



BOARD OF DIRECTORS MEETING
San Diego Convention Center Corporation, Board Room
111 W Harbor Drive, San Diego CA 92101
Thursday, December 4, 2008 10:00 a.m.

MINUTES

Roll Call

C. Terry Brown, Chairman, called the meeting to order at 10:03 a.m.

Board members present: Joe Terzi, Terry Brown, Patrick Duffy, Luis Barrios, Richard Bartell, Bob Rauch, and Bill Evans.

Board members absent: Ray Warren and Mohsen Khaleghi.

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

The Board went around the room introducing all members present.

PUBLIC COMMENT: Sandy Hill, California State Games, reported to the Board on the possibility of moving the date of the State Games. She reported that most of the comments she received from her stakeholders were not in favor of changing the date.

ACTION ITEMS:

- 1. There was a change to the Minutes from the SDTPC Board of Directors meeting of November 20, 2008. A correction was made to the spelling of Mohsen Khaleghi's name. A motion was made by Patrick Duffy to approve the minutes. There was a second. Yes 7, No 0, Abstain 0.**
- 2. Legal Services RFP Review and Approval.**
Lorin Stewart reviewed the RFP for legal services with the Board and the response they had received. Only one response was received from Downtown Resources. Joe Terzi expressed concern about the size of the range of costs. Lorin Stewart said the range in costs reflected the range in services requested. A motion was made by Bob Rauch to approve the proposal from Downtown Resources. A second was made by Richard Bartell. Yes 7, No 0, Abstain 0.
- 3. FY 2010 Annual and FY 2009 Incremental Funding application review and score:**
San Diego Sports Commission
The San Diego Sports Commission made a presentation to the Board regarding a request for funding which they would use toward infrastructure. The group is looking at college sports, USOC, NGB, youth sports, rights acquisitions and

R&D (building and buying events), and sponsor management. The target is 20,000 new room nights in 2010.

The Board then scored the San Diego Sports Commission funding request for FY 2010: Terry Brown scored the application a 4. Bob Rauch scored the application a 3. Patrick Duffy scored the application a 4. Luis Barrios scored the application a 4. Richard Bartell scored the application a 3. Bill Evans scored the application a 4. Joe Terzi scored the application a 3. The average score was a 3.57

The Board then reviewed the San Diego Sports Commission's FY 2009 incremental funding request for \$194,000. The group would like to use the money on the Rugby "Seven's World Series." The event is February 14-15, 2009. For the first time ABC will be carrying the event live. Rugby is the second biggest sport in the world after soccer. Last year, the event had an attendance of 40,000. The group projects an additional 9,348 room nights. The return on investment is 7 to 1. Joe Terzi asked about the total budget for the event. The total budget is \$3 million. Bob Rauch stated that February 2009 is a need period and that the average rate appears to be inflated. Lorin Stewart stated that all applicants were directed to turn to Smith Travel Research for city wide ADR estimates. Bill Evans asked if the return on investment reflects the incremental room nights that would be generated from the \$194,000. Luis Barrios asked how many room nights are being booked because of the \$194,000 expenditure. Richard Bartell asked how much of the \$194,000 is being used on this event. The presenter stated that all funds are to be used on the 2009 event. Mr. Bartell then asked what the value of the \$194,000 was. The presenter stated that it would help drive the market. Mr. Evans asked if the City was supporting the group. The presenter stated that the City and the Padres are charging the group \$600-900,000 in rent. Mr. Evans stated that the Board should match whatever the city is willing to discount for Petco Park. Lorin Stewart reviewed with the Board the meaning of each of the scores. The Board then scored the FY 2009 Incremental funding request: Bill Evans scored the application a 3. Richard Bartell scored the application a 2. Luis Barrios scored the application a 3. Patrick Duffy scored the application a 3. Bob Rauch scored the application a 3. Terry Brown scored the application a 3. Joe Terzi scored the application a 2. The average score was a 2.71

4. **FY 2010 Annual and FY 2009 incremental funding application review and score: San Diego Crew Classic**

The Board heard a presentation from the San Diego Crew Classic. The Crew Classic has been in existence since 1973 and is one of the top 3 regattas in the country. The Classic brings teams in from around the Country. They have signed an agreement with ESPN. For the FY 2009 the Crew Classic is requesting \$50,000, and for FY 2010 the Crew Classic is requesting \$150,000. For the FY 2009 the Crew classic is projecting 3,500 additional room nights, with a return on investment of 10.6. For the FY 2010, the Crew Classic is projecting 500 additional room nights, with a return on investment of 5. The 2009 funds would be used on video, marketing study, website and team payout. The 2010 funds would be used to expand team payout, advertising, video, and hotel partnership program. Terry Brown asked for more information regarding the \$30,000 in 2009 and the \$30,000 in 2010 that would be used on video. Joe Terzi stated that the 2009 return on investment should be based on 500 room nights not 3500 room nights. Mr. Terzi stated the Board needs to look at incremental room nights. Bill Evans stated that he agreed with Mr. Terzi and that the Board should focus on the incremental room nights. Richard Bartell

asked what the \$50,000 would bring in terms of room nights in 2009. The presenter answered that the \$50,000 really helps build for 2010. Also it was stated that if the SDTPC does not fund there will be no ESPN coverage. The Board then scored the FY 2009 incremental funding request: Richard Bartell scored the application a 4. Luis Barrios scored the application a 4. Patrick Duffy scored the application a 4. Bob Rauch scored the application a 3. Terry Brown scored the application a 3. Joe Terzi scored the application a 3. Bill Evans scored the application a 4. The average score was a 3.57. The Board then scored the FY 2010 funding request for \$150,000: Luis Barrios scored the application a 4. Patrick Duffy scored the application a 3. Bob Rauch scored the application a 3. Bill Evans scored the application 4. Joe Terzi scored the application a 3. Richard Bartell scored the application a 2. The average score was a 3.14.

5. **FY 2010 Annual and FY 2009 incremental funding application review and score:**
San DieGO Downtown

The Board heard a presentation from San DieGO Downtown, a group that helps promote the 92101 zip code. San DieGO was created in July 2005. Led by marketing, public relations professionals, the group is an ongoing proponent for existing programs/services. The annual funding request is to be used on public relations, internet marketing, collateral materials and advertising. The group is requesting \$684,000 in funding. The group projects an additional 13,575 room nights. With an ADR of \$151.35, the return on investment is 3 to one. Currently, the budget is \$425,000, and this request would mean a total budget of \$950,000. Joe Terzi asked if the group actually has \$35,000 in cash. The presenter stated they do. Richard Bartell asked if they are a dues based organizations. The presenter stated that they have 3 major funding organizations. Luis Barrios asked if they are focused on promoting downtown. The Presenter stated yes, they are primarily downtown but also promoting the city as a whole. Bill Evans stated that this presentation has the same problem as the La Jolla proposal. It only markets one portion of the City instead of the entire City. Mr. Bartell stated that he is not opposed to have sub-markets as beneficiaries of the TMD funds. When Downtown is sold out, compression is felt throughout the city. He also mentioned that this proposal is for a lot of money without being room night oriented. The board then scored the funding request for FY 2010: Patrick Duffy scored the application a 1. Bob Rauch scored the application a 2. Terry Brown scored the application a 1. Joe Terzi scored the application a 2. Bill Evans scored the application a 1. Richard Bartell scored the application a 2. Luis Barrios scored the application a 1. The average score was a 1.43.

The Board then scored the FY 2009 request: Bob Rauch scored the application a 3. Terry Brown scored the application a 2. Joe Terzi scored the application a 4. Bill Evans scored the application a 1. Richard Bartell scored the application a 2. Luis Barrios scored the application a 2. Patrick Duffy scored the application a 2. The average score was a 2.29

6. **FY 2009 Incremental funding application review and score:**
San Diego Online Tourism Marketing Association

Bob Rauch disclosed to the Board that he has a material financial interest in this item and recused himself from discussion and scoring. The Board then heard a presentation from the San Diego Online Tourism Marketing Association. The group would like to use the funds on three separate online campaigns. The first

campaign would need \$90,000, the second would need \$100,000 and the third would also need \$100,000. In total, the group is requesting \$290,000. All of the money would go towards advertising and marketing, with no administration costs. The group projects an additional 34,864 room nights from the three campaigns. The return on investment is 14.76. Bill Evans stated that it seems like this idea should be presented to Convis, instead of the Board. Mr. Evans also stated that \$10,000 of the group's funds and \$90,000 from the TMD are funding the first campaign. Richard Bartell stated that there are 32 organizations in the first campaign. Mr. Evans stated that the good news about this program is that the Board will be able to go back and specifically track the results. The Board scored the funding request for \$290,000: Terry Brown scored the application a 3. Joe Terzi scored the application a 2. Bill Evans scored the application a 2. Richard Bartell scored the application a 3. Patrick Duffy scored the application a 2. The average score was a 2.4

Informational Items:

Chairman's Report –

The next meeting will be held on December 12, 2008. The following meeting will be held on December 18, 2008.

Treasurer's Report –

Joe Terzi reviewed the budget overview with the Board. Projections now show approximately \$6.7 million available for incremental allocations. Mr. Terzi stated that this number could change. Mr. Terzi reviewed historic projections and actual for transient occupancy tax revenue. The total projection of TMD revenue of \$25.83 million reflects a 2-3% increase in the original projection. Mr. Terzi stated that if one looks at more realistic projections, the total dollar amount is likely to be lower. A better estimate would be approximately \$5 million in incremental funds available.

Lorin Stewart clarified that the projected FY 2009 figures include the carry over funds from FY 2008. Bob Rauch offered to help Mr. Terzi on continuing to refine the projections. The Board discussed being conservative about projecting revenue. Bill Evans stated that the Board should be cautious and review all of the numbers in light of new data. Mr. Evans also discussed utilizing Smith Travel Research to provide the most current accurate lodging information. Mr. Stewart reviewed the large spreadsheet of all the projections and scoring.

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 12:30p.m.

**Approved _____
Luis Barrios, Secretary**

Date _____