Executive Committee Meeting
May 14, 2007
4:30 p.m. to 6:30 p.m.

Call to Order/Roll Call/Opening Remarks

Secretary Bonner called the meeting to order at 4:49 p.m. Roll was taken and the following Commissioners were present: Commissioner Bilby, Bonner, Handlery, Koeberer, Lawrance, MacRae, Meunier, and Westrope. Others present included: Executive Director Beteta, Ted Burke, Lynn Carpenter, Damon Eberhart, Tracy Garrett, Mike Kvarme, Jennifer Jasper, Matt Sabbatini, Terri Toohey, and Susan Wilcox.

Secretary Bonner welcomed everyone to the meeting and briefed them on his priorities with the Agency including the Governor's Strategic Growth Plan, housing issues, tourism and economy and infrastructure programs.

Executive Director Report

Executive Director Beteta reported that staff is focused on the Strategic Plan and the Referendum Renewal Campaign. Meridian Pacific has been hired as a contractor for the Referendum Renewal Campaign and will be making a presentation at the Commission meeting. She reported that the Governor's Trade and Tourism Mission to Canada is scheduled for the end of May and six tourism delegates will participate on this trip.

Nominating Committee Report

Commissioner Lawrance reported that in the past months Commissioners Bridwell, Litrenta, and Netting have resigned from the Commission. He reported that there is one vacancy on the Executive Committee. The Nominating Committee recommended Commissioner Handlery to fill that vacancy. The Nominating Committee also recommended moving Commissioner Bilby from the attractions slot to the accommodations slot. The Committee recommended Andy Fichthorn of SeaWorld San Diego and Larry Kurzweil of Universal Studios Hollywood to fill the open attractions vacancies. In addition, the Nominating Committee recommended appointing Bob Muhs of Avis/Budget to fill a passenger rental car opening. The Committee will be making recommendations to the Governor's office for gubernatorial appointed seats. The Committee will be reviewing the selection process for new Commissioners. He reported that with the legislation that was passed last year, the passenger rental car industry is allowed up to six seats on the Commission. The Committee has acted in good faith to fill empty slots with passenger rental car seats. Commissioner Lawrance also reported that the Nominating Committee has adopted a formal attendance policy. The Committee discussed that if a Commissioner has missed more than two consecutive Commission Meetings they will be reviewed by the Nominating Committee and if a third meeting is missed the Commissioner will be notified and removed baring any extenuating circumstances. The Committee will also be giving attendance records of appointed Commissioners to the Governor's office for review.

Commissioner Lawrance stated that the Committee recommends that a standing Governance and Bylaws Committee be formed. This Committee will review the CTTC bylaws and legislation that applies, to make sure the policies are consistent with the law. The Governance and Bylaws Committee will be structured pursuant to the general committee structure of the bylaws. Volunteers will be recruited at the Commission Meeting for this committee. Staff will then report back to the Executive Committee for recommendations and will bring it to the Commission. On an additional note, FPPC forms are due April 1 and will be handled through staff.

Commissioner Bilby stated that the CTTC needs to address the representation of large hotels on the Commission. She also raised the concern that there should be a passenger rental car representative on the Executive Committee. The need for a new Marketing Advisory Chair was also discussed.

Motion by Commissioner MacRae to accept and recommend the items reported on from the Nominating Committee for full approval of the Commission. Second by Commissioner Lawrance. Motion unanimously approved.

Assessment Update
Terri Toohey provided a Referendum timeline to be adopted by the full Commission. Executive Director Beteta reported that three focus groups have been completed and response to the CTTC was generally very favorable.

Government Affairs Update
On the federal level, Commissioner Koeberer reported on the Visa-waiver issue. On the state level, legislative changes that the Commission would like to see include increasing the number of Commission seats. However, the Commission has decided to wait at least a year before requesting any legislative changes. Executive Director Beteta reported that she will be meeting with the Governor's office after the May Revise to see about adding language at the end of session that would include these changes. The Commission will look to the Governor's office for leadership on this legislation. Staff will be asking for volunteers to serve on a steering committee for the California Congressional Delegation Dinner in Washington D.C., on September 26, 2007. Florida has reached out to California to possibly partner next year and combine the two state dinners.

Marketing\Staffing Resources Update
Commissioner Bilby stated that the Commission will be reviewing the annual work plans. Staff will be reporting on the new advertising plan and new creative. The Committee has been working on revising the Web\Publications Committee to form the "New Media Committee". The staffing resources plan was reviewed, and Commissioner Bilby stated that she could not recommend approving the Marketing Plan to the Commission if the new staffing plan was not approved.

Commissioner Westrope reviewed the proposed operating budget. The accounting line item was increased because additional staff will be added and it was presumed the CPA charges would be increased. The Communications outreach line item was also increased for the Referendum Renewal Campaign. The general expense line item was increased as well. It was also stated that there will be moving expenses to expand the office space to accommodate additional staff.

Motion by Commissioner Koeberer to approve the staffing resources plan and operating budget as reviewed. Second by Commissioner Meunier. Motion unanimously approved.

Financial Report
Commissioner Westrope reported on CTTC's financials. The assessment fees being collected are on target. As of May 10, 2007 the total industry amount received is approximately $9 million; Passenger Rental Car funds are $8.289 million to date. The assessment revenue is within budget variance guidelines.

Commissioner Westrope also reported that the Passenger Rental Car funds are being received in a timely manner and are higher than anticipated. The cash flow projection in the Commission materials binder was discussed and it indicated that the CTTC will have enough cash flow for the fiscal year. She reported that during the past audit, Moss Adams recommended the following items to be completed by the Commission:

- Formal Disaster Recovery Plan
- Background checks on all IT/Financial and key staff
- Depositing checks more frequently

Commissioner Westrope reported that staff has hired a contractor to develop a disaster recovery plan. It was also reported that staff is working with legal to discuss what type of disclosers are needed to be made to employees and how to accurately define "key employees."

Commissioner Westrope also reported that there will be some carryover funds at the end of the fiscal year. Two investments have matured, and instead of reinvesting, the CTTC has put them into a money market account for the time being. The catastrophic fund is still in development. The Executive Committee recommends that the CTTC needs additional reserves put in place for crisis communications. Mike Kvarme stated that if there is a reserve it will reduce the amount of money required by the Passenger Rental Cars.

Legal Report

Mike Kvarme reported that there are two policies (Lobbying Restrictions and Third Party Expenditures) that were approved in the past and need to be reviewed again. A threshold needs to be established regarding staff bringing forward proposals from third parties. Staff will ask for sponsorship applications prior to the budget being prepared. Commissioner MacRae stated that the CTTC should wait until the first application for third party expenditures is received for policy review. Commissioner Bilby stated that if the request is under $10,000 staff should be empowered to make a decision; requests in the amount of $10,000 to $25,000, the Executive Director would talk to one of the CTTC Vice-Chair's; and if the request exceeds $25,000, it will be brought to the Executive Committee for review.

Motion by Commissioner Bilby to approve the recommendation that if a proposal request is under $10,000 staff should be empowered to make a decision; requests in the amount of $10,000 to $25,0000 the Executive Director would discuss with a CTTC Vice-Chair, and if the proposal request is over $25,000 it will be brought to the Executive Committee for review. Second by Commissioner Koeberer. Motion unanimously approved.

Motion withdrawn, staff will continue existing practices until further review.

Mike Kvarme recommended deleting article 4 section 5(c) in the CTTC bylaws that stated:

(a) Ex Officio Commissioners. The then current (i) Executive Director of the California Travel Industry Association and (ii) Director, California Department of Parks shall be *ex officio* commissioners.

Motion by Commissioner Lawrance to amend bylaws by deleting article 4 section 5(c) in the CTTC bylaws for full Commission approval. Second by Commissioner MacRae. Motion unanimously approved.

Other Business

Commissioner MacRae reported that Executive Director Beteta's contract is past due for the review process. He asked the Chair to form a small review committee and to include a volunteer from the full Commission.

Executive Director Beteta reported that she has been asked to Co-Chair the TIA starting in January, 2008.

Motion by Commissioner Koeberer to accept Executive Director Beteta's nomination as Co-Chair of the TIA board. Second by Commissioner Westrope. Motion unanimously approved.

Public Comment

Damon Eberhart stated that the Audit Committee has approved the proposal of the next audit from Moss Adams.

Adjournment

Motion by Commissioner Koeberer to adjourn meeting at 7:18 p.m. Second by Commissioner Meunier. Motion unanimously approved.