



**SAN DIEGO TOURISM MARKETING DISTRICT
BOARD OF DIRECTORS MEETING
Bahia Resort Hotel: Marina Room
998 West Mission Bay Drive, San Diego, CA 92109
Friday, May 20, 2011
9:00 am to 12:30 p.m.**

MINUTES

Roll Call

C. Terry Brown, Chairman, called the meeting to order at 9:00a.m.

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

Board member absent: none

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

Lorin Stewart reported that members of the audience are welcome to address the Board on items on the agenda and items not on the agenda. Mr. Stewart stated that Board members are discouraged from speaking with applicants and must disclose any communication they have had with an applicant. Mr. Stewart also informed the Board of the rules associated with recusal.

INFORMATIONAL ITEMS

1. Crew Classic Results Update

It was reported that there was a 20-60% increase in programs and a 49% increase in room night generation over last year. The 2011 ROI = 10.95:1, totaling 8,698 room nights.

2. Port Marketing/Waterfront Activation

The group is not requesting funding. Hutzelman explained the Marketing sponsorship and fee for service program. The program focused on hotels in the Port Tideland area with the intention of ensuring the waterfront draws people to San Diego. Hutzelman reported that the Port had hired an activation coordinator.

Barrios asked about the reduction of cruise ships in the future. Hutzelman reported that cruise ship bookings are done through 2012. The Port now has just under 1 million passengers per year. Ultimately there may be approximately 750,000 passengers per year.

Bartell said that the Port is committed to the success of its tenants. The Port spends funds to promote and assist its tenants. Their expenditures are based on ROI. The returns measured are the returns to the Port tenants.

Evans asked about home port ships. He expressed disappointment in building a 1 million passenger terminal and then hoping for 750,000 passengers. He also expressed concern about backfilling with local events.

3. Convis Brand Marketing Update

Joe Terzi congratulated the organizations that have done great events, e.g. the Crew Classic. He reported that Convis has completed its focus group research.

He stated that PowWow will be held this weekend in San Fransisco and reported that PCMA-Convis met its financial goal of reaching \$1.2M. He thanked the TMD for its contribution.

Convis has about \$1.4M in unspent dollars. Terzi said that he would like to have the TMD Marketing Committee convene and give guidance on the expenditure of these funds. SD North will carry forward approximately \$700,000.

4. Budget Finance Committee and City Council

Lorin Stewart reported on the successful meeting at the City's Budget Finance Committee meeting. Barrios congratulated Stewart.

5. Updated SDTMD FY12 Projections

Warren reported that actual revenues are higher than projections. The projected revenue is now \$24.65M instead of \$23.73M. The 2012 projection is now \$26.38M.

Evans asked about allocations to the opportunity/catastrophe fund. Batten clarified the budget and projection figures. Meredith Dibden-Brown reported that a contingency line item has been included in Convis' and SD North's budgets.

6. TMD Renewal Progress

Lambeth reported that the renewal is progressing slowly. The draft ordinance revisions are being reviewed by City staff. The first hearing on the ordinance is likely to be in late June or early July.

ACTION ITEMS:

1. Approval of Minutes

A motion was made by Bob Rauch to approve the minutes. There was a second from Luis Barrios. Yes 9, No 0, Abstain 0.

2. FY11 & FY12 SDTMD Budget Items

a. *Clarification of contractors' Performance Audit allocation postings*

Stewart explained the contractor's Performance Audit allocation postings. Incremental costs were about \$15,000 in total. There was a motion by Barrios to post the cost of the Performance Audit, with funding coming from reserves. There was a second by Khaleghi. Yes 9, No 0, Abstain 0.

b. *Health insurance increase to start July 1, 2011*

Stewart reported on the health insurance increase. There was a motion by Duffy to approve the increase. This was seconded by Brown. Yes 9, No 0, Abstain 0.

3. RC44-SD Sports Commission FY11 Budget Clarifications

Alan Kidd thanked the TMD for supporting the RC44 event. Without TMD support, RC44 would not have come to San Diego. This is the first time this event has been held in the US. Eleven teams came to San Diego. Alan said it received more international attention than was expected.

The event generated 2 hotel room blocks: one for the crews and one for visitors. Intercept surveys conducted by San Diego State University showed approximately 3800 rooms for a 3.76:1 ROI.

Alan said there have been discussions about bringing the RC44 back to San Diego. There is an interest in staging an America's Cup event in San Diego. There would be a cost associated with staging the event.

Alan requested a reallocation of funds to a sponsorship. The amount did not change, just the allocation.

Bartell asked what percentage of the 3800 rooms came from teams. Alan stated that the intercept surveys found 454 rooms were from teams, which over 6 days generated 3,304 room nights. Bartell said the return was disappointing and that the hotel room nights were concentrated in one or two hotels. He said that at approximately 3:1 ROI, he would not vote in favor of funding the event in the future. Evans said that sailing has yet to catch on as a popular sport.

A motion to reallocate funds was made by Bartell. There was a second by Barrios. Yes 9, No 0, Abstain 0.

4. FY11 Budget Adjustments for CVBs

Stewart described the fixed and incremental contracts with Convis. Warren moved that Jere Batten, Lorin Stewart, Meredith Dibden-Brown, Rick Meza and Joe Terzi make the necessary allocation adjustments as long as all were in agreement. There was a second by Barrios. Yes 9, No 0, Abstain 0.

Joe Terzi said that Convis has been working with CTTC and San Francisco on the America's Cup and drawing people to San Diego.

Joe reported that the LA TMD is almost formed.

Rauch expressed concern about total summer revenue. He asked about spending in July and August. Terzi said there were significant expenditures coming up. Also there is a big promotion with Sea World.

The next meeting is scheduled for June 17, 2011.

The meeting was adjourned by Chairman Brown without objection at

**SDTMD May 20, 2011
Minutes, Page 4**

10: 35a.m.

Approved _____
Luis Barrios, Secretary

Date _____