



**SAN DIEGO TOURISM MARKETING DISTRICT
BOARD OF DIRECTORS MEETING
Bahia Resort Hotel: Mission Ball Room
998 West Mission Bay Drive, San Diego, CA 92109
Friday, July 16, 2010
9:00 am to 12:30 p.m.**

MINUTES

Roll Call

C. Terry Brown, Chairman, called the meeting to order at 9:10a.m.

Board members present: Terry Brown, Mohsen Khaleghi, Richard Bartell, Luis Barrios, Kerri Robinson, Bob Rauch and Bill Evans

Board members absent: Ray Warren and Patrick Duffy.

Also in attendance: Lorin Stewart, Executive Director, Jere Batten, from 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 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:

Kerri Logan from Rock and Roll Marathon discussed that they added a half marathon and partnered with Sea World. This year's event was a great success; registration was high, at just under 30,000 runners. The economic impact on the region was about 54.2 million. There were over 14 million media impressions. The event booked 41,766 hotel room nights; up from 21,000 in 2009. San Diego State University produced the numbers from the event. \$7.7 million was spent on hotels, up from \$3.7 million in 2009. Bill Evans stated it was a great event. Mr. Evans also encouraged the Rock and Roll Marathon to think about producing the event without funding from the TMD.

Tim McGrain is working on a Yacht Festival event. The event will be April 14 - 17, 2011. Bill Evans disclosed that Mr. McGrain was a longtime friend.

ACTION ITEMS:

- 1. Approval of Minutes:
There was one change to the Minutes from the SDTMD Board of Directors meeting on June 18, 2010 in regards to the FY 2011 Metric Policy. In the case where definite measurements are not possible two independent consultants,**

approved by the SDTMD may be hired. A motion was made by Bob Rauch to approve the minutes. There was a second from Luis Barrios. Yes 7, No 0, Abstain 0.

2. **SDTMD FY 2011 Officer Election:**
Mohsen Khaleghi nominated Terry Brown for Chair. Nominations were closed. Yes 7, No 0, Abstain 0.

Mr. Khaleghi nominated Richard Bartell for Vice Chair. Nominations were closed. Yes 7, No 0, Abstain 0.

Terry Brown nominated Luis Barrios for Secretary. Nominations were closed. Yes 7, No 0, Abstain 0.

Mr. Brown nominated Ray Warren for Treasurer. Nominations were closed. Yes 7, No 0, Abstain 0.

3. **SDTMD FY 2011 Meeting Schedule:**
The Board discussed the meeting schedule. Bill Evans and Bob Rauch stated they would request fewer meetings than those that appear on the proposed schedule.

A motion was made by Bill Evans to adopt the proposed schedule without the December 17th meeting and without the January 7th meeting. A second was made by Bob Rauch. Yes 7, No 0, Abstain 0.

4. **FY 2011 Incremental Funding Revised Presentation: Convis PCMA:**
Joe Terzi and Sandra from Convis presented information on PCMA. The 2012 PCMA event is scheduled to be in San Diego. The request for funding is for \$250,000 to host a lunch in Las Vegas in 2011 at previous year's event. It is part of the obligation to have the 2012 event to host the 2011 lunch. PCMA is projecting 500,000 room nights from the PCMA event. Lorin Stewart gave an estimate of approximately \$400,000 carryover for 2011 after \$1 million catastrophe reserve.

A motion was made by Bill Evans to fund the PCMA event for \$250,000. A second was made by Mohsen Khaleghi. Yes 7, No 0, Abstain 0.

5. **FY 2011 Incremental Funding Revised Presentation: SDCCC – RC44 and Louis Vuitton Trophy**
Alan Kidd reported on forming a new nonprofit to focus on bringing new sailing events to San Diego; the San Diego Sailing Events Association. Troy Sears talked about organizing the new 501© (4) – the San Diego Sailing Events Association. Mr. Sears stated that it is important to demonstrate that San Diego can do a good job with a major sailing event in order to attract other sailing events. Rc44 is that opportunity. The funding request is for \$125,000 with total room nights projected at 7,200. At an ADR of \$116.14 the return on investment is projected at 6.7:1. Richard Bartell asked how long the event is. The event will last six days. Mr. Bartell asked how the \$125,000 was calculated. The initial budget for RC44 event is \$282,000. Mohsen Khaleghi asked about room night projections.

A motion was made by Terry Brown to fund the event with \$125,000. Mr. Brown stated this is the perfect model for future events. A second was made by Luis Barrios. Yes 7, No 0, Abstain 0.

6. FY 2011 San Diego North CVB Interim Budget:

Jere Batten identified cost allocation and ROI issues for San Diego North. Ms. Batten's work focused on cost the allocation methodology to make sure TMD funds are spent within the TMD.

San Diego North is separating into two divisions – Carmel Valley Division and Escondido Division. Cami Mattson reported on the details of the separation of TMD and non-TMD activities. Ms. Mattson submitted a draft 90 day budget for San Diego North separating costs for TMD and non-TMD activities. Bob Rauch stated that the TMD should help make sure San Diego North has the funds necessary to do its work. Mr. Rauch asked that San Diego North return in September and be prepared to answer questions about duplication of efforts. Richard Bartell asked about a 90 day budget. Terry Brown stated the FY 2010 San Diego North TMD cost allocation had been approved for 72% of their expenses. This 72% approved cost allocation of TMD funds included the SDNCVB FY10 Sales & Marketing and G&A Expenses. Mr. Brown stated today's item does not address return on investment. Ms. Batten reported that timesheets are new and reimbursements will be made only for hours spent on TMD activities.

A motion was made by Bob Rauch to approve the 90 day budget submitted by San Diego North. A second was made by Richard Bartell. Mr. Brown cautioned that the Board does not have information about return on investment.

Bill Evans asked about composition of the San Diego North Board of Directors and Executive Committee. Mr. Evans also asked about membership in San Diego North. Mohsen Khaleghi stated that the TMD must be focused on return on investment. Mr. Khaleghi stated that TMD Board members are responsible for the expenditures of TMD funds. Mr. Khaleghi expressed concerns about splitting San Diego North into two divisions. Ms. Mattson stated that there are plans in motion now to increase collaboration and reduce duplication. Meredith Dibden-Brown stated she has looked over the revised budget and with minor revisions, it looks fine.

Mr. Bartell stated he wanted to also make sure the TMD was taking its fiduciary duty into consideration. A vote was taken on the motion from Mr. Rauch. Yes 6, No 1(Khaleghi), Abstain 0. Mr. Bartell stated that TMD Directors must maximize return on investment for hotels within the TMD.

A motion was made by Richard Bartell that the Board intends to not approve the funding for San Diego North budget on September 17 unless there is sufficiently detailed information that would clearly establish that their use of TMD funds (1) is being used exclusively for the benefit of TMD hotels, (2) maximizes the return of investment of behalf of TMD hotels per the Board's approved metrics, and (3) avoids waste and duplication. Detailed information which must be provided includes but is not limited to a complete description of all sales and marketing campaigns and initiatives with goals, objectives, and markets clearly defined for each campaign or initiative. In addition, San Diego North is to provide detailed information concerning their group sales efforts

which includes but is not limited to the markets, goals and objectives for each sales person. The Board is also requiring a complete trade show schedule identifying the same of the trade show, the dates, and the markets.

A second was made by Bob Rauch.

Mr. Evans stated this is overdue. The TMD Board needs clarity. Kerri Robinson asked about clarifying the duplications issue. Mr. Bartell and Mr. Khaleghi asked about Board composition. Ms. Mattson stated she is aggressively recruiting TMD representatives on her Board of Directors. Ms. Mattson stated that current San Diego North Board has 55% TMD representation and the executive committee has 40% TMD representation. Mr. Brown reported that the San Diego North executive committee voted not to enter discussions with the TMD regarding funding. Ms Mattson stated that the TMD has her commitment to continue to engage in discussions with the TMD. Mr. Khaleghi stated that the TMD has limited funding and has to extend dollars as far as possible. The Board must cut costs. San Diego North should consider moving its office. Mr. Evans stated it's not just about expenses, it's about allocations. Mr. Evans stated that the TMD needs to look very carefully at expenditures on sales.

A vote was taken on the motion from Mr. Bartell. Yes 7, No 0, Abstain 0.

Informational Items:

Results of FY 2011 City Council and Citizens Revenue Review and Economic Competitiveness Commission – Terry Brown reported that the City Council voted unanimously to approve the TMD budget. The Citizens Revenue RECC voted in favor of the TMD as a good model.

SDSU Revenue Management Certificate Course – Bill Evans reported that there will be a presentation in September to the Board about a new program at SDSU, a revenue management certificate course.

Motion to Adjourn

The meeting was adjourned by Chairman Brown without objection at 10:50 a.m.

Approved _____
Luis Barrios, Secretary

Date _____