



**SAN DIEGO TOURISM PROMOTION CORPORATION
BOARD OF DIRECTORS MEETING
San Diego Convention Center Corporation, Board Room
111 W Harbor Drive, San Diego CA 92101
Thursday, November 20, 2008 10:00 a.m.**

MINUTES

Roll Call

C. Terry Brown, Chairman, called the meeting to order at 10:05 a.m.

Board members present: Terry Brown, Ray Warren, Luis Barrios, Richard Bartell, Moshen Khaleghi, and Bill Evans.

Board members absent: Joe Terzi, Bob Rauch and Patrick Duffy.

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

PUBLIC COMMENT: none

ACTION ITEMS:

1. There were no changes to the Minutes from the SDTPC Board of Directors meeting of November 14, 2008. A motion was made by Luis Barrios to approve the minutes. There was a second by Moshen Khaleghi. Yes 6, No 0, Abstain 0.
2. **SDTPC- San Diego North CVB Contract Amendment: " Attachment D"**
John Lambeth reviewed changes to the San Diego North CVB contract. The changes made to the contract conform to the changes made to Convis' contract regarding procurement procedures. Richard Bartell made a motion to accept the changes to Attachment D of the San Diego North CVB contract. Bill Evans seconded the motion. Yes 6, No 0, Abstain 0.
3. **FY 2010 Annual funding application review and score:**
San Diego Bowl Game Association: DBA: Holiday Bowl and Poinsettia Bowl
Lorin Stewart gave the Board a general overview of the funding requests. Jere Batten gave an overview of the Board's Budget and collections from the TMD. Ms. Batten noted the changes to the budget were in the addendum. Ms. Batten noted that incremental allocations were reduced by approximately \$600,000. Mr. Stewart reviewed the large matrix of revenues and expenditures with the Board. The Board discussed the accuracy of the projections. Several members stated that the Board should use its best efforts in estimating future revenue. The Board also discussed the need to be conservative in all revenue estimates.

The actual collections may not be as high as the city staff projections suggest. Mr. Stewart reminded the Board that they must make the funding decisions for FY 2010 by the end of January and that the deadline for city submission is March 1, 2009. Mr. Stewart stated that on either December 11 or December 18, the Board would need to make its final decisions on incremental funding for FY 2009. Moshen Khaleghi expressed concerns about moving forward without more certainty in the final numbers. Mr. Khaleghi stated that the Board should not fund FY 2009 until it also has the information for the FY 2010 decisions. Terry Brown stated there is thought that spending some money now will help produce more revenue next year. Bill Evans expressed his concerns about the significant variation in the ADR numbers that have been provided to justify ROI. Mr. Evans stated that the Board needs Convis and San Diego North to work on the numbers to make sure they are accurate and consistent. Ray Warren stated that the numbers are changing on a daily basis and that the Board needs to distinguish between the projections for total marketplace through June and the projections for the next fiscal year. He stated that the Board must scrutinize the numbers used in return on investment projections. Richard Bartell stated that the Board needs to be conservative and develop good, conservative estimates based on adjustments to the city projections. Mr. Evans stated that the Board may also want to consider emergency funds. Mr. Khaleghi suggested that the Board fund the "must-do's" now and then fund the rest later when it has more information about actual collections. Mr. Warren asked if the Board could look at projections for the second half of FY 2009 and also make reasonable estimates for FY 2010. Mr. Brown suggested the Board should use all of its resources to develop the best estimates, and that the Board could spend \$7 million in incremental funding and still have \$2 million in reserve for possible shortfalls.

The Board then heard a presentation from the San Diego Bowl Game Association for the Holiday Bowl and Poinsettia Bowl. The Association is focused on producing room nights at a time when occupancy is low. For FY2010, the amount requested is \$500,000. The association estimates that the two bowl games will generate \$5.76 million in lodging revenue, which is equal to an 11.5 return on investment. Terry Brown asked why the group was requesting \$110,000 more than the last years' request and specifically what the incremental increase in room nights attributable to the increase. Bruce, San Diego Bowl Game Association, stated that they combined the return from the two games. He stated that in the short term there probably would not be a higher return on investment from the extra \$110,000, but in the long term the games would attract better teams and therefore increase the room nights. He stated that the Holiday Bowl has the number three pick for games and that there is tight competition from all other bowl games to pay more for better teams. The Board then scored the FY 2010 \$500,000 Bowl Game request: Terry Brown scored the application a 4. Ray Warren scored the application a 4. Moshen Khaleghi scored the application a 3. Luis Barrios scored the application a 4. Richard Bartell scored the application a 4. Bill Evans scored the application a 3. Total score was 22, with the average score a 3.67.

4. **FY 2010 Annual funding application review and score, and two FY 2009 incremental applications review and score:**
California State Games:
Sandy from the California State Games gave a presentation to the Board on the group's multiple funding requests. The Board scored the application regarding

funding for the winter games: Bill Evans scored the application a 4. Richard Bartell scored the application a 4. Moshen Khaleghi scored the application a 4. Ray Warren scored the application a 4. Terry Brown scored the application a 4. The average score was a 4. The Board scored the application regarding funding for the 2011 State Games of America: Bill Evans scored the application a 2. Richard Bartell scored the application a 1. Moshen Khaleghi scored the application a 1. Ray Warren scored the application a 2. Terry Brown scored the application a 2. The average score was a 1.6. The Board had a discussion about the timing of the 2011 State Games of America. Ray Warren asked about coordinating with the Hall of Champions and the Sports Commission. Bill Evans asked about moving the date, stating that perhaps the Board could contribute more if the event was held on a different date. Terry Brown disclosed that he is involved in the foundation that raised money for the facilities, however he has no material financial interest in this allocation. For FY 2010, the California State Games are requesting \$50,000, with an expected 48:1 return on investment. The Games are expected to add 16,500 room nights. They will be held the second week of July. The Board then scored the application: Moshen Khaleghi scored the application a 2. Ray Warren scored the application a 2. Terry Brown scored the application a 3. Bill Evans scored the application a 3. Richard Bartell scored the application a 3. The average score was a 2.6.

5. **FY 2010 Annual funding application review and score, and FY 2009 incremental funding request:**

La Jolla Destination Marketing Alliance:

The Board heard a presentation from Dave, a representative of the La Jolla Destination Marketing Alliance. The Hotels and restaurants in La Jolla are focused on occupancy and RevPar. La Jolla has 16 hotels. These hotels have a higher ADR than the rest of the region. Del Mar passed a 2.5 % Transient Occupancy Tax in November of 2008. Dave talked about Oceanfront Alliance, which is Orange County's leading coastal resorts. The return on investment is expected to be 3:1. John Lambeth raised a conflict issue with respect to Board members who have an interest in one or more of the 16 hotels. He described the rules to the Board about disclosure, the need to have a majority without Directors who have a material financial interest, and the other rules associated with conflicts. Richard Bartell disclosed his interests in La Jolla and did not participate in the discussion or voting on this item. Bill Evans disclosed his interests in La Jolla and did not participate in the discussion or voting on this item. The Board then scored the FY 2009 incremental funding request for \$689,000: Luis Barrios scored that application a 1. Moshen Khaleghi scored the application a 1. Ray Warren scored the application a 1. Terry Brown scored the application a 1. The average score was 1. The Board scored the FY 2010 funding request for \$1 million: Luis Barrios scored the application a 1. Moshen Khaleghi scored the application a 1. Ray Warren scored the application a 1. Terry Brown scored the application a 1. The average score was 1.

6. **FY 2009 Incremental funding application review and score:**

San Diego Convention Center Corporation

Terry Brown disclosed that Lorin Stewart and he had met with the Convention Center and encouraged them to come forward to seek SDTPC funding. Lorin Stewart raised an issue regarding the issue of funding multi-year projects and/or future funding. Mr. Stewart stated that they will be bringing application amendments for waiver of multi-year funding and clarification of the gift rules back to the Board at a future meeting. Sandra from the San Diego Convention

Center presented an incremental funding application request to the Board. For FY 2009, the Convention Center has already booked 763,000 room nights. The Convention center is trying to compete against other places that are offering free centers. Sandra highlighted specific conferences that could come to San Diego if funding was available. Sandra stated that the Convention Center is requesting \$4 million from the City to fund discounts and also asks hotels to subsidize conferences. The Convention Center would also like to make some capital improvements to the building and be able to offer funding reductions for groups. Bill Evans stated that there may be a small number of hotels that will benefit from this action more than other hotels. Terry Brown state that there is significant compression and that when large groups come to the convention center his occupancy increases. Moshen Khaleghi stated that the Hilton opening will reduce compression and this request focuses on hotels that are near the convention center. Luis Barrios stated that when the Convention Center is full, hotels get compression in Old Town and that all hotels benefit from the activities. Richard Bartell stated that when the downtown properties are full so are other areas of the City. Mr. Bartell stated that the Board should not limit funding to only those items that benefit the entire city. John Lambeth raised the conflict issue but stated that the issue was much less clear on this item than on the La Jolla item. Ray Warren disclosed an interest in Convention Center business and did not participate in the discussion or voting on this item. The Board then scored the Convention Center's request for incremental funding: Terry Brown scored the application a 4. Bill Evans scored the application a 4. Richard Bartell Scored the application a 4. Luis Barrios scored the application a 4. Moshen Khaleghi scored the application a 2. The average score was a 3.2.

Informational Items:

Chairman's Report - There were no additional items reported on as part of the Chairman's report.

Treasurer's Report – The revenue and expense items were reported under item 3, as noted above.

Executive Director's Report – There were no additional items reported on as part of the Executive Directors report.

CONSENT:

5. None

6. Motion to Adjourn

The meeting was adjourned by Chairman Brown without objection at 12:14p.m.

Approved _____
Luis Barrios, Secretary

Date _____