



**SAN DIEGO TOURISM MARKETING DISTRICT
BOARD OF DIRECTORS MEETING
Bahia Resort Hotel: Marina Room
998 West Mission Bay Drive, San Diego, CA 92109
Friday, February 18, 2011
9:00 am to 12:30 p.m.**

MINUTES

Roll Call

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

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

Board member absent: Luis Barrios.

Also in attendance: Jere Batten, 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.

Overview Summary of FY12 Funding Session Process

Stewart reported that FY12 runs from July 1, 2011 to June 30, 2012. The final review of the budget will be on March 18, 2011. The City will review the budget in April or May and the Council will approve it in May or June.

Presentation of Application Ranking Order

Batten stated that directors have ranked the applications 1-13 based on each director's sentiments about the application. The rankings were displayed on the large screen in the front of the room.

Public Comment

Cathy Anderson thanked the TMD for past funding and reported that the City has given the Film Commission \$100,000 for permitting. She reported on upcoming films and stated their request was for \$430,000.

Gregg Mansfield from San Diego Bayfair reported that hotel information has been submitted and thanked the TMD for its previous support.

Joe from SD Crew Classic thanked the TMD for past support and reported that the upcoming 2011 event was in about 6 weeks. He also stated that attendance is up by approximately 20%. Crew Classic has worked to secure additional spectators from out of town. They expect to exceed original room night projections.

Rock and Roll Marathon thanked the TMD for 2010 funding. In 2010, they sold out with 30,000 runners, 84% of which were first time participants.

Robin Gallant from the Maritime Museum told the Board that they were planning an exhibit, "Voyages to Paradise", which had been tremendously successful in London. It is estimated to generate approximately 201,000 room nights.

Michelle Meter from SD Bay Wine & Food Festival reported that the SDSU audit that was just completed shows an average ROI of 7:1. This exceeds the projected ROI.

Chris Cramer from SD Beer Week stated that today's audit report is for November 2009, the first year of the event. Because it was the first year and because there was such a short time between funding and the first event, there were challenges in developing an accurate ROI. In 2010 they used SDSU and Vision Quest to conduct a more robust audit. It is anticipated that the projected ROI will exceed the minimum ROI.

Kevin Swanson introduced himself. He is working on Balboa Park 150-year anniversary event.

Clara Carter thanked the TMD for 3 years of funding for the Multi-Cultural FAM Tour. They have had a lot of success. They anticipate 12,490 room nights between 2010-2014. She introduced a new website uniquelysandiego.com and announced she had joined Hans Briscoe.

ACTION ITEMS:

1. Approval of Minutes

A motion was made by Bob Rauch to approve the minutes. There was a second from Patrick Duffy. Yes 8, No 0, Abstain 0.

2. MCCSN FY11 Budget Correction

Lorin reported that the budget line needed to be changed to match the agreement.

There was a motion to correct by Duffy. This was seconded by Brown. Yes 8, No 0, Abstain 0.

3. SD Convention Center Corporation: Reallocation of FY09 and FY10 Approved Funds

Carol Wallace requested a reallocation of \$92,500 for 2014 funds already budgeted.

Brown asked if it was lawful to discount rates. Carol reported that it is legal, but difficult to do based on funding restraints. Evans stated that he did not think it was appropriate to use TMD funds to support the Convention Center. Warren said the TMD Board has never stated that it would not fund the Convention Center.

Rauch said Carol has done a great job. He said this is a reallocation that should go forward. Rauch moved to approve the reallocation. There was a second by Warren.

Bartell said the SD Management District Plan does not prohibit the TMD from funding the Convention Center. The City has a responsibility to fund the Convention Center. Brown said he does not have a problem funding specific activities at the Convention Center. Warren suggested that the TMD get additional information about the Convention Center budgets including detailed financial analysis of events and impacts on the overall budget. Rauch agreed.

Carol said she would provide the additional information. Evans asked for the entire budget. Carol agreed and offered to give a budget presentation.

Yes 6, No 2, Abstain 0. Evans and Khaleghi opposed.

4. TMD Forecast

Warren forecast an 8.6% increase in RevPar. The projected revenue for FY12 is \$25,775,000.

Bartell made a motion to approve forecast. There was a second by Khaleghi. Yes 8, No 0, Abstain 0.

5. FY 2012 Funding Allocations

Doug from Redwitz gave a presentation on the agreed upon procedures as it relates to measuring ROI.

Rauch asked if there were any items that Doug would like to call to the TMD Board's attention that might affect ranking. Bartell asked about distribution of room nights among hotels and regions. He expressed concern about funding activities that fund a small number of hotels. Doug said they ask for that information but the data varies. Lori Stansfield said room blocks are easy to measure but if one is relying on surveys, the data is inconsistent.

Warren said the TMD also must consider the growth potential of the projects it funds. Khaleghi said at a prior meeting at the Town & Country the TMD Board discussed requiring hotel information. Warren said events vary in their geographic impact. Chris from Beer Week reported that they have events all over the City.

Bartell asked Michelle if she had information on Food & Wine. Michelle said that Food & Wine requires they answer a survey before they can purchase a ticket. The Food & Wine event impacts approximately 40 hotels.

Evans asked about putting funds aside for renewal. He asked that more information be brought back on March 18.

Jere asked about the TMD Board's desire to fund the opportunity/catastrophe fund. Jere reported that there is \$8,248,000 in variable distribution funds available.

The Board then discussed each application starting with the highest ranked items.

PCMA

Rauch made a motion to allocate \$550,000 for PCMA. There was a second by Robinson. Yes 8, No 0, Abstain 0.

SD Bowl Games

Rauch made a motion to allocate \$450,000 for Bowl Games. There was a second by Bartell. Yes 8, No 0, Abstain 0.

Sports Commission

Brown made a motion to allocate \$561,800 to the Sports Commission. There was a second by Duffy. Warren said he would recommend \$450,000 to the Sports Commission. Brown said the Sports Commission is a great example of a growing enterprise. Yes 6, No 2, Abstain 0. Warren and Rauch opposed.

SD Convis British Airways Promotion

Khaleghi asked why this is not part of Convis' larger budget. Warren asked if this is not funded would Convis fund it anyway. Terzi said no. Warren said he supports the BA promotion, but suggested that the TMD may want to reduce this amount to \$150,000.

Warren made a motion to allocate \$200,000 to the BA Promotion. There was a second by Rauch. Yes 7, No 1, Abstain 0. Evans opposed.

State Games

Evans made a motion to allocate \$100,000 to the State Games. There was a second by Khaleghi. Yes 8, No 0, Abstain 0.

Crew Classic

Evans made a motion to allocate \$190,000 to Crew Classic. There was a second by Duffy. Rauch said last year's allocation was \$100,000. Rauch suggested the amount be reduced. Warren said ROI was going from 7 to 5. Bartell asked about Crew Classic hiring a professional marketing firm. Bartell asked about the expected ROI. Crew Classic stated it is expected to be 6:1 and may be even higher with a professional marketing firm.

Yes 7, No 1, Abstain 0. Bartell opposed.

Rock & Roll Marathon

Brown made a motion to allocate \$350,000 for the Rock & Roll Marathon. There was no second. Warren made a motion to allocate \$250,000 for the Rock & Roll Marathon. There was a second by Bartell. Yes 6, No 2, Abstain 0. Evans and Duffy opposed.

Maritime Museum

Evans made a motion to allocate \$100,000 to the Maritime Museum. There was a second by Bartell. Rauch stated that this looks like a good opportunity. Bartell said this would be a very good new attraction. Warren recommended spending less. There was a discussion with MJE about the details of the marketing plan. Yes 7, No 1, Abstain 0. Warren opposed.

Jere briefed the Board on available funds based on the actions thus far.

SD Brewer's Guild

Evans recommended that the TMD fully fund the Brewer's Guild. Bartell asked what happens if the TMD does not fund. Chris said they would not promote Beer Week outside SD.

Warren made a motion to allocate \$50,000. There was a second by Rauch. Evans said Beer Week should get \$78,000. Brown agreed. Bartell also agreed. Warren withdrew his original motion and moved to fund the full amount of \$78,000. There was a second by Rauch. Yes 8, No 0, Abstain 0. There was discussion about the amount of projected carry over funds.

SD Bayfair Thunderboats

Rauch made a motion to allocate \$50,000 to Bayfair Thunderboats. There was a second by Brown. Yes 6, No 2, Abstain 0. Evans and Khaleghi opposed.

Wine & Food Festival

Rauch made a motion to allocate \$45,000 to the Wine & Food Festival. There was a second by Duffy. Warren recused himself because he has a block of rooms. Bartell said he would like to see full funding. Rauch withdrew his original amount and made a motion for \$75,000. There is a second by Duffy. Yes 7, No 0, Abstain 1.

Accessible San Diego

Khaleghi reported on his work with Accessible SD. Rauch made a motion to allocate \$75,000 to Accessible San Diego and stated they must include a business plan. There was a second by Khaleghi. Yes 8, No 0, Abstain 0.

Film Commission

Evans said he has always supported the Film Commission, but now believes the City should fund this effort. Bartell said Kathy has done everything the TMD has asked her to do. However, the TMD must focus on ROI. Rauch suggested that the TMD suggest that the City support the Film Commission. Brown agreed.

Evans moved that the TMD not grant funds to the Film Commission. There was a second by Khaleghi. Yes 8, No 0, Abstain 0.

Stewart asked that all recipients submit revised budgets to him by March 7, 2011.

Motion to Adjourn

The meeting was adjourned by Chairman Brown without objection at 11:42p.m.

**Approved _____
Luis Barrios, Secretary**

Date _____