

Executive Committee Meeting
CTTC Offices, Sacramento
April 27, 2009

Commissioner Meunier called the meeting to order at 4:13 p.m.

Roll was taken and the following Commissioners were present: Burba, Fichthorn, Gregory, Meunier, O'Modhrain, Ritenour and Wagnon. Others in attendance include: Caroline Beteta, Damon Eberhart, Karin Fish, Ross Hutchings, Mike Kvarme, Cris McLucas, Gabor Morocz and Matthew Sabbatini.

Motion by Commissioner O'Modhrain to approve minutes. Second by Commissioner Wagnon. Motion unanimously approved by roll call vote.

A discussion on business was held, especially regarding how each industry category is weathering the economy. Everyone reported that the state of affairs for most industries are looking better. Commissioner O'Modhrain stated that plans were in place that ensured the industry did better than it did after 9/11. Commissioner Wagnon stated that his industry was mostly able to avoid discounting; however, lodging in Tahoe had deep discounts. The industry did roll back multi-day pricing to ease some of the pressure on destination trips.

Commissioner Meunier stated the Commission is staying "on point" – cost containment is paramount this year. CTTC is already planning for the fall referendum for Commissioners and the rate issue.

CEO Report

CEO Beteta reported on the U.S. Travel Association Spring Board Meeting, specifically the Meetings Mean Business portion. She noted that industry revenue numbers are down about \$300 million due to damage from Washington, D.C., and the media. However, some positive media hits included coverage of how trade association executives established responsible meeting policies. Now, in regards to the "swine flu" issue, U.S. Travel is back in action and has reached out to the White House. It's important to plan for the long-term issues surrounding swine flu, and to ensure that the industry can come together as a coalition to understand the ways it will affect tourism.

On the marketing front, CTTC will be asking for final approval of the 2009-2010 plan, with no radical changes to the budget since January. Beteta also noted that it has been a busy four months. CTTC organized a trade mission to CeBIT in Germany with the Governor, a New York media event, promotions around the Amgen Tour of California and the official China office opening.

CEO Beteta met with the President of AIG, Andrew Messick, yesterday. For the 2009 Amgen Tour, AIG is looking at a May timeslot. Now that the Tour of Georgia has dissolved, Amgen is one of the top four races in the world today. AIG has asked CTTC for permitting assistance with the California Highway Patrol.

CTTC has begun the request for proposal (RFP) process for its public relations firm. Business, Transportation and Housing Agency Secretary Dale Bonner was able to attend the China events. Additionally, California was the first state to meet with such high levels of the Chinese government. CEO Beteta stated that if CTTC can continue its momentum and maintain California's market share, then the state is in a great position for China visitation. In China, CTTC opened three separate offices in regions that represent 80% of California's market share. The China Web site was launched, and 142 media attended the Beijing office opening event. Commissioner Meunier stated that working with the Chinese market is a long process. In December, the U.S. signed a memorandum of understanding (MOU) with the Chinese government that allows for easier travel in and out of China.

CEO Beteta reported on cost-containment measures. CTTC held \$4 million in reserves in case of a drop in income. The organization is on track to make it through the rest of the year, but is considering budget needs for next year. Additionally, CTTC signed an unprecedented deal with American Express, which will result in huge savings on business and travel expenses. CEO Beteta reviewed additional cost-containment programs.

Government Affairs

Commissioner Meunier reported that the CEO of the California Chamber of Commerce will be presenting at the full Commission meeting to discuss the issues California is facing - and his thoughts on what the industry's priorities should be.

Marketing Committee

Vice Chair Wagnon stated it has been a busy quarter, full of productive meetings and symposia. The Amgen Tour of California is still one of the most powerful programs CTTC has to spread the California message across Europe. CTTC staff continues to respond to different marketing opportunities, such as CeBIT, the New York media event, and the China Office opening. The Marketing Committee had a very lengthy meeting recently to discuss media strategies. The meeting involved a discussion about CTTC's existing brand

advertising creative. Some feel the spot has become old – research shows the ad is on the verge of wearing out, but is not there yet. A plan to revamp the ad without having to completely re-shoot was presented. Several of the celebrities would be very expensive to relicense, but the spot would be just as effective with new celebrities.

Finance

CFO Fichthorn reported on financial information. Future reports, he noted, will show a year-end estimate for each meeting. He noted that an overage not listed on the budget is depreciation. CTTC's Finance Department will develop a capital budget, and will begin to budget for depreciation. CFO Fichthorn also stated that CTTC is currently reviewing its investment policy, although CTTC has taken a very conservative approach to investing. He stated that CTTC has the opportunity to use reserves to cover any possible short falls.

Legal Counsel Kvarme raised the issue of how CTTC should set authorizations to tap into reserves to cover cash flow. Kvarme stated that original policies might be overly conservative, and recommended that they be updated. CFO Fichthorn's recommendation was to have the Executive Committee decide the authorization. CEO Beteta stated that she does not want to be in a position to have to ask the Committee to borrow from reserves. Kvarme noted that the assessment rate cannot be reset mid-year, but CTTC does have the ability to borrow against future revenue.

The 2009-2010 budgets were reviewed and discussed. CFO Fichthorn reported the operations budget has a 10% increase from year to year. CFO Fichthorn requested an additional column to show the 2008-2009 estimates.

Motion by Commissioner Gregory to approve the financial report of 2/28/2009 as presented. Second by Vice Chair Wagon. Motion unanimously approved by roll call vote.

Legal – Closed Session

Commissioner Ritenour left during the closed session.

Legal – Open Session

Upon resumption of the open session, legal counsel Kvarme stated that the Committee reviewed the status of current litigation with counsel. Kvarme also reported on the conflict of interest code being revised with the FPPC. He will be meeting with the FPPC next week to address the code.

Reviews for CTTC senior staff are upcoming. The reviews will be conducted after June 30, and CEO Beteta will review her staff.

Motion by Commissioner O'Modhain to form a Personnel Committee, with CTTC officers reporting back to the Executive Committee. Second by Commissioner Gregory. Motion unanimously approved by roll call vote.

The next Executive Committee and Commission meeting dates are October 1-2, 2009, in Monterey.

No public comment.

Motion by Vice Chair Meunier to adjourn meeting. Second by Vice Chair Wagnon. Adjourned at 6:22 p.m. Motion unanimously approved by roll call vote.