**Wes Johnson from Accessible San Diego thanked the TMD for core funding. He reported a group was coming in to town and would have 3400 room nights. It will be the largest technology show for people with disabilities.**

**Janet from San Diego Crew Classic reported that the regatta had the longest wait list in history and adjusted schedule to accommodate more boats than ever before. Success was directly attributed to the TMD funds and she thanked the Board.**

**Chairman Brown disclosed that he talked to Cathy from Citizen Diplomacy. He recused himself from the item but let the Board know she would be coming back to present to the Board at another meeting.**

**Lorin Stewart reported on staff due diligence on potential recipients. Thunder Boats have outstanding debt with the City and are not in good standing. Their funding request was for \$50,000. Mr. Bartell stated that the guidelines for funding require that they be in good standing. A motion was made by Bob Rauch to not fund Thunder Boats. There was a second from Ray Warren. Yes 6, No 0, Abstain 0.**

**Lorin Stewart reviewed the budget overview. He said there is \$190,864 of unallocated funds not including the \$1 million in the catastrophe/reserve fund.**

**Chairman Brown said there is also some accrued interest. Jere Batten said there is between \$40,000 and \$115,000 in accrued interest that may be available**

for expenditures. Meredith Dibden-Brown said it was always intended that the interest go to the TMD, there was just no mention in the prior resolutions.

Richard Bartell asked if the interest is TMD's money. Meredith said it is the TMD's money, and it will be acceptable to appropriate with language in the FY 2011 budget that will go before council.

A motion was made by Bob Rauch to contribute \$200,000 to the Holiday Bowl's allocation. There was a second of the motion by Mohsen Khaleghi.

Chairman Brown asked about the Holiday Bowl's need. Mr. Cushman said that a total of \$350,000 would allow the Holiday Bowl to keep "its head above water". He felt they could make it work. He asked that if revenues increase, he would like the opportunity to come back for further review. Mr. Bartell expressed that it was his previous understanding that not funding the event did not change the room nights. He said that it was his understanding now that not funding the event does change room night production, and he is in favor of increasing the allocation.

Bob Rauch said the estimates are conservative and that even if another \$200,000 was allocated, there are still remaining funds. Mr. Khaleghi suggested that TMD should look at an incremental increase – maybe a \$100,000 increase, instead of a \$200,000 increase.

Chairman Brown suggested that the TMD give \$150,000 plus the interest. Mr. Rauch stated that the TMD is only giving the Holiday Bowl a small allocation. Even with the increase, we are only at 70% of the original request. A motion was made by Bob Rauch to give the Holiday Bowl \$150,000 now and up to \$75,000 of interest over the \$40,000 of interest base. A second was made by Mohsen Khaleghi. Yes 6, No 0, Abstain 0.

A motion was made by Bob Rauch to give \$10,000 to Citizens Diplomacy Group. Chairman Brown recused himself from discussion on this allocation. No second.

A motion was made by Chairman Brown to give \$40,000 to the Sports Council. A second was made by Mohsen Khaleghi. Yes 6, No 0, Abstain 0.

Richard Bartell asked about previous funding for the Wine and Food Festival. A motion was made by Luis Barrios for an additional \$20,000 to the Wine and Food Festival. A second was made by Bob Rauch. Mr. Bartell asked where the additional \$20,000 goes and Michelle Metter said the money would go to additional media and marketing. Yes 6, No 0, Abstain 0.

A motion was made by Chairman Brown for an additional \$20,000 for the Film Commission. A second was made by Mohsen Khaleghi. Yes 6, No 0, Abstain 0.

A motion was made by Ray Warren for the approval of the overall budget. A second was made by Luis Barrios. Yes 6, 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 11:14 a.m.

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

Date \_\_\_\_\_