

**CALIFORNIA TRAVEL AND TOURISM COMMISSION
QUARTERLY MEETING MINUTES**

January 28, 2009

Location: St. Regis Hotel
125 Third Street
Coronado, CA 94103

PUBLIC NOTICE: *No RSVP, notice or registration is required to attend this meeting. Members of the public may attend or speak at the Meeting without prior notice to the Commission. Signing, registering or completing an RSVP is voluntary and is not a requirement for attendance at any Commission Meeting. All persons may attend the Meeting regardless of whether he or she signs in, registers or RSVPs.*

Commissioners present:

Vice Chair Louis Meunier, Vice Chair John Wagon, Chief Fiscal Officer Andrew P. Fichthorn, Rick Anderson, David Cohn, Chip Conley, Joe D'Alessandro, Lina Fat, Rusty Gregory, Ed Grier, John Handlery, Jay Jamison, Tom Klein, Larry Kurzweil, Mark Liberman, Julie Maurer, Bob Muhs, Sima Patel, Cody Plott, Kathy Turner, Terry L. Westrope and Gillian Zucker.

Commissioners absent:

Chair Dale E. Bonner, Jim Burba, Brian Carpenter, Jot Condie, Douglas Manchester, Reginald R. McDowell and Cormac O'Modhrain.

Others present:

Caroline Beteta, President and Chief Executive Officer
Damon Eberhart, CPA
Mike Kvarme, Legal Counsel
Carol Martinez, International Advisory Symposium Chair
Matt Sabbatini, Director of Finance and Human Resources
Lynn Carpenter Schumann, Vice President of Marketing
Susan Wilcox, Vice President of Communications

1. ROLL CALL

Vice Chair Meunier called the meeting to order at 9:03 a.m. After reading the Public Notice (above), Director Sabbatini called the roll.

2. APPROVAL OF AGENDA

The Meeting Agenda was unanimously approved.

3. APPROVAL OF MINUTES - October 8, 2008

Upon motion by Commissioner Muhs, seconded by Commissioner Jamison, the Commission unanimously approved the October 8, 2008, Minutes.

4. OPENING REMARKS

Vice Chair Meunier welcomed the Commissioners and noted the great challenges facing the travel industry in the current economic climate.

He observed that the top three Commission priorities – cost-containment, increased public affairs efforts, and the fall 2009 referendum – will be threaded throughout the day’s meetings.

5. REPORT OF THE CHIEF EXECUTIVE OFFICER

Chief Executive Officer (CEO) Beteta reported on the following:

- Cost-containment issues remain a major focus. CTTC has obtained sponsors for the Commission meetings, including Sapient Technologies, MeringCarson, the Wine Institute, *Sunset* magazine and Custom Marketing Group. These groups have done a phenomenal job and are not just sponsors, but also partners in travel.
- CTTC signed a deal with American Express, which should offset up to \$300,000 in the Commission’s travel expense line item in future years. Those dollars will be pushed into programs and marketing. CTTC executive staff continues to look at other ways to deal with cost-containment issues.
- CTTC’s cost-containment efforts reflect the overall alignment of resources occurring in the Commission. This alignment will make CTTC more successful in terms of weathering the current economic storm.
- Planning for the 2009 fall referendum will begin in April. It encompasses a focus on setting the assessment rate, as well as electing new Commissioners to replace those with expiring terms.
- Now is the time to step up and be more proactive on the business-to-business front. The travel industry is the fifth-largest employer in California, employing almost a million people. Travel and tourism are a part of the economic solution, not only in the state and our respective counties, but from a national perspective. That message needs to get out.
- CTTC is doing more on a national level this year. CEO Beteta will remain National Chair of the U.S. Travel Association, and continue outreaching to the media about business objectives, and what CTTC does in California and on a

national level to create jobs. CTTC is also outreaching to friends in the media when we visit cities for meetings.

- The internal milestone calendar that CTTC executive staff uses to implement the strategic plan was circulated, which details many of the Commission's activities.
- The Governor's Office recently called to inform CTTC that the Governor is planning to attend CeBIT, the largest technology show in the world. It will be held on March 3 in Hannover, Germany, and about 100,000 people are expected to attend. CTTC will be working closely with the Governor's Office in preparation for this event.
- CEO Beteta presented information on current trends in tourism and the ripple effect internationally of the recessionary climate. She detailed the downturn in airline arrivals, job losses and consumer confidence, but noted that recovery should be seen on the leisure travel market first, hopefully by the last quarter of 2009, with the business market to follow.
- On the positive side, intentions to travel have remained relatively stable, gas prices remain low, low airfares and special deals are available, and the upcoming economic stimulus package will hopefully help the situation.

A five-minute retrospective video was shown that detailed the last four months of CTTC's work marketing California domestically and internationally.

6. PRESENTATION OF THE GUEST SPEAKER

Commissioner Rusty Gregory, Chairman and CEO of Mammoth Mountain Ski Area, gave a presentation on the Mammoth Mountain Ski Area, the U.S. ski industry as a whole, and Mammoth's transition from being primarily a ski area to becoming a world-class international resort destination.

7. NOMINATING COMMITTEE REPORT

CEO Beteta gave the report. There are currently four vacancies on the Commission in the elective category. Three candidates were moved by the Nominating Committee and unanimously approved by the Executive Committee for the Commission's consideration: Lynn Mohrfeld, Mike Gallagher and Roy Ritenour.

Upon motion by Commissioner Cohn, seconded by CFO Fichthorn, Mike Gallagher was unanimously elected as a Commissioner.

Upon motion by Commissioner Jamison, seconded by Commissioner Cohn, Lynn Mohrfeld was unanimously elected as a Commissioner.

Upon motion by Commissioner Muhs, seconded by Commissioner Westrope, Roy Ritenour was unanimously elected as a Commissioner.

One vacancy still exists in the elected category, and the Committee is searching for a candidate that represents a major hotel group, to provide a proper balance between the boutique hotels, smaller properties and larger properties. Feedback on potential candidates would be welcome.

Three vacancies remain in the Governor-appointed category – in the Shasta Cascade, Central Valley and Desert regions. CEO Beteta spoke with the Governor's Office, who has asked CTTC to reconvene with them after the budget has cleared.

Many Commissioner terms are expiring in 2009, and the Nomination Committee will bring forth those considerations at the next Commission meeting.

8. GOVERNMENT AFFAIRS UPDATE

Vice Chair Meunier asked that those Commissioners interested in joining a small committee to head up Government and Public Affairs sign up to do so. CTTC needs to ensure that government officials understand that the Commission is a non-partisan, strictly business-generating group that is trying to keep the economic engines going. To that end, a reception is being planned with California's Legislature and the Executive Branch, to be held during the April Commission meeting. Preparation of the reception will be the first issue for the newly formed committee.

9. LEGAL ISSUES

Legal Counsel Kvarme reported on the Commission's conflict-of-interest code. The code is required by law and periodically reviewed. He has been in discussion with the Fair Political Practices Commission on revising the code. He asked the Commissioners to authorize the Executive Committee to work with him to authorize a revised conflict of interest code, which will then go out for public comment and subsequently for final approval by the full Commission.

Upon motion by Commissioner Klein, seconded by Commissioner Anderson, the Commission unanimously voted to delegate authority to the Executive Committee to work with Legal Counsel Kvarme on the conflict of interest code revision.

The Commission then entered into Closed Session to discuss legal matters.

Prior to resuming the regular meeting, the Commission honored Commissioner Terry L. Westrope for her past service as Chief Fiscal Officer (CFO).

7. FINANCE COMMITTEE REPORT

CFO Fichthorn gave the report and concluded that the Commission's cash in the "in bank" on November 30, 2008, was \$5.6 million. There are fully funded reserves of approximately \$4.3 million.

Upon motion by Commissioner D'Alessandro, seconded by Commissioner Plott, the Commission unanimously accepted the Financial Report as submitted.

*****AT 10:15 A.M. THE COMMISSION MEETING WAS TEMPORARILY SUSPENDED AND THE MARKETING ADVISORY COMMITTEE MEETING IMMEDIATELY COMMENCED. THE REGULAR COMMISSION MEETING RESUMED AT 12:52 P.M.*****

10. ADJOURNMENT

Seeing no public comment and receiving no suggestions for future agenda items, Vice Chair Meunier asked for a motion to adjourn.

Upon motion by Commissioner Gregory, seconded by Commissioner Muhs, the Commission Meeting adjourned at 2:10 p.m.