

SAN DIEGO TOURISM MARKETING DISTRICT
BOARD OF DIRECTORS REGULAR MEETING & CLOSED SESSION
Manchester Grand Hyatt San Diego: Mission Beach AB (Open Session) & Ocean Beach (Closed Session)
1 Market Place, San Diego, CA 92101
Friday, March 2, 2018
8:00 a.m.

MINUTES

CALL TO ORDER:

Scott Hermes, Chair, called the meeting to order at 8:06 a.m.

Board members present: Scott Hermes, Matt Adams, Terry Brown, Christopher Ostapovicz, Matt Greene, Richard Bartell, and Colleen Cronin Anderson.

Board members absent: Vikram Sood.

Also in attendance: Jere Batten, Batten Accountancy; John Lambeth, attorney; Julie Wright, (W)right On Communications, and Brian Hughes, Executive Director.

CLOSED SESSION PUBLIC COMMENT:

None.

CLOSED SESSION ITEMS:

John Lambeth announced the Board would be discussing the three (3) items on the closed session agenda.

ADJOURN TO CLOSED SESSION:

Chair Hermes adjourned the meeting to closed session at 8:07 a.m.

RECONVENED TO OPEN SESSION:

Chair Hermes reconvened the meeting to open session at 8:46 a.m.

CLOSED SESSION REPORT:

John Lambeth reported that there were no reportable actions taken by the Board in closed session.

INTRODUCTIONS:

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 communications they have had with an applicant. Mr. Lambeth also informed the Board of the rules associated with recusal.

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PUBLIC COMMENT:

Chair Hermes disclosed that he had communications with representatives from SDTA and representatives from Surf Cup regarding the Surf Cup event.

Michelle Metter (San Diego Bay Food & Wine Festival): Ms. Metter stated that the San Diego Bay Food & Wine Festival has a history of over delivering. It has been ranked as one of the top 100 events in Southern California.

Greg Mansfield (Thunderboats): Mr. Mansfield addressed the board regarding Thunderboats.

Ed Lavelle (America's Finest Barbecue Festival): Mr. Lavelle talked about the barbecue event that will be part of the Thunderboats event.

INFORMATION ITEMS:

None.

ACTION ITEMS:

- 1) Approval of Minutes: The February 9, 2018 meeting minutes were reviewed, discussed, and considered for approval by the Board. Mr. Greene moved to approve the minutes. Mr. Brown seconded the motion. Yes 7, No 0, Abstain 0.
- 2) Convention Sales Goal Study: Chair Hermes gave the background on the study. Mr. Bartell moved to approve the study. Ms. Anderson seconded the motion. Yes 7, No 0, Abstain 0.
- 3) FY 2019 Board of Directors Election: Brian Hughes reviewed the election timeline and procedures. Chair Hermes discussed the Nominating Committee recommendations. Mr. Brown moved to certify the self-nominations listed and approve the recommendations of the Nominating Committee. Mr. Greene seconded the motion. Yes 7, No 0, Abstain 0.
- 4) TMD Revenue Forecast: Jere Batten gave background on the five percent (5%) growth rate projections. The FY19 projected revenue is \$39,942,627. Mr. Greene moved to approve the revenue forecast. Mr. Bartell seconded the motion. Yes 7, No 0, Abstain 0.
- 5) Opportunity/Catastrophe (O/C) & Administration Allocations: Jere Batten informed the Board that administration and O/C budget allocations can range from 3-7%, but must total 10%. Ms. Batten's recommendation for the FY19 budget is 3% administration and 7% for O/C. Mr. Ostapovicz moved to approve Ms. Batten's recommendation. Ms. Anderson seconded the motion. Yes 7, No 0, Abstain 0.
- 6) O/C/ Reserve Fund: Jere Batten reviewed the amount in the O/C fund. Chair Hermes discussed using the available O/C funds. Mr. Bartell expressed concern about using too much of the O/C funding just because there have been requests. The Board did not take action on this item.
- 7) FY 2019 Funding Allocations: John Lambeth gave background on the conflict of interest policy and explained the recusal requirements. Chair Hermes gave background on the application

review process. He mentioned there were applications that were withdrawn. The Board considered the applications. Ms. Batten shared the ranking of the applicants and projected them on the screen for the audience to view.

SDTA: Mr. Greene moved to tentatively approve funding the amount requested (\$37,362,996). Mr. Brown seconded the motion. Yes 7, No 0, Abstain 0.

San Diego Bayfair/Thunderboats: Mr. Bartell moved to tentatively approve the amount requested (\$95,000). Ms. Anderson seconded the motion. Yes 7, No 0, Abstain 0.

San Diego Bowl Game: Ms. Anderson and Mr. Ostapovicz recused themselves and left the room. The Board discussed the application. Mr. Brown moved to tentatively approve funding the amount requested (\$375,000). Mr. Bartell seconded the motion. Yes 5, No 0, Abstain 0, Recuse 2-Anderson, Ostapovicz.

Ms. Anderson and Mr. Ostapovicz rejoined the meeting.

Joe Terzi and Rick Meza noted that the Surf Cup Thanksgiving and Surf Cup ENCL are included in the SDTA budget. The Board chose not to take any further action on these two items.

San Diego Crew Classic: Mr. Ostapovicz moved to tentatively approve funding the amount requested (\$50,000). Ms. Anderson seconded the motion. Yes 7, No 0, Abstain 0.

San Diego Brew & Food Festival: Mr. Ostapovicz recused himself and left the room. Mr. Brown moved to tentatively approve funding the amount requested (\$74,500). Ms. Anderson seconded the motion. Yes 6, No 0, Abstain 0, Recuse 1-Ostapovicz.

Mr. Ostapovicz rejoined the meeting.

California Police Athletic Federation: Mr. Brown moved to tentatively approve funding the amount requested (\$75,000). Mr. Ostapovicz seconded the motion. Yes 7, No 0, Abstain 0.

California State Games: Mr. Bartell asked about the use of additional funding. Mr. Bartell moved to tentatively approve funding the amount requested (\$175,000). Mr. Brown seconded the motion. Yes 7, No 0, Abstain 0.

San Diego Bowl Game – Navy v. Notre Dame: Mr. Greene moved to tentatively approve funding the amount requested (\$200,000). Mr. Brown seconded the motion. Yes 7, No 0, Abstain 0.

San Diego Gaelic Games: Chair Hermes talked about this event as an incubator event that could grow in the future. Mr. Brown moved to tentatively approve funding the amount requested (\$25,500). Ms. Anderson seconded the motion. Yes 7, No 0, Abstain 0.

Startup San Diego: Mr. Bartell expressed concern that the benefit may be limited to one or just a few hotels. Ms. Anderson moved to tentatively approve funding the amount requested (\$15,000). Mr. Adams seconded the motion. Yes 2-Anderson, Ostapovicz, No 5-Hermes, Adams, Brown, Greene, Bartell, Abstain 0. The motion failed.

San Diego Film Festival: Mr. Brown talked about the history of the film festival. Joe Terzi spoke about film marketing versus film permitting. Tonya Mantooth spoke about the film festival. Mr. Bartell talked about ROI from the festival. Mr. Greene talked about the growth in the room night projections. Mr. Adams talked about the need for cultural events for the City. However, in this time period, he expressed concern about the number of room nights to be generated. Chair Hermes agreed. Mr. Adams moved to not fund the event and asked the applicant to move the event out of peak time period and obtain additional non-SDTMD funding. Ms. Anderson seconded the motion. Yes 7, No 0, Abstain 0.

Jere Batten summarized the funding. The proposed approvals would require \$2,734,632 from the O/C fund.

Mr. Bartell moved to approve expending \$2,734,632 from the O/C fund to fund the tentatively approved events. Mr. Ostapovicz seconded the motion. Yes 7, No 0, Abstain 0.

Chair Hermes moved to authorize final approval of the tentative actions by the Board on each of the applications. Mr. Greene seconded the motion. Ms. Anderson and Mr. Ostapovicz recused themselves from the vote as it relates to final approval of the San Diego Bowl Game the San Diego Brew and Food Festival applications. Yes 5, No 0, Abstain 0, Recuse 2 – Anderson, Ostapovicz.

- 8) FY 2019 SDTMD Admin Detail & Consolidated Budget: Jere Batten gave background on the total administration budget. Chair Hermes noted that the budget was going down from 5% to 3%. Ms. Anderson moved to approve the administration budget. Mr. Brown seconded the motion. Yes 7, No 0, Abstain 0. Mr. Bartell moved to approve the consolidated budget. Mr. Adams seconded the motion. Yes 7, No 0, Abstain 0.
- 9) FY 2019 Supplemental Experience San Diego, Destination 2040: SDTA: Joe Terzi gave background on adjustments to Experience San Diego. Kerri Kapich reviewed the five initiatives for Experience San Diego. She reviewed the proposed program in the FY19 supplemental submission. The funding request for this program would be for \$5,000,000 and would come from the litigation reserve, contingent upon City approval. Mr. Bartell moved to approve the supplemental funding request. Mr. Greene seconded the motion. Yes 7, No 0, Abstain 0.

Chair Hermes adjourned the meeting without objection at 10:34 a.m.

Approved _____
Colleen Cronin Anderson, Secretary

Date _____