



**SPECIAL BOARD OF DIRECTORS MEETING
Sheraton Hotel & Marina – Bay Tower
1590 Harbor Island Drive
Room Name: Point Loma Ballroom
Friday, December 12, 2008
9:30 am to 12:30 p.m.**

MINUTES

Roll Call

C. Terry Brown, Chairman, called the meeting to order at 9:37 a.m.

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

Board members absent: Luis Barrios.

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

PUBLIC COMMENT: A representative of Rugby Sevens offered clarifications on the Rugby Sevens event. A portion of the proceeds dedicated to this year's event will go to future events. Dollars invested for this year can be used in a short time frame to drive sales to the expatriate community. Additionally, the Rugby Seven event is trying to grow from 60 teams to 100 teams.

ACTION ITEMS:

1. There were no changes to the Minutes from the SDTPC Board of Directors meeting of December 4, 2008. A motion was made by Joe Terzi to approve the minutes. There was a second from Ray Warren. Yes 8, No 0, Abstain 0.
2. **Application / Guidelines Clarification: Case-by-case Waivers**
Lorin Stewart reviewed page 10 of the August 27, 2008 revisions for the FY 2009 and FY 2010 application guidelines, which states that funding, cannot be granted for programs occurring after the funding fiscal year. Per discussions at the November 20, 2008 SDTPC board meeting, changes to the current application are suggested to allow for multi-year funding waivers on a case-by-case basis. John Lambeth also suggested that there be clarification of the gift exclusion. A motion was made by Richard Bartell to approve revisions to the application. There was a second from Terry Brown. Yes 8, No 0, Abstain 0.

Lorin Stewart reviewed the spreadsheet of applicants and money available for the FY 2010. For the FY 2010, the Board has approximately \$24.8 million

available and approximately \$33 million in applications. Mr. Stewart discussed what will be discussed at the meeting on December 18, 2008 and the summaries of the proposals. Bob Evans stated that after reviewing all of the applications, he discovered that applicants calculate room nights differently. Mr. Evans stated that the board must calculate all of the returns based on the incremental night's not total nights. Ray Warren stated that he supports the idea but that it is difficult to know what is incremental in this transition period. Joe Terzi agreed with Mr. Evans. Mr. Terzi stated that the board needs to ask our applicants to demonstrate the incremental change. Mr. Terzi continued by stating that the Board should support existing activities and actively seek new events to benefit San Diego. Richard Bartell agreed with Mr. Evans and stated that the Board's obligation is to measure return on investment. Mr. Evans stated that the Board needs to review media impressions as well. Mr. Evans stated that in the future, the board needs to have a media score to determine media value associated with events. Mr. Warren asked about assembling a group to look at this issue.

3. **FY 2010 Annual and FY 2009 Incremental Funding application review and score:**

San Diego Film Commission

Cathy Anderson, of the San Diego Film Commission, made a presentation to the Board. The objective is to build a major production center in San Diego. The FY 2009 incremental funding request is for \$46,300 for a marketing campaign. The group would like to use money to participate in the AFCI tradeshow. They estimate an additional 3500 room nights will be generated. Based on an ADR of \$145 and revenue of \$501,500, the estimated the return on investment is 11 to 1. Richard Bartell asked how the group estimated an additional 3,500 room nights. Ms. Anderson stated that a small project brings in about 200 room nights and that a recent reality show brought in about 4,000 room nights. Ray Warren asked why the group had not looked at the basic budget and looked for ways to increase the return on investment. Ms. Anderson stated that the return on investment is much higher for the incremental funding amount than the basic budget, which is 6 to 1. Bill Evans asked why there was a 41 percent drop in room nights from 2007 to 2008. Ms. Anderson stated that there had been no money for marketing and the writer's strike had affected production. Mr. Evans asked how much of the San Diego Film Commission budget comes from the county. Ms. Anderson replied that about 25 percent of the budget comes from sources other than the TMD funds, including County funds. Mr. Evans stated that the film industry is likely to stay strong and the Board should support it. Mr. Evans thanked the group for bringing American Idol to the City; it was very effective. Mr. Bartell asked what competitors are doing in terms of funding the film commission. Ms. Anderson stated that San Diego's competitors are mostly other states and that they are providing aggressive funding and funding incentives to bring movies to their states. Mohsen Khaleghi asked where the Board is financially. Terry Brown stated that the Board would be allocating money at the next meeting. The San Diego Film Commission's FY 2010 funding request is \$728,000, giving the group a total budget of \$968,300. The group estimates an annual funding request of \$728,000. In the FY 2009 the SDTPC provided the group with a base funding of \$669,000. For the FY 2010, the group projects an additional 35,560 room nights at an average ADR of \$145. The total additional revenue would be approximately \$5.1 million, and a return on investment of 7 to 1. The San Diego Film Commission maintains relationships throughout the world and relationships with every major studio.

The Commission would be producing a “resource guide” that lists the area hotels and would distribute at no cost. The Travel Industry Association states that 5.1 million adults select vacation destinations based on what they saw on television or in a movie. Terry Brown asked if the group was asking for a 10 percent increase over historic funding, and noted that the FY 2010 request was similar to the FY 2009 base plus FY 2009 incremental. Mr. Warren asked about the room nights increasing from 23,000 to 35,000 and asked how the group is spending its time. They replied that 75 percent of their time is spent on sales, while 25 percent is spent on tactical assistance. Mr. Rauch asked more specifically what the other funding sources are available. Ms. Anderson stated that the Port Authority and the County were contributing funds and that they would possibly be receiving some City funds in the future. The Board then scored the application for FY 2009 Incremental funding request: Ray Warren scored the application a 2. Bob Rauch scored the application a 3. Terry Brown scored the application a 3. Richard Bartell scored the application a 3. Mohsen Khaleghi scored the application a 2. Bill Evans scored the application a 4. Patrick Duffy scored the application a 3. The average score was a 2.85. The Board then scored the application for FY 2010 funding: Bob Rauch scored the application a 3. Terry Brown scored the application a 4. Richard Bartell scored the application a 4. Mohsen Khaleghi scored the application a 3. Bill Evans scored the application a 4. Patrick Duffy scored the application a 3. Ray Warren scored the application a 3. The average score was a 3.43. Mr. Rauch stated that San DieGO Downtown was not supported because it did not focus on room nights. Mr. Rauch stated he is concerned the Board is not being consistent.

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

The Board heard a presentation from Accessible San Diego. Accessible San Diego is the accessible CVB, which provides services to the largest niche market in tourism. Handicapped tourists spend \$27 billion a year worldwide. The group is requesting \$324,000. The group estimates about 16,429 room nights, at an ADR of \$140, would be a return on investment of 7 to 1. Ray Warren asked how much the group is requesting in incremental funding for FY 2009. The group’s existing annual funding is \$65,000 in TMD funding. The groups existing annual funding is \$65,000 in TMD funding Mr. Warren asked if a full year of funding is approximately \$400,000, why was there a need for \$324,000 for half a year? The group needs that much money for start up costs. Bill Evans expressed concerns about spending so much to energize a market that has been severely reduced over the years. Mr. Evans stated that he thinks it is not appropriate to fund all of this now. Mohsen Khaleghi asked what would be the minimum amount for the group to keep their doors open. Joe Terzi asked if the group had made any requests for funding to the Port Authority, County or City. Mr. Evans asked what funds the group had received from others, like the Port Authority and County. The group in the past had received \$208,000 from the Port Authority and about \$8-10,000 from the County. Now, the group receives about \$8,000 from the Port Authority and \$8-10,000 from the County. Richard Bartell thanked the group for doing what the Board had requested and asked if the group’s hotel partners going after accessible business. Mr. Bartell asked about hotels targeting this type of business. Mr. Terzi stated that the hotels have not specifically targeted this market. Mr. Warren stated that the Board should consider whether this should be part of Convis or other sales efforts rather than a stand alone sales effort. The group stated that one event targeted at their

market would bring in 16,000 room nights. Terry Brown asked if the Board could fund the group to work with other organizations but not have the group sell directly. The group stated that they are open to new approaches and partnering. The Board then scored the FY 2009 incremental funding request: Joe Terzi scored the application a 1. Terry Brown scored the application a 2. Richard Bartell scored the application a 4. Mohsen Khaleghi scored the application a 4. Bill Evans scored the application a 1. Patrick Duffy scored the application a 2. Ray Warren scored the application a 2. Bob Rauch scored the application a 2. The average score was a 2.25.

The Board then scored the FY 2010 funding request: Joe Terzi scored the application a 2. Terry Brown scored the application a 2. Richard Bartell scored the application a 4. Mohsen Khaleghi scored the application a 4. Bill Evans scored the application a 2. Patrick Duffy scored the application a 2. Ray Warren scored the application a 2. Bob Rauch scored the application a 2. The average score was a 2.5

Mr. Terzi stated that the Board needs to keep this group energized. Mr. Bartell asked if the Board was scoring the application or the amount requested. Mr. Warren replied that the Board was scoring both. Mr. Evans asked about the reasoning of the scoring. Lorin Stewart stated that the system provides some general direction for upcoming discussions.

5. **FY 2010 Annual funding application review and score:**

Elite Racing: Rock and Roll Marathon

The Board heard a presentation from Elite Racing on their request for FY 2010. Ray Warren recused himself from discussions on this item. The group is requesting \$375,000 to help fund the 13th annual Rock and Roll Marathon. Rock and Roll Marathon is the largest first time marathon in history. The 2007 economic impact study showed the race generated 30,800 room nights. In 2008, it also generated 30,800 room nights which, at an ADR of \$160, is a 13.2 return on investment. Bill Evans stated that the other Rock and Roll events compete with San Diego's event. Mr. Evans stated that the Board has always been told that the dates could not be moved to November, but that the group is now doing a marathon in San Antonio in November. Elite Racing stated that the original consensus was for the weekend after Memorial Day weekend. Mohsen Khaleghi stated that the tourism industry in San Diego had made a formal request five years ago to change the date of the race. The group stated that this event has a national event slotted for this time and that San Diego is different than San Antonio. Bob Rauch suggested that the date's discussion should be off line. Mr. Evans stated that he thought the Board should discuss dates. Mr. Evans asked how many incremental room nights the event would bring in. The FY 2010 request is \$375,000. The Board then scored the application: Richard Bartell scored the application a 4. Mohsen Khaleghi scored the application a 2. Bill Evans scored the application a 1. Patrick Duffy scored the application a 2. Bob Rauch scored the application a 3. Joe Terzi scored the application a 3. Terry Brown scored the application a 3. The average score was a 2.52.

6. **FY 2010 Annual funding application review and score:**

MCCSN: Multicultural FAM Tour

The Board heard a presentation from the Multicultural FAM tour. The group produces the only multicultural fam tour in San Diego, which is during the third week of September. The 2010 budget for the group is \$330,000. The group projects 19,439 room nights (for three years). At an ADR of \$155, it will

produce \$3 million in income, giving a return on investment of 10. At an ADR of \$145 the return on investment is 9.4. The group is requesting \$300,000 in funding. Joe Terzi asked for clarification of total funding request. Mr. Terzi stated that the previous Fam tour request was for \$127,000, so why is it now \$300,000. Mr. Terzi also asked Convis about their focus on the multicultural market. David Peckinpaugh stated that Convis has one person dedicated exclusively to the multicultural market. MCCSN stated that many of their targets have never been contacted by Convis. MCCSN has many great relationships, and works hard to meet needs of people of color. MCCSN helps with information on cultural resources. Ray Warren asked if they had future rooms under contract. The group responded no. Mr. Warren asked if the presenter would get a commission if they sign. The presenter stated yes. Terry Brown asked if the group works with the Convention Center. The group stated that the Convention Center has helped them with sponsorships. Richard Bartell asked if the 19,000 room nights are over a three year time period. The group stated yes. Mohsen Khaleghi asked what the group's base funding is. The group stated that they put in \$35,000 base for Fam tours. Mr. Khaleghi asked what happens if they do not get funding from the TMD. The group stated that they will continue to seek other funding and sponsorships. Mr. Khaleghi stated that the Board has not done a lot to market to multicultural groups. Mr. Terzi stated the Board had done a lot with multicultural marketing. Mr. Khaleghi stated that in the past he has sponsored the Fam tours, and asked if he needed to recuse himself. John Lambeth stated he did not, based on the testimony. Bill Evans asked how the group will spend the money. The group directed the Board to look at the application for specificity. Mr. Evans stated that the Board was on a slippery slope. Mr. Evans stated that private business should be on a commission basis and the generally, Convis should be doing the Fam trips. Mr. Evans stated that shopping up responsibility will chop up accountability and that the Board can't support organizations that are duplicative and so narrowly targeted. The group stated that the support those other efforts of Convis and the Convention Center, but that Convis and Convention Center can't reach the smaller market that they can. Mr. Bartell stated that he would like to hear other speeches. From the audience, a member stated that the Board needs someone in the community to connect with outsiders. The Board then scored the application for FY 2010 funding request: Mohsen Khaleghi scored the application a 1. Bill Evans scored the application a 1. Patrick Duffy scored the application a 2. Ray Warren scored the application a 2. Bob Rauch scored the application a 2. Joe Terzi scored the application a 2. Terry Brown scored the application a 3. Richard Bartell scored the application a 3. The average score was a 2.0.

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

Meetings Database Institute

Terry Brown disclosed to the Board that he has had conversations with the applicants and encouraged Jim to take the application on. Mr. Brown stated that he feels the Board should not compete with Convis. The Board heard a presentation from Jim Otto, EVP of Altas Hotels, and John Enghauser and Coleen of Meetings Database Institute. The group stated that from a national perspective, San Diego has a unique marketplace. Currently, RevPar is down 7.8 percent. The Database Institute has 120,000 meeting contacts and 30,000 profiled meetings. They proactively target new business development and use what is called a professional prospector. They have 23 people in their company. The Meetings Database Institute is requesting \$217,250 in funding. They project creating 21,750 room nights at an ADR of \$150, with a return on investment of

15. Richard Bartell asked who the group's clients are. The group stated that they work with hotels, service companies, destinations, casinos (i.e. Bermuda, Fort Worth, etc.). The group stated that they operate from the Art of War. Patrick Duffy asked who gets the lead and asked how the sales team is allocated. The group stated that the lead is flexible and that there would be two sales people dedicated to San Diego. Bob Rauch asked about key competitors and if they were having discussions with any other San Diego folks. The group stated that they compete with anybody in sales (i.e. Pubs, Advance space, Rep Space) and that they are not having discussions with other San Diego groups. The group stated that they bring valuable data. Ray Warren asked how qualified is the lead. The group stated that their conversion ratios are very high. Joe Terzi stated his concern with the proposal. Specifically, Mr. Terzi is concerned about duplication or conflicts with other efforts by Convis. Mr. Terzi stated that the Board needs to be consistent in message. The proposal has great value but Mr. Terzi suggested the group go to Convis. Jim Otto stated that Mr. Terzi's suggestion makes sense. The Board scored the application for FY 2009 Incremental funds: Bill Evans scored the application a 3. Ray Warren scored the application a 3. Bob Rauch scored the application a 2. Joe Terzi scored the application a 2. Terry Brown scored the application a 4. Richard Bartell scored the application a 4. Mohsen Khaleghi scored the application a 3. The average was a 3.

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

SD Sports Commission – Red Bull Air Race

The Board heard a presentation from the San Diego Sports Commission regarding the Red Bull Air Race. Sports Commission stated that the Port Authority will be contributing \$125,000. The 2008 races reached 400 million viewers. In 2008, the races generated 2100 rooms. For 2009, they have projected 8100 room nights, with an ADR of \$154. The return on investment would be 9.8. Richard Bartell asked how the group reached hotel room night projections. The group responded that they were taking some from Coronado and that the event is growing. Joe Terzi stated that the event comes at a time when the hotels are already full. The group stated that the goal is to move the event to September in the future. Bill Evans stated that it seems a lot of the groups marketing is done locally. The group stated that all the TMD money would be spent in other markets. Mr. Evans asked if the Port Authority was getting anything for the \$125,000. The group stated that the Port Authority would receive logo placement and that the Authority is projected to receive some revenue. The Board then scored the application for the FY 2009 Incremental funding: Bob Rauch scored the application a 3. Joe Terzi scored the application a 3. Terry Brown scored the application a 4. Richard Bartell scored the application a 3. Mohsen Khaleghi scored the application a 2. Bill Evans scored the application a 3. The average score was a 3.

Informational Items:

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

Treasurer's Report – There were no additional items reported on as part of the

Treasurer's report.

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 1:05 p.m.

Approved _____
Luis Barrios, Secretary

Date _____