



**SAN DIEGO TOURISM PROMOTION CORPORATION
BOARD OF DIRECTORS MEETING
San Diego Convention Center Corporation, Board Room
111 W. Harbor Drive, San Diego, CA
Thursday, December 18, 2008
10:00 am to 12:30 p.m.**

MINUTES

Roll Call

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

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

Board members absent: None

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

PUBLIC COMMENT: David Peckinpaugh from Convis, gave an update on Convis and the travel forecast. The Board discussed using a standard ADR to measure return on investment. Jim Oddo stated that the previous proposal made to the Board would now go through Convis. Tiffany Sherer commented on the Convis update.

ACTION ITEMS:

- 1. There were two changes to the Minutes from the SDTPC Board of Directors meeting of December 12, 2008. The EVP of Altas Hotels is Jim Oddo and in the conversation regarding application guidelines Bill Evans was mistakenly identified as Bob Evans. A motion was made by Patrick Duffy to approve the minutes. There was a second from Bill Evans. Yes 9, No 0, Abstain 0.**
- 2. Board Policy on Funding Decisions
Lorin Stewart reviewed the issue of funding for profit and non-profit groups. Meredith gave a summary of the email she had sent out on December 12, 2008 to the Board. John Lambeth stated that the Board has the right to fund for profit and non-profit groups. Joe Terzi stated that due to the meeting schedule, this discussion should be tabled. A motion was made by Joe Terzi to table the discussion on funding. A second was made by Bob Rauch. Yes 9, No 0, Abstain 0.**
- 3. FY 2009 Incremental Funding level
Joe Terzi stated that looking at the FY 2009 forecast, the best estimate of how much incremental funding will be available is \$26.4 million. Bob Rauch**

reviewed with the Board the historical activity for TOT collections. The Board discussed the merits of different approaches to render the best projections for FY 2009. The Board discussed that \$5 million was a conservative amount to allocate now. A motion was made by Bob Rauch to allocate no more than \$5 million in incremental funds today. A second was made by Luis Barrios. Yes 9, No 0, Abstain 0.

4. FY 2009 Incremental Funding Applications

Lorin Stewart provided the Board with background on the application process and scoring. Bill Evans stated that the Board needs to look specifically at incremental room nights produced. Ray Warren stated that many of the events need to work diligently every year to produce the same number of people. Mr. Stewart reviewed scoring with the Board. Mr. Evans disclosed that he had talked to Accessible San Diego. Mohsen Khaleghi disclosed he had met with David Peckinpaugh at Convis to discuss the Convis application.

Each Board member then disclosed his choice for the top four applications. Joe Terzi voted to fund Convis National Cable B, the Convention Center, Sports Commission Rugby 7s, and Meetings Database Institute; Bob Rauch voted to fund the California State Games, Convis National Cable B, the San Diego Crew Classic and the Convention Center; Mr. Rauch also recused himself from voting on the Online Tours Marketing application. Ray Warren voted to fund Convis National Cable B, Convis Canada, Sports Commission Rugby 7s, and the Red Bull Air races; Luis Barrios voted to fund Convis National Cable B, Elite Racing, the Convention Center and the San Diego Crew Classic; Richard Bartell voted to fund California State Games, Convis National Cable B, the San Diego Crew Classic and the Convention Center; Mohsen Khaleghi voted to fund California State Games, the San Diego Crew Classic, the San Diego Film Commission and Sports Commission Rugby 7s; Bill Evans voted to fund the San Diego Film Commission, Sports Commission Rugby 7s, Convis National Cable B, and California State Games.; Terry Brown voted to fund Convis National Cable B, Elite Racing, the Convention Center and the Meeting Database Institute; Patrick Duffy voted to fund Convis National Cable B, the San Diego Film Commission, Sports Commission Rugby 7s, and Convis Canada. The top 5 applications, as voted upon by the Board, were: Convis National Cable B application with 8 votes, Convention Center application with 5 votes, San Diego Sports Commission Rugby 7's application with 5 votes, California State Games application with 4 votes and the San Diego Crew Classic application with 4 votes. A motion was made by Bob Rauch to provide funding as requested to all of the top 5 applicants. A second was made by Ray Warren. Yes 3, No 6, Abstain 0.

A motion was made by Richard Bartell to provide funding as requested to the California State Games. A second was made by Bill Evans. Yes 9, No 0, Abstain 0.

A motion was made by Richard Bartell provide funding as requested to the Convis National Cable B. A second was made by Ray Warren. Bill Evans asked if this request included funding for "Happiness Happens." It was stated that the application does include funding for "Happiness Happens." Bob Rauch stated that he fully supports funding this application. Yes 7, No 2, Abstain 0.

A motion was made by Richard Bartell to provide funding as requested to the San Diego Crew Classic. A second was made by Patrick Duffy. Yes 9, No 0, Abstain 0.

A motion was made to provide funding as requested to the San Diego Film Commission. A second was made by Patrick Duffy. Yes 8, No 1, Abstain 0. Joe

Terzi stated that there will be approximately \$1,370,000 left after funding the approved projects.

A motion was made by Bill Evans to partially fund Accessible San Diego for \$30,000. A second was made by Richard Bartell. Bob Rauch asked Wes of Accessible San Diego for his view on the proposal to provide \$30,000 for funding. Wes stated that it was a reasonable start and that they had been getting conflicting information about whether or not they should be doing any marketing. Ray Warren stated that it would be the Convis' job to market for the entity. Yes 9, No 0, Abstain 0.

A motion was made by Joe Terzi to provide the Convention Center with \$290,000 in funding in the years of the (applied for) conventions assuming that they will book rooms. A second was made by Terry Brown. Bill Evans stated that he was concerned given the fact that the Convention Center has \$12-13 million in the bank. Mohsen Khaleghi stated his concern philosophically with Convention Center benefitting specific hotels. Bob Rauch stated that he did sit on audit committee for Convis. Ray Warren abstained from voting on this item. Yes 6, No 2, Abstain 1.

A motion was made by Terry Brown to provide funding as requested to the Meetings Database Institute. A second was made by Bill Evans. Bob Rauch asked if Convis will be used. The answer was yes, Convis will be used. Yes 9, No 0, Abstain 0.

A motion was made by Luis Barrios to provide funding as requested to the Elite Racing Rock and Roll Marathon. A second was made by Bob Rauch. Patrick Duffy asked how much was left to distribute. Joe Terzi stated there would be approximately \$1,124,204. Terry Brown stated that there was value to the proposal even though its held at the wrong time of year. Bill Evans stated that the numbers the Board has received do not reflect the marginal room nights and additional competition has been added by the group starting other Rock and Roll Marathons. Mr. Barrios purposed the possibility of only providing the group with \$50,000 in funding. Mr. Rauch stated that the Board had rated the application a 3 and that the area is heading into a deep recession. Mr. Rauch continued, stating that the Board should provide more than \$50,000 but potentially not the total amount requested. Mr. Rauch suggested taking 25% off of the total amount of funding requested. Joe Terzi stated that in the past the Board had given the group \$19,500, and that the group was now requesting \$187,000. Mr. Terzi stated he believed the request to be too high. Mr. Barrios made a motion to change his initial motion from funding as requested, to providing the group with \$75,000 in funding. Terry Brown made a motion to provide Elite Racing with \$50,000 in funding. A second was made by Bob Rauch. Yes 6, No 2, Abstain 1.

A motion was made by Patrick Duffy to provide funding as requested to the San Diego Sports Commissions Rugby 7's. A second was made by Mohsen Khaleghi. Yes 9, No 0, Abstain 0.

A motion was made by Ray Warren to approve funding for the Convis Canada application in the amount of \$500,000. A second was made by Patrick Duffy. The Board asked Kerri Verbeke Kapich for more details regarding the Program. Ms. Verbeke Kapich stated that Canada is one of their primary targets. Bob Rauch stated he would like to ask Convis what they think is the better program : Cable California or Canada. Ms. Verbeke Kapich stated that on a dollar by dollar basis, it is better to spend within the United States than in Canada. Mr. Warren withdrew his motion.

A motion was made by Terry Brown to provide funding as requested to the Red Bull Air Races. A second was made by Richard Bartell. The Board had a

discussion regarding how many incremental room nights this event could create. Joe Terzi stated that this time of year is not the greatest but that the Board should still support at a low level. The Board then had a discussion regarding the need for the event and the possibility of the event leaving. Yes 9, No 0, Abstain 0. Terry Brown asked how much funding was left to distribute. It was stated that approximately \$755,204 would be left to distribute.

A motion was made by Joe Terzi to support Online Tourism Marketing, contingent on collaboration with Convis. A second was made by Bill Evans. Mr. Evans asked whether Convis supported the proposal or not. Mr. Terzi stated that these kind of proposals should go back to Convis or a similar organization. Richard Bartell stated that it is important to get feedback from Convis. David Peckinpaugh asked about the RFP. Yes 8, No 0, Abstain 1.

A motion was made by Bob Rauch to fund San DieGO Downtown in the amount of \$20,000. A second was made by Mohsen Khaleghi. Yes 7, No 2, Abstain 0.

A motion was made by Ray Warren not fund any other applicants at this time. A second was made by Mohsen Khaleghi. Richard Bartell and Patrick Duffy recused themselves from the discussion and vote on this motion. Tiffany Sherer asked the Board for an opportunity to re-present. Sandy Hill stated that the "event" could not be moved from August and that if the Board did not fund the group could not guarantee San Diego would get the event in 2009 or 2010. Yes 6, No 0, Abstain 2.

A motion was made by Ray Warren to contribute \$25,000 to the California State Games. A second was made by Mohsen Khaleghi. Yes 8, No 0, Abstain 0.

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 12:30 p.m.

Approved _____
Luis Barrios, Secretary

Date _____