

## CALL TO ORDER

The California Travel and Tourism Commission (CTTC) Executive Committee Meeting was held in Rancho Palos Verdes, California on Tuesday, May 13, 2014 at 4:00 p.m. PST with Chairman Michael E. Rossi (Governor's Office) presiding.

### Attendance

Seven committee members, legal counsel, members of the public, and five CTTC staff were present.

Committee members present were: Michael E. Rossi (Governor's Office), Jot Condie (California Restaurant Association), Noreen Martin (Martin Resorts), Kathy Turner (Enterprise Holdings), Rusty Gregory (Mammoth Mountain Ski Holdings), Jay Jamison (Pismo Coast Village) and Sima Patel (Balaji Hotels).

Also present were: Bob Muhs (Avis/Budget Group, Inc.), Kish Rajan (Governor's Office of Business and Economic Development), Bob Roberts (California Ski Industry Association), Will Withington (Enterprise Holdings), Brian Rotherty (Enterprise Holdings), Michael Colglazier (Disney Resorts), Aaron Medina (Hertz Corporation), Grace Arupo-Rodriguez (Governor's Office of Business and Economic Development).

### Approval of February 6, 2014 Executive Committee Minutes

Motion made by Commissioner Gregory. Second by Commissioner Jamison. Motion unanimously approved.

## OFFICER REPORTS

### Michael E. Rossi – Chairman (Governor's Office)

1. The Dream Big Dividend Initiative: Board has taken part in a series of conversations since February on the Dream Big Dividend Initiative and is now looking to make a decision on the direction of the organization as it relates to funding.
2. Governor Brown Support: Governor is fully committed to tourism and all of its ramifications on the economic success of the state. His economic vision has dramatically helped shape the state and moved it forward in job growth, business opportunities, housing and education, as indicated by the growth of the GDP. He will host a trade mission to Mexico at the end of July 2014, and has invited Caroline Beteta and Visit California to participate.

### Jot Condie – Vice Chair of Operations (California Restaurant Association)

1. Vacancies on the Executive Committee: Looking to fill the few vacancies that exist on the Executive Committee. It is recommended that two of those vacancies be filled by Commissioner Michael

Colglazier (Disney Resorts) and Commissioner Aaron Medina (Hertz Corporation).

- a. **Motion by Chairman Rossi to elect Commissioner Colglazier (Disney Resorts) and Commissioner Medina (Hertz Corporation) to the Executive Committee. Second by Commissioner Jamison. Motion unanimously approved.**
2. Accommodations Vacancies: There are five vacancies in the accommodations segment of the board. After research and consulting with the Nominating Committee, it is recommended that three of the vacancies be filled today with Jeff Hasty (Rim Hospitality), James Birmingham (Montage Hotels and Resorts) and Andy Wirth (Squaw Valley Ski Holdings). A fourth candidate will be further explored, and the fifth will remain open.
  - a. **Motion by Commissioner Jamison to elect Hasty, Birmingham and Wirth to the board to fill accommodations vacancies. Second by Commissioner Patel. Motion unanimously approved.**
  - b. **Motion by Commissioner Gregory to give the Nominating Committee authority to fill the fourth accommodations vacancy and notify the Executive Committee of the decision. Second by Commissioner Turner. Motion Unanimously approved.**
3. Rental Car Vacancies: There are four vacancies in the rental car segment of the board. The Nominating Committee is recommending Gary Buffo (Pure Luxury), Will Withington (Enterprise Holdings), Joseph Knight (Fox Rent A Car) and Paula Beck (Avis/Budget Group) to fill the vacancies.
  - a. **Motion by Commissioner Jamison to elect Buffo, Withington, Knight and Beck to the board to fill rental car vacancies. Second by Commissioner Patel. Motion unanimously approved.**

**Noreen Martin – Chief Fiscal Officer (Martin Resorts)**

1. Financial Statements for February 28, 2014: Revenues of \$36.8M are higher than budgeted at 74% YTD. Total marketing expense is at 50% of the budget and total operations and assessment administration expenses are \$4.4 million, at approximately 57% of the budget.
  - a. **Motion by Chairman Rossi to approve the February 28, 2014 financial statements. Second by Commissioner Jamison. Motion unanimously approved.**
2. MeringCarson and Sunset Contract: Given the trajectory of current programs of work – rapid globalization of platform programs along with the proliferation of content throughout the program – it is recommended that the contracts for both MeringCarson and Sunset be extended for one year.

- a. **Motion by Commissioner Jamison to extend the MeringCarson and Sunset contracts by one year. Second by Commissioner Patel. Motion unanimously approved.**
3. Changes to Investment Policy: Proposal to change the investment of funds policy to allow CTTC's CEO and Vice President of Operations to make investment decisions based on permissible criteria with notification to the Chief Fiscal Officer and the Vice Chair of Operations of the board.
  - a. **Motion by Chairman Rossi to approve the new investment policy. Second by Commissioner Turner. Motion unanimously approved.**

## OTHER REPORTS

### CEO Report

#### Caroline Beteta (California Travel and Tourism Commission)

1. Brand USA: Legislation was introduced in both the House and Senate to reauthorize the Travel Promotion Act (TPA) for another five years. The bill would decrease the in-kind-to-cash ratio from a maximum of 80:20 to a maximum of 75:25. Bill has strong bipartisan support.
2. U.S. Travel Association: The JOLT Act would allow states to leverage the benefits of inbound international travel, modernize the Visa Waiver Program and reduce wait times. U.S. Travel's Day Off Dividend program advocates for Americans to use the paid time off they have earned. Every year, Americans leave about 300 million days of paid vacation on the table.

### Marketing Advisory Committee Report

#### Caroline Beteta (California Travel and Tourism Commission)

2014-15 Global Marketing Plan: the 2014-15 marketing plan is a static plan, featuring the rollout of the Dream Big platform, launch of The Dream365 Project, expansion of direct-to-consumer activity in China and Mexico, continued social media momentum, an expanded earned media platform and participation in international trade shows. Because of increased costs of media buys and competitive markets, there are sacrifices that are made to keep the budget at \$50 million.

### Rental Car Assessment Rate

#### Cris McLucas (California Department of Tourism)

Rental car assessment rate will remain 2.6%.

### 2014-15 Commission Budget

#### Matt Sabbatini (California Travel and Tourism Commission)

The 2014-15 operations budget remains flat from the 2013-14 budget. The shift in funds is primarily due to changes in salaries and benefits to accommodate the two positions approved in February by the Executive Committee.

- a. **Motion by Chairman Rossi to approve the 2014-15 Commission budget. Second by Commissioner Condie. Motion unanimously approved.**

### **The Dream Big Dividend Initiative**

**Michael E. Rossi – Chairman (Governor’s Office) and Caroline Beteta (California Travel and Tourism Commission)**

Two years ago, Vice Chair of Operations Ed Fuller and Vice Chair of Marketing Jeff Senior asked the Commission to explore additional funding scenarios. As staff acted on that request, the board continued significant discussion around the topic. In today’s funding environment, CTTC can reach just three markets. Global research suggests California’s marketing efforts would have the most impact in 14 international markets. If additional funding is approved, CTTC can become a truly global marketing organization. After running several scenarios, there was one that stood out because it was equitable. It would reduce funding of the program from the car rental companies from 75% to 56%. Accommodations would go from 17% to 37% - accommodations brings in \$14 billion a year and represents the biggest upside. Attractions would remain at 2%. Restaurants/retail would go from 5% to 4%, and travel services would remain the same at 1%.

Open discussion on the proposed funding scenario.

Per Commissioner Kathy Turner (Enterprise Holdings), CTTC will look into whether the additional funding would violate the California Prop. 26 ruling.

### **PUBLIC COMMENT**

Chairman Rossi opened the floor up for public comment. There was none.

### **ADJOURNMENT**

**Motion by Commissioner Jamison to adjourn the Executive Committee. Second by Commissioner Patel. Motion unanimously approved.**