

**Commission Meeting
Hyatt Regency - Sacramento
April 28, 2009**

Commissioner Meunier called the meeting of the California Travel and Tourism Commission (CTTC) to order at 10:30 a.m.

Motion by Commissioner Muhs to approve minutes. Second by Commissioner Jamison. Motion unanimously approved.

Roll was called. The following Marketing Committee members and Commissioners were present: Rick Anderson, Jim Burba, Brad Burlingame, Andy Chapman, Jot Condie, Joe D'Alessandro, Jan Decker, Andrew Fichthorn, Rusty Gregory, Marilyn Hannes, Leonard Hoops, Kerri Kapich, Jay Jamison, Mark Liberman, Patti MacJennett, Diane Mandeville, Carol Martinez, Julie Maurer, Louis Meunier, Bob Muhs, Cormac O'Modhrain, Sima Patel, Woody Peek, Howard Pickett, Roy Ritenour, Thomas See, Don Skeoch, Kathy Turner, John Wagon, Bob Warren, Terry Westrope and Gillian Zucker. Staff and others present: Caroline Beteta, Jim Magill, Brooke Byrd, Troy Cantrell, Lynn Carpenter, Damon Eberhart, Antonette Eckert, Amanda Font, Heather Hudson, Jennifer Jasper, Mike Kvarme, Tim Lowery, Amber Luiz, Cris McLucas, Dan Mishell, Leona Reed, Matt Sabbatini, Gwynne Spann, Jonelle Tannahill and Susan Wilcox.

Mike Kvarme reported that CTTC has made a slight change to the Marketing Committee procedures. It was decided that the meeting of the Commission and Marketing Committee is a joint meeting. Therefore, any member of the Commission or the Marketing Committee may speak at any time. Members of the public are allowed to speak without identifying themselves, and were directed to contact Mike Kvarme or Matt Sabbatini if they would like to speak on a particular topic.

Commissioner Meunier thanked everyone for coming. He noted that some businesses have hit bottom, and that the economy is beginning to bounce back. Although premium brand businesses are still being hit, there is hope in the hotel industry. He stated that the Commission is staying on task, expanding its role in government affairs and preparing for the fall referendum.

CEO Report

CEO Beteta reported that CTTC has had a robust period of activity prior to the

Commission meeting. She noted that the Commission binders contained summaries of past activities, in addition to a retro video to be shown. Beteta reported that CTTC is focusing on public affairs from both a national and a state level. Based on the example of U.S. Travel's Travel Leadership Summit, a new legislative reception will take place in Sacramento. In addition, a CEO forum and media opportunity will take place after the Commission meeting.

Beteta noted that it had been a busy morning – she testified before the California legislature and briefed them on California's travel and tourism industry. It was a great opportunity, she stated. The fall referendum will take place 120 days from this meeting. The referendum will cover the election and possible re-election of Commissioners. A series of meetings will take place throughout the summer in preparation.

The Executive Committee met regarding setting assessment rates, as did the Business, Transportation and Housing Agency. CTTC is looking at a substantial downturn in the economy, and focusing on how assessment funds can still reach \$50 million. On the administrative side, Beteta noted that CTTC is looking at numerous cost-containment measures, including meeting sponsorships and a historic agreement signed with American Express that should save the organization over \$300,000 in the first year.

On the marketing front, Beteta discussed the approval of the 200-2010 Work Plan. In the past few months, she noted, CTTC has produced events around and launched three separate China offices; attended the CeBIT trade fair with the Governor; produced a New York media event; and created the California Sustainable Tourism Symposium. It is CTTC's job to create relevance and an identity for California's travel and tourism industry – and that is the focus of the day's meeting.

CEO Beteta reported that 2008 was relatively a strong year. Domestic travel was flat from the previous year, but international travel was strong for 2008. CTTC is seeing the international market soften, but is still anticipating growth. In Canada, travel was up about 5%. Overall travel is up 10% continues to grow – it has produced almost \$6 billion in tax revenue. On the downside, airport traffic dropped 10% from January to February, and international travel will no longer be the savior. According to most economic indicators, consumer confidence was at a historic low in March.

Another issue is swine flu and the publicity surrounding it. The industry is suffering from an "infodemic," so CTTC is coordinating its messaging with the

U.S. Travel Association. California and the Western region have been the hardest hit, with jobs continuing to fall since August 2008. Luckily, leisure travel is still viewed as a right, and everyone is being creative with travel deals. Also, traveler intentions are improving, and both airfare and gas prices remain low. Indicators right now predict recovery beginning around Labor Day.

The California Tourism retro video was shown. Allan Zaremborg spoke to the group about the upcoming California special elections.

Government Affairs

Commissioner Meunier reported about the upcoming Legislative Reception. In some areas of California, travel and tourism is the number one industry. He noted the importance of strong bipartisan support, as well as the need to ensure the upcoming administrative change is made seamlessly. He encouraged the Commission to help convince California's leadership that the travel and tourism industry helps support the state.

CEO Beteta reported that the U.S. Travel Association has been focusing on the launch of the "Meetings Mean Business" campaign. There has been a significant effect on the meetings industry lately, with a \$80-100 million loss due to negative media. Additional issues include the swine flu and attempts to pass the Travel Promotion Act. Commissioner D'Alessandro stated that the Travel Promotion Act is critical, as travel and tourism are one of the fastest ways to stimulate the economy.

Beteta reported on upcoming events for National Tourism Week, including meetings around the state, and a new "Spend Tom" campaign. Pending no other breaking news, press including *The Sacramento Bee*, KFBK, KCRA, CBS, FOX and KXTV networks will attend the events tonight. Finally, an additional marketing video was shown. Beteta closed with saying business leaders need to look at meetings as an investment, and individuals need to see that meetings mean jobs.

Financial Report

CFO Fichthorn reported on the financials handed out. He stated that with CTTC's cost-containment efforts, the budget is in good shape overall, with a modest number of line items over budget. He also discussed cash flow issues. As of February 28, there is just less than \$3 million in cash, and \$4.3 million in

fully funded reserves. He noted that the Audit Committee has approved the appointment of Rina auditors for the 08-09 audit. Commission Westrope reported that last year's audit ran smoothly. The total cost was \$22,800, up \$800 from last year, but it was the Audit Committee's recommendation to continue with Rina.

Motion by Vice-Chair Wagon to approve financials as presented. Second by Commissioner Gregory. Motion unanimously approved.

Legal Issues

Mike Kvarme reported that he had had hoped to have a conflict of interest code to adopt today, but will be meeting with the FPPC tomorrow and should be reporting at the next meeting. He reported that Chair Bonner and Division of Tourism staff are working to establish regulations on assessment collections, which will further define how the assessment rates is determined. At the last Executive Committee meeting, bylaw amendments were agreed upon. The Commission will be asked to approve those bylaw changes. He also discussed the term limit issue, and noted that a Commissioner may not serve more than two consecutive terms, and that partial terms do count. As the Commission in the past has had a problem achieving a quorum, he recommended that the quorum be changed to 33% from 50%.

Motion by Commissioner Anderson to approve bylaw changes. Second by Commissioner Jamison. Motion unanimously approved.

For Commissioners who missed ethics training, Kvarme noted that due to heightened sensitivity, appointed Commissioners must complete ethics training within six months of taking office. CTTC encourages everyone to be in compliance - training is required every two years. The Commission has also elected to have all Commissioners undergo harassment training. He asked that if any Commissioners had completed training, that they send their certificate to Matt Sabbatini or Mike Kvarme. The FPPC for 700s was due a month ago, and everyone is encouraged to submit them. Commissioners may call the FPPC or Mike Kvarme if they have any questions.

Open Session

Mike Kvarme reported that the Commission discussed pending litigation.

Motion by Commissioner Westrope to approve 09-10 budget as presented by the marketing committee. Second by Commissioner Gregory. Motion unanimously approved.

No public comment

Motion by Commissioner Anderson to adjourn the meeting. Second by Commissioner Gregory. Motion unanimously approved.

Meeting adjourned at 3:18 p.m.