



SPECIAL BOARD OF DIRECTORS MEETING

**“William D. Evans Sternwheeler,” Bahia Resort Hotel
998 West Mission Bay Drive, San Diego CA 92109**

Thursday, February 5, 2009

10:00 am to 2:00 p.m.

MINUTES

Roll Call

C. Terry Brown, Chairman, called the meeting to order at 10:01 a.m.

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

Board members absent: Patrick Duffy and Ray Warren.

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

Overview Summary of Funding Session Process: Lorin Stewart presented an overview of the funding process to the Board.

Review Conflict of Interest Protocol: John Lambeth reviewed the rules associated with conflict of interest.

John Lambeth explained to the Board that an urgent item had come up after the agenda had been posted. The item requires immediate action. In order to add the item to the agenda the Board must have a two-thirds vote that there is a need to take immediate action and that the need for action came to the attention of the SDTPC Board subsequent to the agenda being posted. Mr. Lambeth informed the Board the item would be discussed after public comment. A motion was made by Bob Rauch to find that there is a need to take immediate action and that the need for action came to the attention of the SDTPC subsequent to the agenda being posted and add the item to the agenda in order to take immediate action. A second was given by Luis Barrios. Yes 7, No 0, Abstain 0.

PUBLIC COMMENT: Scott from Elite Racing addressed the article in the newspaper. He stated that there is an independent review being conducted and that Elite Racing will be rescinding the grant request for 2010 race.

Alan Kidd from the San Diego Sports Commission detailed for the Board the activities of the Commission. Mr. Kidd stated he expects to exceed the number of room nights projected. They are continuing to work on long-term contracts with Red Bull and Rugby Sevens.

The San Diego Film Commission reported on their activities to the Board.

Sandi Hill from the California State Games provided an update of their activities.

Bruce Binkowski gave an update on the 2008 Pacific Life Holiday Bowl and the Poinsettia Game.

Sandy Purdon from the Big Bay Fireworks show gave an update on the fireworks event.

A speaker from the audience stated that MCCSN supports the efforts of Convis and other organizations that work with the promotion of San Diego. He urged the SDTPC Board to support the MCCSN.

Cami Matteson, San Diego North CVB, stated that the CVB has a budget shortfall of \$300,000. Cami discussed the online and other marketing efforts.

LeeAnn Kim of the San Diego Asian Film Foundation thanked the Board for their service. Also, Ms. Kim indicated that they would be submitting an application for 2010 incremental funding.

Carolyn Hollins, member of the advisory Board for MCCSN, stated her strong support for the MCCSN.

George Brooke Conyer from San Diego National History Museum gave an update on the Museum's activities.

Clara Carter from MCCSN thanked the Board for their hard work on this program. Ms. Carter stated they are seeking funding for the Multi-Cultural FAM Tour and talked about the success of MCCSN's activities.

Ken Loist from San Diego Bay Wine and Food Festival thanked the Board for its efforts. Mr. Loist talked about success of program.

A motion was made by Joe Terzi to close the public testimony. A second was given by Luis Barrios. Yes 7, No 0, Abstain 0.

Added Item: Amendment to SDTPC's contract with Convis to allow for direct payment for services rendered: A motion was made by Terry Brown to approve the amendment to the Convis contract which would allow for direct payment for services rendered. A second was given by Richard Bartell. Joe Terzi asked if the issue is taken care of through the amended contract. David Peckinpaugh described to the Board the Convis' challenges with cash flow. CPA, Jere Batten stated that she believes this will work; however, the large media buys in the future will need to be planned for in advance. Meredith Dibden-Brown from the City of San Diego stated that this seems to be an appropriate way to handle the cash flow situation. She stated that timely submittals of complete reimbursement requests from Convis will help in managing their cashflow issues in the future. It would help to map out the timing and commitments. Bill Evans asked how the City had handled this before. Meredith stated that the Convis had two components: Baseline \$300-\$400,000 a month and \$800,000 quarterly in advance. Mr. Evans stated that the Board should look at methods for streamlining this process. Mr. Terzi stated that the Board should look at the TPC contract with the city. A motion was made by Terry Brown to move

forward with the amendments to the Contract with a one time provision for Convis to submit expenses up to 150 days old.. A second was given by Richard Bartell. Yes 7, No 0, Abstain 0.

Terry Brown addressed the Board as it relates to level of funding. Mr. Brown stated it is very difficult time and revenues are significantly down. Mr. Brown stated that the Board will be very cautious about funding.

TMD Forecast for FY 2010:

Joe Terzi gave an update to the Board on the finances. There has been a significant reduction in RevPar. RevPar in October of 2008 was 6%; in November 2008 it was 22%; in December 2008 it was 16%. In 2008, San Diego went from a positive RevPar to a negative RevPar. Mr. Terzi stated it is expected that \$4 million will be carried forward into FY 2010. Projections for TMD revenue in 2010 is currently \$24,894,581. Originally, it was believed to be around \$32 million.

ACTION ITEMS:

1. There were no changes to the Minutes from the SDTPC Board of Directors meeting of January 22, 2009. A motion was made by Luis Barrios to approve the minutes. There was a second from Richard Bartell. Yes 7, No 0, Abstain 0.

The Board then took a break and reconvened to finish meeting.

2. FY 2010 Funding Allocations

The Board had a discussion regarding funding allocations for FY 2010. The Board reviewed and discussed various applications.

San Diego Bowl Game Association: A motion was made by Bill Evans to allocate \$500,000 in funding to the San Diego Bowl Game Association for FY 2010. A second was given by Mohsen Khaleghi. Bob Rauch expressed concerns about a 26% increase in funding compared to what they received in 2009. Terry Brown indicated that 2010 includes the Poinsettia Bowl and additional room nights. Yes 7, No 0, Abstain 0.

San Diego Sports Commission: Joe Terzi stated that the request is a significant increase, but it also included many new incremental room nights. Bill Evans asked about other events that may come later. Alan Kidd for the sports commission stated that they tried to be inclusive in their application. The group may need to come back on Red Bull or Rugby Sevens. A motion was made by Terry Brown to allocate \$425,000 in funding to the San Diego Sports Commission for FY 2010. A second was given by Bob Rauch. Yes 7, No 0, Abstain 0.

San Diego Film Commission: A motion was made by Bill Evans to allocate \$728,000 in funding to the San Diego Film Commission for the FY 2010. A second was given by Richard Bartell. Joe Terzi stated that the TPC needs to be careful about funding most of an organizations budget. Mr. Terzi stated that in this case the funding from TPC makes up 75% of the budget. Mr. Terzi stated he would rather see a reduced funding effort for their sales and marketing. Mr. Evans stated he agrees in principle, but that the City will not be able to fund the remainder. Mohsen Khaleghi asked about reporting of results for FY 2009.

Lorin Stewart stated that we do not have that information but we will in April. Bob Rauch stated that he believes that the film commission will not be able to get other funds. Yes 6, No 1, Abstain 0.

Crew Classic: A motion was made by Luis Barrios to allocate \$50,000 in funding to the Crew classic for the FY 2010. A second was given by Mohsen Khaleghi. Joe Terzi asked if funding was primarily for payouts. Yes 7, No 0, Abstain 0.

California State Games: Mohsen Khaleghi expressed concerns about available funds to be able to fully fund initiatives. Richard Bartell expressed his agreement. There are many requests for numerous funding allocations. The board should be cautious about its allocations. Bill Evans expressed his agreement. Mr. Evans also stated it was difficult to know how the economy is going to go and what programs will work. The Board should keep some money in reserves. A motion was made by Richard Bartell to allocate \$ 50,000 in funding to the California State Games for the FY 2010. A second was given by Luis Barrios. Bill Evans stated that the timing of the summer event is far from optimal. Yes 7, No 0, Abstain 0.

Natural History Museum: A motion was made by Terry Brown to allocate \$300,000 in funding to the Natural History Museum for the FY 2010. A second was given by Luis Barrios. Bill Evans stated that the Dead Sea Scrolls were very successful. Mr. Evans inquired if the SD Commission for Arts and Culture already provides funding out of TOT funds to the organization. The Museum representative said that they do receive TOT funds. Mr. Brown stated that he agreed with Board member Evans. Bob Rauch stated that the Board should fund but at a lower level. Joe Terzi asked about a lower budget. Museum representative stated that all TMD dollars will be spent on outside media buys. Mr. Terzi suggested amending the motion to \$150,000 in funding. A second was given by Richard Bartell. Yes 5, No2, Abstain 0. A motion was given to vote on the underlying motion to allocate \$300,000 to the Natural History Museum. A second was given by Joe Terzi. Yes 4, No 3, Abstain 0.

Accessible San Diego: A motion was made by Bill Evans to allocate \$390,000 in funding to Accessible San Diego for the FY 2010. A second was given by Luis Barrios. The Board had a discussion regarding Luis Barrios working with Accessible San Diego. A motion was made by Bill Evans to allocate \$75,000 to Accessible San Diego. A second was given by Luis Barrios. Yes 7, No 0, Abstain 0. A vote was taken on the underlying motion to allocate \$300,000 in funding. Yes 7, No 0, Abstain 0.

San Diego Bay Wine Festival: Terry Brown stated that this is an event that could grow into a much larger event. A motion was made by Terry Brown to allocate \$75,000 in funding to the San Diego Bay Wine Festival for the FY 2010. A second was given by Joe Terzi. Bob Rauch stated that he is feeling few, if any, more applicants should get funding. This even is in November at a time when room nights are needed. Richard Bartell stated that this event has a lot of potential. Mr. Bartell stated the Board should consider allocating only \$50,000. Bill Evans asked about effectiveness of dollars compared to other programs. Mr. Terzi stated that this is the kind of event that the Board should be funding. Mr. Terzi stated he was supportive of allocating \$50,000. Mr. Evans stated that this even is focused on downtown and that many of the events funded are focused on downtown. A motion was made by Richard Bartell to allocate

\$50,000 in funding for the San Diego Bay Wine Festival. A second was given by Joe Terzi. Yes 7, No 0, Abstain 0.

Elite Racing: Elite Racing withdrew their application.

Travelers Aid: A motion was made by Joe Terzi to allocate \$60,000 in funding to Travelers Aid for the FY 2010. A second was given by Luis Barrios. Bob Rauch stated that this application had received a very low score. Mr. Rauch stated that the Board should consider not funding even though it's a great organization. Terry Brown stated that although the group is an assets to the industry, they are not a good candidate for funding. A motion was made by Bob Rauch to not allocate funding for Travelers Aid. A second was given by Luis Barrios. Yes 7, No 0, Abstain 0.

MCCSN: A motion was made by Terry Brown to allocate \$100,000 to MCCSN if the work to contract with Convis. A second was given by Richard Bartell. Mr. Bartell asked about the number of incremental room nights. This group has the ability to get groups, but a very low return on investment. Bob Rauch stated that MCCSN has identified an important niche. Mr. Rauch stated that this application should go through Convis. Joe Terzi stated that the Board had discussed this last time and had discussed it should go through Convis. Mr. Terzi also stated that there are commissions. Mr. Rauch stated its ok for sales people to receive commissions. Bill Evans stated that Convis has sales people in house that are not based on commissions. Mr. Evans stated that MCCSN should work with Convis. MCCSN stated that the MCCSN also sells room nights outside of the FAM Tour. Luis Barrios asked how many people are in FAM Tour. In 2007, there were 15; in 2008, there were 11. Some of the money is for staff people. Richard Bartell asked how long the event lasts. MCCSN stated that length is determined annually. David Peckinpaugh, of Convis, stated that Convis is happy to have discussion with MCCSN and then come back to the Board. Mr. Bartell stated that the Board has denied funding for other initiatives with similarly low return on investment. Mr. Brown withdrew his initial motion. A motion was made by Bill Evans to request that Convis meet with MCCSN to determine if a plan to increase multicultural promotions can be worked out. The funding request was put on hold until the results of that meeting are brought back to the board. A second was given by Mohsen Khaleghi. Yes 7, No 0, Abstain 0.

YMCA 4th of July: A motion was made by Joe Terzi to allocate \$106,336 in funding to the YMCA for 4th of July event in the FY 2010. Mr. Terzi stated that this organization should not be funded, but the Board should think about other ways it can support. Richard Bartell stated that he has contributed \$5-6,000 a year to the event over the last several years. There is no return on investment for the hotels. The motion made by Mr. Terzi died for lack of a second. A motion was made by Terry Brown to not allocate funding for the YMCA 4th of July event. A second was given by Mohsen Khaleghi. Yes 7, No 0, Abstain 0.

San Diego Go Downtown: A motion was made by Bill Evans to not allocate funding to San DieGo Downtown. A second was given by Luis Barrios. Yes 7, No 0, Abstain 0.

Mariachi Festival: A motion was made by Luis Barrios to not allocate funding to the Mariachi Festival. A second was given by Terry Brown. Yes 7, No 0, Abstain 0.

La Jolla Destination Marketing Alliance: Richard Bartell recused himself from this proposal because he has a financial material interest in the area. A motion was made by Joe Terzi to not allocate funding to the group in La Jolla. A second was given by Luis Barrios. Yes 6, No 0, Abstain 1.

Informational Items:

Chairman's Report – The next meeting is February 26th. 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 1:29 p.m.

Approved _____
Luis Barrios, Secretary

Date _____