

Call to Order/Roll Call/Opening Remarks

Secretary Bonner called the meeting to order at 9:05 a.m. Roll was taken and the following Commissioners were present: Commissioners Anderson, Bilby, Bonner, Cohn, Conley, Dow, Erskine, Fujiwara, Handlery, Jamison, Klein, Koeberer, Lawrance, MacRae, McDowell, Meunier, Netting, O'Modhrain, Patel (J.P.), Wagnon, Westrope and Zucker. Others present included: Brian Baker, Executive Caroline Beteta, Lynn Carpenter, Andy Chapman, Sue Coyle, Damon Eberhart, Andy Fichthorn, Bric Haley, Marilyn Hannes, Chris Hart, Jennifer Jasper, Shozo Kagoshima, Kerri Kapich, Mike Kvarme, Anastasia Mann, Mo McElroy, John McMahon, Mark Mears, Greg Murtha, Kathy Paver, Janice Simoni and Bob Warren.

Commissioners absent included: Commissioners Balestreri, Burba, Dunlap, Gregory, Gribbon, Hansen, Kennedy, Meinhold, Patel (Sima) and Running.

Motion by Commissioner Meunier to approve meeting minutes of February 27, 2007. Second by Commissioner MacRae. Motion unanimously approved.

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 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. Commissioner Lawrance 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, he or she will be reviewed by the Nominating Committee. If a third meeting is missed, the Commissioner will be notified and removed. 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 applicable CTTC bylaws and legislation 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 them to the Commission. FPPC forms are due April 1 and will be handled through staff.

Motion by Commissioner Lawrance to accept the recommendations of the Nominating Committee. Second by Commissioner Koeberer. Motion unanimously approved.

Motion by Commissioner Meunier to accept the attendance policy recommendation from the Nominating Committee. Second by Commissioner Cohn. Motion unanimously approved.

Motion by Commissioner Meunier to accept the policy recommendation from the Nominating Committee to form a Governance Committee. Second by Commissioner Anderson. Motion unanimously approved.

Referendum Update

Executive Director Beteta reported that staff is currently working on the Strategic Plan and the Referendum Renewal Campaign. It was also reported that the CTTC will be recruiting members for a formal Referendum Task Force. In 2001, the last referendum passed with 84 percent approval.

Executive Director Beteta reported that the CTTC has hired Meridian Pacific as a contractor to organize the referendum effort. Tom Ross reported that Meridian Pacific will approach the referendum campaign in four sections:

- 1) Research and Vote Goals
- 2) Foundation Building
- 3) Persuasion Stage
- 4) Get out the Vote

Research and Vote Goals – Tom Ross reported that Meridian Pacific started with a focus group research session. To date, three focus groups have been held. Tom stated that Web-based surveys were to be mailed out later that week to assessed businesses. Tom also stated that Meridian Pacific would like to get a 10-15 percent return rate.

Foundation Building – Tom Ross reported that Meridian Pacific, along with the CTTC, will start recruiting membership for a Referendum Task Force. Meridian Pacific will produce a DVD testimonial and presentation package.

Persuasion Stage – Meridian Pacific will send industry members to assessed businesses to educate voters on the value of the CTTC. Meridian Pacific will also be producing direct mail and e-mail blasts that will be sent to all assessed businesses.

Get out the Vote – Meridian Pacific will identify all voters within the assessed businesses. Voters will have approximately a month to vote during October and November of 2007.

Tom Ross reported that, to date, 24 businesses have participated in focus groups. It was reported that three focus groups have been completed and response to the CTTC was generally very favorable.

Strategic Planning and Government Affairs Update

On the federal level, Commissioner Koeberer reported on the Visa-waiver issue. 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 Revisé to see about putting a bill in 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.

Financial Report

Commissioner Westrope reported on the 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
- Checks deposited checks monthly.

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 types of necessary disclosures to make 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 put additional reserves in place for crisis communications. Mike Kvarme stated that a reserve would reduce the amount of money required by the Passenger Rental Cars. He reported that the CTTC would need to expense any additional money or put it into a reserve and treat it as an expense, so it would not be treated as rollover funds.

Motion by Commissioner Anderson to approve the entire FY 2007-2008 budget and allow staff to use carryover funds to fund items with footnote number four at the end of the year. Second by Commissioner Meunier. Motion unanimously approved.

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; if the request is in the amount of \$10,000 to \$25,000, the Executive Director would talk to the Vice-Chair; and if the request exceeds \$25,000, it would be brought to the Executive Committee for review.

Mike Kvarme recommended deleting article 4, section 5(c) in the CTTC Bylaws that states:

- (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 Meunier to delete article 4, section 5(c). Second by Commissioner O’Modhrain. Motion unanimously approved.

Secretary Bonner stated that he would like CTTC staff to carefully review all Commissioner FPPC forms.

Other business

No other business.

Public comment

No public comment.

Adjournment

Motion by Commissioner Meunier to adjourn meeting at 3:10 p.m. Second by Commissioner Anderson. Motion unanimously approved.