CTTC Commission Meeting
October 24, 2007
Newport Beach, CA

Commissioner MacRae called the meeting to order at 9:11 a.m. Roll was taken and the following Commissioners were present: Commissioner Anderson, Bilby, Burba, Cohn, Dow, Fichthorn, Gregory, Handlery, Hansen, Klein, Kurzweil, Lawrance, MacRae, McDowell, Meinhold, Meunier, Muhs, O'Modhrain, Sima Patel, Westrope, and Zucker.

Absent Commissioners included: Commissioner Balestreri, Bonner, Conley, Dunlap, Erskine, Fat, Fujiwara, Gribbon, Jamison, Kennedy, Koeberer, Manchester, Patel, Running, and Wagnon.

Also present were Andy Fichthorn, Ann Gallagher, Barbara Steinberg, Bob Amano, Brad Burlingame, Brian Baker, Chris Hart, Cynthia Reynolds, Damon Eberhart, Dave Mering, Doug Traub, Elizabeth Hansel, Executive Director Caroline Beteta, Greg Carson, James Harris, Janice Simoni, Jean Johnstone, Jennifer Jasper, John McMahon, Kathy Anderson, Kathy Smith, Leona Reed, Leonard Hoops, Lori Bartle, Lynn Carpenter, Mark Feary, Mark Mears, Matt Sabbatini, Matthew Boone, Tracy Garrett, Mike Kvarme, Mo McElroy, Moureen Garett, Nancy Light, Patti MacJennett, Ross Hutchings, Sandy Lyon, Shana Nunez, Shozo Kagoshima, Sommer McCormick, Sue Coyle, Susan Wilcox, Terri Toohey, Thomas See and Tom Ross.

Motion by Commissioner Meunier to approve meeting minutes of May 15, 2007, and September 24, 2007. Second by Commissioner Sima Patel. Motion unanimously approved.

Executive Director Report

Executive Director Beteta reported that staff has been working diligently on the recent Southern California wildfire crisis and that staff will be holding a conference call the following day to discuss the recovery efforts. She reported that Secretary Dale Bonner has been in contact and will be attending the reception this evening and will address the Commission.

She reported that this meeting staff would be reporting heavily on referendum efforts. Executive Director Beteta recognized Terri Toohey for her dedicated service to the Division of Tourism and welcomed Sandy Lyon to the team. She reported that currently there are excess revenues that were not budgeted and asked the committee to consider allocating some of the funds for wildfire relief.

Nominating Committee Report

Commissioner Lawrance reported on the Nominating Committee update. He stated that the Committee has recommended John Mazzoni with Hilton Hotels

for a Commission seat, effective immediately. The Committee is also recommending Jim Burba and Bob Muhs to fill vacancies on the Executive Committee. Recommendations for officers are: Claire Bilby for Vice-Chair of Marketing, Louis Meunier for Executive Committee and Terry Westrope for CFO.

Executive Director Beteta reported that the Governor Schwarzenegger's office has been very active with appointments and has appointed Lina Fat and Doug Manchester to the Commission . She also reported that Commissioner Klein has been re-appointed.

Motion by Commissioner Dow to approve the recommendations of the Nominating Committee as stated above. Second by Commissioner Anderson. Motion unanimously approved.

Referendum Update

Executive Director Beteta reported that staff has been working very hard to get the message out and ensure that the referendum is passed with excellent results. She reported that staff has done more speeches and more e-mail blasts than ever before. She reported that more than 2,700 ballots were mailed on time. Susan Wilcox reported that staff has been holding weekly conference calls with all of the Referendum Task Force Members to ensure all referendum items are on track.

Governance Committee Report

Commissioner Handlery reviewed the recommendations of the Governance Committee. It was recommended to the Executive Committee that Commissioners would have two consecutive four-year terms. The Committee has decided that partial terms will be considered as one term. Committee chairs would have a two-year term. The Committee also felt that Commissioners' businesses must be assessed.

He reported that the Committee also reviewed attendance, partial terms and total terms, among many other items. The Committee has a wide range of issues to review and will be coming back in future meetings with further recommendations. Mike Kvarme reported that he is waiting on an official opinion from the Attorney General's office in regard to the partial term bylaw change that was made a year ago.

The Committee has recommended that for Committees that do not exercise the discretion of the board, non-Commissioners may serve. Audit and Nominating are two committees that would be excellent to add members to, which would also give an additional layer of transparency to the Commission.

Motion by Commissioner Handlery to approve the recommendations of the Governance Committee, subject to the change of the bylaws and the

recommendations of the Attorney General's office. Second by Commissioner Meunier. Motion unanimously approved.

Legal Report

Mike Kvarme reported that he has been requested by Secretary Bonner to undergo a review of all CTTC policies, procedures and regulations. He reported that all Commissioners need to make sure their assessments are paid or they may be at risk of losing their Commission seat.

He also reported that most of our committees can have non-Commissioners as members. He stated that the only committee that must only be served by Commissioners is the Executive Committee.

Kvarme reported that we are subject to the Bagley-Keene Open Meeting Act and in the past have allowed any discussion by the public. He stated that staff should allow for the public to speak on any issue prior to a motion. The recommendation is that the public must sign in prior to a topic and will have three minutes to speak unless given additional time by the CTTC Chair.

Motion by Commissioner Westrope to approve the policy on public speaking. Second by Commissioner Meunier. Motion unanimously approved.

Commissioner MacRae reported that the Commission currently has a three-year contract with Executive Director Beteta that has expired. He reported that the Personnel Committee has completed a formal evaluation that needs to be approved by Secretary Bonner.

Motion by Commissioner Lawrance to approve the Marketing Committee's recommendation to allocate an initial $325,000 to the Southern California Wildfire Crisis recovery effort. Second by Commissioner Muhs. Motion unanimously approved.

Motion by Commissioner Lawrance to analyze the SITE conference proposal and approve if it meets criteria. Staff will create a task force to analyze incentive travel and what that means to the Commission. Second by Commissioner O'Modhrain. Commissioner Handlery obstained. Motion approved.

Motion by Commissioner Lawrance to allocate $1.8 million of the reserve to marketing funds and $1.4 million into the operating reserve. The remaining $2.1 million will be allocated at another time. Second by Commissioner O'Modhrain. Motion unanimously approved.

Government Affairs Update

No Update

Financial Update

Commissioner Westrope reported that the Executive Committee has brought forth a recommendation from the Audit Committee to bring Commissioner Muhs onto the Audit Committee.

Motion by Commissioner Lawrance to add Commissioner Muhs to the Audit Committee. Second by Commissioner Sima Patel. Motion unanimously approved.

Commissioner Westrope reported that she had hoped to have the Audit completed by this meeting; however, due a late start, being short on staff and the new processes that the auditors used, the Audit will not be completed until November and will be presented at the January Commission meeting. She reported that staff was concerned that the Commission would have to utilize the operating investments to cover for cashflow; however, staff did not have to utilize the investments. She reported that cashflow from the rental car assessments are at $11 million collected to date. The Commission currently has $7.3 million in cash, $2 million in money market accounts and $6.1 million in investments. She reported that disaster recovery should be completed and a report presented at the January Commission Meeting. Financial reports were reviewed.

Executive Director Beteta also reported that the BTH contract is in progress; however, the state has asked all departments to cut 10% of the state contribution.

Motion by Commissioner Muhs to approve financial statements as presented. Second by Commissioner Lawrance. Motion unanimously approved.

Commissioner Handlery stated that with the $50 million budget the Commission now has, there will be increased scrutiny and stated that the audit should always be completed in a timely manner.

Other Business

The upcoming Commission meeting has been scheduled for January 23, 2008, for the Executive Committee and on January 24, 2008, for Commission and Marketing. An installation and recognition dinner will also be held on January 24, 2008.

Public Comment

Ross Hutchings of CalTIA stated that the Conference on Tourism is being moved to June in Palm Desert at the JW Marriott.

Adjournment

Motion by Commissioner Bilby to adjourn meeting. Second by Commissioner O'Modhrain. Meeting adjourned at 3:03 p.m.