

CTTC Commission Meeting
Omni Hotel
Los Angeles, CA
May 20, 2008

Business, Transportation and Housing (BTH) Agency Secretary and Commission Chair Dale Bonner called the meeting to order at 10:40 a.m. Roll was taken and the following Commissioners were present: Secretary Bonner, Commissioners Anderson, Burba, D'Alessandro, Fat, Gregory, Grier, Handlery, Jamison, Klein, Kurzweil, Liberman, Maurer, Meunier, Muhs, O'Modhrain, Sima Patel, Plott, Turner, Wagnon and Westrope. Others present were Bob Amano, Kathy Anderson, Kim Baker, Robert Baracz, Lori Bartle, Caroline Beteta, Claire Bilby, Emily Bird-Hrivnak, Tammy Billings, Matthew Boone, Brad Burlingame, Kat Burnside, Lynn Carpenter, Guy Chambers, Andy Chapman, Pamela Coffey, Mary De Horos, Damon Eberhart, Antonette Eckert, Mark Feary, Tracy Garrett, Pettit Gilwee, Kari Gleeson, Tammy Haughey, Philip Horowitz, Ross Hutchings, Zak James, Jennifer Jasper, Jean Johnstone, Kerri Kapich, Rob Kazmierski, Mike Kvarme, Sandy Lyon, Patti MacJennett, Diane Mandeville, Anastasia Mann, Sommer McCormick, Mo McElroy, John McMahon, Mark Mears, Diana Meinhold, John Mergen, Dave Mering, Denise Miller, Greg Murtha, Kathy Paver, Marcine Perry, Richard Peterson, Jeff Phillips, Deborah Polte, Leona Reed, Cynthia Reynolds, Howard Richards, Lauren Schlau, Thomas See, Don Skeoch, Cathy Smith, Gwynne Spann, Martin Stoll, Glenda Taylor, Jon Trumbull, Tiffany Urness, Bob Warren, Karen Whitaker and Susan Wilcox.

Motion by Commissioner Westrope to approve the minutes of the January 24, 2008, meeting. Second by Commissioner Gregory. Motion unanimously approved.

Secretary Bonner acknowledged the work that has been done by the Commission. He reported that the new Marketing Plan will be reviewed throughout the meeting. He stated that California is in a difficult economic situation, and it is important for industry leaders to meet with the community. He also stated that the Commission's work is important to the state's mission.

Secretary Bonner reported that Governor Schwarzenegger just returned from San Diego where he met with the border governors, who are focusing on ports of entry. Secretary Bonner also reported that BTH has hired a Deputy Secretary for Economic Development, who has been working with CEO Caroline Beteta to develop a consistent brand for the state. BTH is also embarking on a set of pilot projects to revitalize urban communities, with the long-term plan of ensuring economic development in urban areas.

CEO Report

CEO Beteta thanked Suzanne Cook of the Travel Industry Association (TIA) for her presentation this morning. CEO Beteta reported that this meeting will be focused on approving the marketing plan. She reported that CTTC has held many meetings to discuss the final changes and seek input on the plan. CEO Beteta also reported on staffing changes. Jennifer Jasper will move into the International Director of Marketing for Latin America/Australia/Canada position. Industry Relations has been moved to the Communications department, and will be headed by Susan Wilcox. She stated that CTTC is in the process of recruiting for a Vice President of Operations.

CEO Beteta also stated that CTTC is focused on developing the internal infrastructure to support the \$50 million marketing plan. She reported that Governor Schwarzenegger is still very supportive of CTTC programs; he spent a day on location at Mammoth Mountain and will be featured in the new winter campaign spot, "Ambitious." CTTC also filmed the Governor for two branding campaigns that will be discussed later in the meeting. On the national level, CEO Beteta has become chair of TIA. One pending key issue is the federal travel initiative, which needs 218 sponsors to get the support of Congress.

Special Presentation

Larry Kurzweil presented comments to the meeting.

Meeting Structure

Mike Kvarme reported that only members of the currently meeting Committee may sit on the dais. When the Marketing Advisory Committee meeting is called to order, members of the Marketing Advisory Committee are to move to the dais.

Nominating Committee

Commissioner Handlery reported that there are number of vacant positions on the Commission. The Nominating Committee is in the process of recruiting candidates to create an effective pool of nominees. The committee has also looked at attendance to ensure commissioners participate.

Governance Committee

Commissioner Handlery reported that when the Governance Committee met in April, they addressed the following three items: the number of Commissioners who are non-residents of California should not exceed six; the quorum size of committee meetings should be reduced to 33%; and the length of time between terms should be at least two years.

Motion by Commissioner Handlery to approve the above recommendations of the Governance Committee. Second by Commissioner Gregory. Motion unanimously approved.

The final item for discussion was the time frame that a Commissioner could be off the Commission before returning. The Committee recommended that a Commissioner could return after a period of two years off the Commission.

Motion by Commissioner Westrope to approve the above recommendation. Second by Commissioner Gregory. Motion unanimously approved.

Financial Report

Commissioner Westrope reviewed the financial report as presented. She reported that a summary report of the Marketing Plan will be completed with the year-end financial statement. She stated that the actual column should state 3/31/08 and was a typographical error. The internal report on the budget was reviewed, and the marketing reserve analysis was reviewed. The balance sheet lists assets, and is in a good position as of 3/31/08. As of 5/20/08, assessments from the passenger rental

car segment collected was at \$32 million and there was also \$10.3 million from other segment assessments.

Motion by Commissioner Westrope to approve financials as reviewed. Second by Commissioner Anderson. Motion unanimously approved.

Commissioner Westrope reported that CTTC will not be using the same audit firm for FY 07-08, as Moss Adams has decided that the Sacramento office will not be auditing non-profit firms. CTTC has sent out an RFP for a new audit firm, and the audit committee will be meeting to review proposals.

She reported that the Executive Committee approved the 08-09 operating budget. The operating budget only increased by 7%, but still remains under 10% of total funds collected.

Legal Issues – Open Session

Mike Kvarme reported that a document retention policy in accordance with BTH will be developed and reported at a later date. Kathy Turner and Bob Muhs left before the closed session.

CLOSED SESSION

Legal Update – Open Session

Mike Kvarme stated that the Commission discussed legal strategy in regard to the litigation pending against the Commission.

Other Business

Future meeting dates were proposed.

Public Comment

None

Adjournment

Motion to adjourn by Commissioner Wagnon. Second by Commissioner Gregory. Motion unanimously approved. Meeting adjourned at 2:55 p.m.