

Executive Committee Meeting
CTTC Offices - Sacramento
March 6, 2008

Commissioner Meunier called the meeting to order at 10:03 a.m. Roll was taken and the following Commissioners were in attendance: Vice Chair Louis Meunier, CFO Terry Westrope, Vice Chair John Wagnon, Andy Fichthorn, Jon Handlery, and Cormac O'Modhrain. Others in attendance were CEO Caroline Beteta, Damon Eberhart, Tracy Garrett, AJ Jimenez, Dan Kramer, Mike Kvarme, Sandy Lyon, Matt Sabbatini, Deputy Attorney General Dan Shaw, and Susan Wilcox.

Commissioner Meunier announced that Secretary Bonner was confirmed unanimously, 35 to 0.

Motion by Commissioner Westrope to approve minutes of December 14, 2007 and January 23, 2008 as reviewed. Second by Commissioner Handlery. Motion unanimously approved.

CEO Report

CEO Beteta reported that CTTC is continuing the internal review of infrastructure and development of policies and procedures. This is necessary to scale the infrastructure to support the \$50 million budget. Included are reviews of the personnel manual, travel policies, contracts, etc.

CEO Beteta reported that CTTC is developing a B2B Web site to provide better outreach to the industry as a result of the referendum. We are adding research, co-op, marketing, events, and trends, to the B2B Web site. Most importantly, the site will communicate with the "back end" of the main visitcalifornia.com Web site, which was launched two weeks ago. The assessment side of the program will also be on the B2B Web site. Externally, a new economic development deputy, Brian McGowan, has been authorized by BTH; he reports to the Undersecretary. McGowan has been assigned to liaison with CTTC, and Beteta has met with him on numerous occasions. Because there are only two and a half years left in this administration, they are trying to fast-track the economic development program. CTTC has been asked to work with McGowan to develop messaging and branding that will be consistent with CTTC's. BTH is asking for our help and assistance, as there is a nexus between our messaging and the economic development realm. The Governor's Office knows of this discussion, and CTTC will be meeting with them to discuss the messaging for all areas of government, such as agriculture, etc. to insure we have a cohesive message.

CEO Beteta will be meeting with Commissioner Meunier and Commissioner Wagnon in the coming weeks on restructuring Commission meetings.

Government Affairs

Commissioner Meunier stated that the Migden bill would preclude the collection of the rental car monies and this would take CTTC's budget back to \$7 million. The bill is moving very slowly. On January 17 it went to the Judiciary Committee, and it has since remained there.

CEO Beteta stated that she will be taking over as chair of TIA in three weeks, and will be immersed in tourism on a national level. She is and delighted we will have so much leadership because national tourism issues relate directly to our issues in California. The biggest piece is the Travel Promotion Act, which would authorize \$200 million to promote the U.S. as a tourism destination. CEO Beteta will be following up in with communications to the California delegation, as we only have 20% who have signed on to the bill. She believes that California needs to be on the forefront of this bill. CTTC is looking at how to position the delegation dinner and needs feedback from the commission by May. We need to review the option of continuing to host the reception on our own or partnering with other states. We need to make sure this is sustainable long term. We would like to follow-up with those who haven't signed on the bill and will reach out to the Commission as well. The bill is dependent on being attached to a "must-sign" bill. We are looking at gaining a maximum number of delegation members. CEO Beteta indicated she was in D.C. last week and will be there again next week continuing her transition to TIA chair and lobbying for support of the Travel Promotion Act

Legal Counsel – Closed Session

Open Session

Mike Kvarme stated that the Executive Committee conferred with counsel on the three pending lawsuits.

Nominating Report

CEO Beteta reported that a Nominating Committee meeting has not been held, but she would like to bring forward names for the Chairs of Committees. She proposed Claire Bilby as Chair of the Advertising Co-op Committee. On Interactive/Web, she would like Kerri Kapich, and on Publications, she proposed Bob Warren. California Welcome Center and Rural Tourism have been asked to put forward candidates for Committee Chairs. These are self-operating committees.

**Motion by Commissioner Handlery to approve Committee Chairs as stated.
Second by Commissioner Wagnon. Motion unanimously approved.**

Operations

CEO Beteta stated that we have some items to consider for the contracts policy. This policy was designed to operate under a \$14 million budget, and thus needs to be scaled for the new budget. There are three key areas to change which would change the thresholds of how we contract with vendors.

For the types of issues that are already budgeted, the VP of Operations could sign contracts for trade shows and meeting venues. The value of the contracts has increased and this is the reason for the requested changes.

Susan Wilcox stated that the magnitude of contracts is what needs to be addressed. It was decided to change the first line to \$100,000, and change the second item from \$100,000 to \$200,000, but leave the RFP amount at \$200,000.

Motion by Commissioner Wagnon to approve the updated Contracts Manual as discussed with the changes above. Second by Commissioner O’Modhrain. Motion unanimously approved.

CEO Beteta stated that the revised Travel Policy will be covered at the next meeting.

CEO Beteta stated that CTTC is fine-tuning the Travel Policy with the HR consultant and will be wrapped up by the May meeting. CEO Beteta stated that the current limit per the Bylaws for the check signing process is an issue. We have discussed to some extent how to handle this issue. We want to have a conservative approach by requiring double signatures, but this is somewhat of an encumbrance. Options were discussed. Mike Kvarme stated that currently the other restriction is that the signature has to be the Chair, Vice Chair or CFO, or other person as designated by the Commission. Kvarme stated that there is some benefit to requiring two signatures. Commissioner O’Modhrain asked if there is an electronic approval, and suggested that we look at an approval process that is attached to the accounting process. There is software available that provides a tracking system. Damon Eberhart is in the process of setting up an electronic routing process for payments.

Financial Update

Commissioner Westrope stated that Damon Eberhart and Tracy Garrett have updated her on cash flow. The total cash is \$15 million.

Marketing

CEO Beteta, Lynn Carpenter and Jennifer Jasper will be meeting with Commissioner Wagon. VCA 2.0 has launched, and the new face and “back end” is truly interactive and one that speaks to each Web site CTTC is launching. We are going into production for a new winter ad campaign, and are doing a pre-prep meeting next week on the concept. The next step is to brief the Governor on the campaign, as well as the new Japan campaign. We are looking at starting production in early April. We will be filming Japan in March. We will be talking about the plan introduced to the Commission and going through the budget. The biggest challenge is to see the domestic and international ROI and make sure we allocate the resources appropriately. An Incentive Task Force meeting was held, and the Task Force will be providing a recommendation. We are doing this with a European trade show called IMEX, but the Committee has decided not to make a recommendation to the Executive Committee until after the IMEX show.

Other Business

Commissioner Meunier reported that the new meeting structure for Commission meetings will be to condense them to one day. The Executive Committee will meet from 8 to 10 am, and the Commission would meet from 10 am to 4 pm. The day before there will be a number of committee meetings. We could have an Executive Committee meeting the night before as well. CEO Beteta reviewed the new meeting structure around the Commission meetings.

Public Comment

None

Adjournment

Motion to adjourn meeting at 11:45 am by Commissioner Wagnon. Second by Commissioner O'Modhrain. Meeting adjourned.