



**SAN DIEGO TOURISM PROMOTION CORPORATION
SPECIAL BOARD OF DIRECTORS MEETING
Bahia Resort Hotel: Shell / Ventana Rooms
Friday, August 7, 2009
9:00 am to 12:30 p.m.**

MINUTES

Roll Call

C. Terry Brown, Chairman, called the meeting to order at 9:08 a.m.

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

Board members absent: Ray Warren

Also in attendance: Lorin Stewart, Executive Director, Jere Batten, Batten Accountancy Inc., and John Lambeth, legal counsel.

PUBLIC COMMENT: Alan Kidd discussed the Amgen event coming back to San Diego. He stated they may be coming back to the TPC looking for support. Mr. Kidd stated that as it relates to Red Bull and Rugby Sevens, the Sports Commission will not support the full amount of funding that was allocated. The amount is unknown at this point. Bill Evans asked about previous funding of Amgen. It was funded through Convis. Terry Brown stated that it may be handled differently if it is funded in the future.

Clara Carter gave an update on the FAM Tour. Ms. Carter stated that it is going well and thanked Chairman Brown for hosting and Luis Barrios for agreeing to speak at the event. MCSSN has also arranged events related to the National Bar Association visit to San Diego this week.
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ACTION ITEMS:

1. There were no changes to the Minutes from the SDTPC Board of Directors meeting of July 17, 2009. A motion was made by Patrick Duffy to approve the minutes. There was a second from Luis Barrios. Yes 8, No 0, Abstain 0.
2. **Catastrophe Language:**
Lorin Stewart gave the Board members background on the need for catastrophe language. John Lambeth reviewed the language with the Board and suggested further revisions. A motion was made by Bob Rauch to adopt the catastrophe language as amended. A second was made by Bill Evans. Yes 8, No 0, Abstain 0.
3. **SDTPC v. SDTMD Name:**
Lorin Stewart gave the Board background on the need for a name change. Bob Rauch asked if it was possible to just file a "dba" with the County. A motion was made by Richard Bartell to file a change in the corporations name with the Secretary of State to Tourism Management District. A second was made by Mohsen Khaleghi. Yes 8, No 0, Abstain 0.

4. **FY 2010 Revised TMD Projections and Contract Allocations Review:**
Lorin Stewart gave an overview on the current revised budget projections. Barbara, San Diego North, gave an overview on its funding strategies. San Diego North retained some funding as part of planning in light of the current recession. There is \$943,000 from 2008 funding that has not been allocated. Bob Rauch spoke about the basis for the projections. Mr. Rauch stated that they utilized Smith Travel Research, PKF, Marriott Hotels and Tourism Economics to revise the projections. Mr. Rauch stated that quarter 3 is projected to be down 20% from 2008. The total annual projection is down by approximately \$2.5 million. Bill Evans thanks Mr. Rauch and the team for doing the estimate. Mr. Stewart thanked the City for their efforts in assisting with the financial projections. Mr. Stewart stated there was a healthy debate that led to a very good projection. Jere Batten reviewed reimbursement requests that have not been received. Mr. Stewart stated that there is approximately \$574,000 that will not be reimbursed. Mr. Stewart stated that with other unspent money, that the total in the catastrophe fund is now \$1.425 million. For FY 2010, looking at contractual obligations based on new projections and looking at projected revenues, SDTPC would have approximately \$300,000 in the catastrophe reserve amount. Mr. Evans stated that the new numbers are significantly impacting Convis and San Diego North. A motion was made by Bill Evans to cut all programs by 10% except the region wide Convis incremental programs. A second was made by Richard Bartell.

Mr. Bartell stated it is a fair proposal; the Board should ask everyone to reduce the amount going to them by 10%. Patrick Duffy asked if there was a chance to get the 10% funds back. Mr. Evans stated that we are funding them at 90%; if there were additional funds, the Board would allocate the funds at a later date. Mohsen Khaleghi raised a concern about what can be produced in terms of return on investment with 10% less funding. Mr. Khaleghi asked if the Board should prioritize the top 5 expenditures. Mr. Rauch stated he preferred to keep it simple and even across all of the recipients. Mr. Evans stated all programs will be impacted differently. Mr. Evans stated that desperate times require desperate measures. Mr. Evans stated the Board was comparing "apples" and "Buicks." The Board needs to give applicants some leeway in terms of what they are able to produce. Terry Brown stated it makes sense to share the pain equally. Mr. Bartell stated he thinks a 10% reduction should not have a material change on return on investment. Mr. Rauch stated that he agrees with Mr. Bartell and Mr. Brown. The Chairman opened up for public comment.

Joe Terzi, Convis, stated that these cuts will have a significant impact on the organization. Media buys need to be done in advance. Convis must plan now for the future. This is not 10% down; Convis went from a base funding of \$13.6 million in 2009, to \$12.5 million to \$11.2 million.

Alan Kidd, Sports Commission, stated that he respects the need to make cuts. Sports Commission will hire one less person. Mr. Kidd encouraged the Board to look at consolidation efforts to reduce costs. There is a need to consolidate nonprofits. There is a lot of redundancy; consolidation could save money.

The San Diego Natural History museum representative stated that they support the 10% cut and think it's fair. The returns on investments are estimated in a continually changing environment; this process is fair.

The representative from the Film Commission stated that the commission is bare bones already. They will be creative with the 10% cut.

Mr. Evans stated that the hotels all wish they had only a 10% cut in revenue; the Board is trying to be proactive. Mr. Evans stated he would like to amend the motion to ask Convis to review fixed and supplemental funding and give suggestions on where cuts would take place. Mr. Bartell said that the supplemental programs for Convis are not being cut. Convis should do what everyone else has to do. Mr. Brown raised the fact that \$900,000 has not been spent by San Diego North. Money spent by Convis is for the entire region. If San Diego North worked with Convis and the \$900,000, it would go a long way to solving Convis' issues. Bob Rauch stated he would like to vote on the original motion.

Clara Carter, FAM tour, stated that they are 42 days out from their program. They have already begun their media buys; a cut of 10% would have a significant impact on MCCSN.

Mr. Kidd stated that if the group has a 90 day run in which receivables exceed the projections, we would like to know how to recover some of these funds. Mr. Rauch suggested a small group should get together to discuss the \$900,000. Mr. Evans talked about allocating \$17.9 million to Convis as incremental and fixed funding. Mr. Brown suggested that there be four members of the Board that meet with Convis and San Diego North to work through the issue. Mr. Khaleghi expressed concern about 10% across the board cut. Mr. Khaleghi suggested looking at specific cuts and consolidations. The Chairman recognized there was no further discussion. The Board then voted on the original motion to reduce all groups by 10%. Yes 7, No 1 (Khaleghi), Abstain 0.

A motion was made by Terry Brown to create a committee of four Board members, Bob Rauch, Terry Brown, Bill Evans and Richard Bartell, to look at the San Diego North and Convis funding issue. A second was made by Richard Bartell. Yes 8, 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 – Lorin Stewart stated that contracts will be available at the end of next week. Meredith from the City asked for a revised budget that reflects the 10% reduction.

CONSENT:

5. None

6. Motion to Adjourn

The meeting was adjourned by Chairman Brown without objection at 10:35 a.m.

Approved _____
Luis Barrios, Secretary

Date _____