

CALL TO ORDER

The California Travel and Tourism Commission (CTTC) Executive Committee Meeting was held in Pebble Beach, California, at 3 p.m. PST on May 16, 2016 with Chair Panorea Avdis presiding.

Attendance

Executive Committee	Roll Call	Executive Committee	Roll Call
<i>Avdis, Panorea (Chair)</i>	<i>Present</i>	<i>Gregory, Rusty</i>	<i>Present</i>
<i>Birmingham, James</i>	<i>Present</i>	<i>Martin, Noreen</i>	<i>Present</i>
<i>Buffo, Gary</i>	<i>Absent</i>	<i>Medina, Aaron</i>	<i>Absent</i>
<i>Colglazier, Michael</i>	<i>Present</i>	<i>Patel, Sima</i>	<i>Present</i>
<i>Condie, Jot</i>	<i>Present</i>	<i>Withington, Will</i>	<i>Absent</i>

Others in attendance include: Also in attendance (for committee meetings only): Grace Arupo-Rodriguez (Governor’s Office of Business and Economic Development), Benjamin Webster (Littler Mendelson PC), Mike Gallagher (CityPASS), Xiomara Wiley (Universal Studios Hollywood), Caroline Beteta (Visit California), Matt Sabbatini (Visit California), Scott Plamondon (Visit California), Sonja Spowart (Visit California), Alex Vigil (Visit California), Ed Fahey (Rina)

Motion by Commissioner Colglazier to approve the Feb. 23, 2016 Executive Committee minutes. Second by Commissioner Patel. *Motion approved.*

Executive Committee (Meeting Attendees)	Vote (Y/N/A)	Executive Committee (Meeting Attendees)	Vote (Y/N/A)
<i>Avdis, Panorea (Chair)</i>	<i>Yes</i>	<i>Gregory, Rusty</i>	<i>Yes</i>
<i>Birmingham, James</i>	<i>Yes</i>	<i>Martin, Noreen</i>	<i>Yes</i>
<i>Colglazier, Michael</i>	<i>Yes</i>	<i>Patel, Sima</i>	<i>Yes</i>
<i>Condie, Jot</i>	<i>Yes</i>		

CHAIR REPORT

Chair Avdis reported that the Governor’s office revisited Visit California’s statute and will be recommending changes that allow the board to elect a chair rather than the current appointment process. She stated this will be her last meeting as board chair.

CEO REPORT

Visit California CEO Caroline Beteta reported on the success of California’s tourism industry and provided updates on current and upcoming activities, including:

- National Travel and Tourism Week
- California State Assembly and Senate Resolution declaring May Travel and Tourism Month
- China CEO Mission

NOMINATING COMMITTEE UPDATE

Beteta delivered the Nominating Committee update. Will Withington received a promotion and unfortunately will relinquish his board seat.

There are currently two elected Commissioner vacancies. At the end of the fiscal year there will be an additional four elected vacancies vacated by the following:

- Rusty Gregory
- Lynn Mohrfeld
- Jot Condie
- Mike Gallagher

There are five additional commissioners eligible for re-election who will be added to the ballot:

- Noreen Martin
- Michael Colglazier
- Brian King
- Xiomara Wiley
- Carl Schuster

The Nominating Committee met prior and presented a slate of candidates for the Executive Committee to approve and be put forth on a referendum ballot. When the committee met on May 13, a vote was approved to put forth Parker Gunderson of Duty Free Shopping (DFS) in the restaurant and retail segment. However, Gunderson accepted a CEO position with an online retailer not based in California after the meeting. There was discussion of considering another DFS representative, but it was determined that the open restaurant and retail seat will remain vacant until the Nominating Committee can properly vet a new candidate.

The following slate of candidates were agreed and voted upon by the Executive Committee starting with the re-election candidates:

- Noreen Martin
- Michael Colglazier
- Brian King
- Xiomara Wiley
- Carl Schuster

Motion by Commissioner Condie to approve the re-election candidates Noreen Martin, Michael Colglazier, Brian King, Xiomara Wiley and Carl Schuster. Second by Commissioner Gregory. *Motion approved.*

EXECUTIVE COMMITTEE MEETING MINUTES

California Travel and Tourism Commission – MAY 16, 2016 – PEBBLE BEACH, CALIFORNIA

Executive Committee (Meeting Attendees)	Vote (Y/N/A)	Executive Committee (Meeting Attendees)	Vote (Y/N/A)
<i>Avdis, Panorea (Chair)</i>	Yes	<i>Gregory, Rusty</i>	Yes
<i>Birmingham, James</i>	Yes	<i>Martin, Noreen</i>	Abstain
<i>Colglazier, Michael</i>	Abstain	<i>Patel, Sima</i>	Yes
<i>Condie, Jot</i>	Yes		

In the rental car segment, the Nominating Committee voted to elect:

- Susie Irwin, Vice President, Enterprise

Motion by Commissioner Colglazier to approve the nomination of Susie Irwin in the rental car segment. Second by Commissioner Condie. Motion approved.

Executive Committee (Meeting Attendees)	Vote (Y/N/A)	Executive Committee (Meeting Attendees)	Vote (Y/N/A)
<i>Avdis, Panorea (Chair)</i>	Yes	<i>Gregory, Rusty</i>	Yes
<i>Birmingham, James</i>	Yes	<i>Martin, Noreen</i>	Yes
<i>Colglazier, Michael</i>	Yes	<i>Patel, Sima</i>	Yes
<i>Condie, Jot</i>	Yes		

In the accommodations segment, the Nominating Committee voted to elect:

- Michael Dunne, Area Vice President of Operations California, Hilton Worldwide
- Bobbie Singh-Allen, Executive Vice President & Chief Operating Officer, California Lodging Industry Association
- Steve Arnold, President & Chief Operating Officer, Pacific Hospitality Group
- John Arnett, Vice President Operations, Loews Hotels

Motion by Commissioner Condie to approve the nomination of Michael Dunne, Bobbie Singh-Allen, Steve Arnold and John Arnett in the accommodations segment. Second by Commissioner Patel. Motion approved unanimously.

Executive Committee (Meeting Attendees)	Vote (Y/N/A)	Executive Committee (Meeting Attendees)	Vote (Y/N/A)
<i>Avdis, Panorea (Chair)</i>	Yes	<i>Gregory, Rusty</i>	Yes
<i>Birmingham, James</i>	Yes	<i>Martin, Noreen</i>	Yes
<i>Colglazier, Michael</i>	Yes	<i>Patel, Sima</i>	Yes
<i>Condie, Jot</i>	Yes		

In the Transportation and Travel Services segment, the Nominating Committee voted to elect:

- Terry MacRae, CEO, Hornblower Cruises and Events

Motion by Commissioner Avdis to approve the nomination of Terry MacRae in the transportation and travel services segment. Second by Commissioner Gregory. Motion approved unanimously.

<i>Executive Committee (Meeting Attendees)</i>	<i>Vote (Y/N/A)</i>	<i>Executive Committee (Meeting Attendees)</i>	<i>Vote (Y/N/A)</i>
<i>Avdis, Panorea (Chair)</i>	Yes	<i>Gregory, Rusty</i>	Yes
<i>Birmingham, James</i>	Yes	<i>Martin, Noreen</i>	Yes
<i>Colglazier, Michael</i>	Yes	<i>Patel, Sima</i>	Yes
<i>Condie, Jot</i>	Yes		

The Executive Committee also decided to put forward the following new Executive Committee members:

- Paula Beck, Avis Budget Group
- Ben Webster, Littler Mendelson
- Xiomara Wiley, Universal Studios Hollywood
- Gene Zanger, Casa De Fruta

Motion by Commissioner Condie to approve the nomination of Paula Beck, Ben Webster, Xiomara Wiley and Gene Zanger to the Executive Committee. Second by Commissioner Birmingham. Motion approved unanimously.

<i>Executive Committee (Meeting Attendees)</i>	<i>Vote (Y/N/A)</i>	<i>Executive Committee (Meeting Attendees)</i>	<i>Vote (Y/N/A)</i>
<i>Avdis, Panorea (Chair)</i>	Yes	<i>Gregory, Rusty</i>	Yes
<i>Birmingham, James</i>	Yes	<i>Martin, Noreen</i>	Yes
<i>Colglazier, Michael</i>	Yes	<i>Patel, Sima</i>	Yes
<i>Condie, Jot</i>	Yes		

There were also three appointments by the Governor's office to the board which Beteta shared with the Executive Committee.

- Sima Patel, Ridgemont Hospitality (reappointed)
- John Kelliher, Stryder Transportation and Grapeline Wine Tours
- Ernest Wooden Jr., Los Angeles Tourism and Convention Board

FINANCIAL REPORT

Board CFO and Treasurer Sima Patel presented the financial report in her new role on the board. She spent a full day at Visit California's office on March 20 reviewing the financial policies, procedures, check, wire and credit card processes and gained an understanding of Visit California's contract documentation. Commissioner Patel passed the Audit Committee Chair responsibility to Commissioner Gary Buffo since she cannot serve in both capacities.

Gary Buffo visited the Visit California offices the on April 13 to participate in a similar onboarding session and get clarity on the roles and responsibilities of the Audit Chair.

The members of the Audit Committee include Mike Gallagher, Jay Jamison, Bob Muhs, Douglas Myers and Benjamin Webster.

The Audit Committee put forth a consideration to the full board to approve a hybrid of the structure in existence at the October board meeting, coupled with “Review” financial statements going forward.

This proposed structure continued to retain both accounting firms in various capacities, which was deemed important by the Audit Committee for the sake of independence and transparency benefitting the industry and all related constituents.

The Board approved the recommendations in October. The accompanying financial statement packets distributed to the board for the eight months ended Feb. 29, 2016 reflect that hybrid financial structure.

This marks the second time management is presenting reviewed financial statements to the Board.

Ed Fahey from RINA then presented the Financial Statements to the board.

Visit California COO Matt Sabbatini followed Fahey by presenting Visit California’s operational priorities, including:

Within Finance:

- Recruited and hired three new finance staff - CFO, Finance Manager and Budget Manager.
- Visit California is refining the Accounting Policies and Procedures and will be bringing some proposed changes to the committee in the next meeting.
- The creation of a new monthly budget with forecast.
- The implementation of a new automated procure-to-pay system.

Within the Assessment Department:

- Visit California is implementing new electronic processes allowing the assessed business community to do more online.
- The assessment modeling tool is being updated to include new information for assessed businesses to better calculate their percentage of tourism.

EXECUTIVE COMMITTEE MEETING MINUTES

California Travel and Tourism Commission – MAY 16, 2016 – PEBBLE BEACH, CALIFORNIA

- Assessment team is increasing the level of customer service to improve satisfaction with the assessed businesses.
- Assessment team is continuing to maintain accurate data and verify data reported against external resources.

Within the Human Resources/Facilities:

- Visit California implemented a new online HRIS system called Paylocity to optimize HR procedures.
- Completed the Visit California office expansion in January to include an additional 4,000 sq. ft. to accommodate the new hire staff.
- Visit California hired 16 new staff and 16 additional staff have transferred within the organization this FY15/16.
- Working with corporate counsel to ensure the organization stays compliant with harassment training and safety.
- With all the new hiring, Visit California has started drug testing for all new candidates.

Within IT:

- Updating to the assessment database and CRM system.
- Rebuilding the online assessment filing web portal to allow more online features.
- Updating the internal network and infrastructure.
- Undergoing security testing and upgrades to ensure the VCA network is protected against the latest in cyber security.

Sonja Spowart, Visit California CFO, provided additional detail to the financial statements

Operating expenses YTD are at 57 percent of our annual budget and tracking at 100 percent of YTD budgeted activity.

In the area of program expenses, Visit California is at 49 percent of annual budget YTD and 91 percent of anticipated spending through February. The shortfall in spending is primarily due to program timing.

Motion by Commissioner Bermingham to approve the Feb. 29 financial statements. Second by Commissioner Colglazier. *Motion unanimously approved.*

EXECUTIVE COMMITTEE MEETING MINUTES

California Travel and Tourism Commission – MAY 16, 2016 – PEBBLE BEACH, CALIFORNIA

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<i>Birmingham, James</i>	Yes	<i>Martin, Noreen</i>	Yes
<i>Colglazier, Michael</i>	Yes	<i>Patel, Sima</i>	Yes
<i>Condie, Jot</i>	Yes		

FY16/17 BUDGET

Beteta presented a budget for FY16/17 at \$115.9 million, which largely remains flat over last year and corresponding programs will continue with steady investment.

	FY15/16 Budget	Proposed FY16/17 Budget	\$ Difference	% Difference
Revenue				
Accommodations	\$38,864,591	\$39,226,990	\$362,399	0.93%
Attractions	1,595,869	1,845,869	\$250,000	15.67%
Co-op Partnerships	4,490,290	3,294,206	-\$1,196,084	-26.64%
Interest	210,149	200,000	-\$10,149	-4.83%
Prior Year	1,437,398	4,300,000	\$2,862,602	199.15%
Rental Car	60,571,961	59,515,479	-\$1,056,482	-1.74%
Restaurant/Retail	6,046,115	6,167,037	\$120,922	2.00%
State Funding	200,000	200,000	\$0	0.00%
Transportation	1,162,543	1,166,325	\$3,782	0.33%
Unrealized Investment Gain/Loss	-41,862	0	\$41,862	-100.00%
Voluntary and Other Misc. Income	22,195	20,000	-\$2,195	-9.89%
Total Revenue	\$114,559,249	\$115,935,906	\$1,376,657	1.20%

EXECUTIVE COMMITTEE MEETING MINUTES

California Travel and Tourism Commission – MAY 16, 2016 – PEBBLE BEACH, CALIFORNIA

Budget Line	Approved FY15/16 Budget	Proposed FY16/17 Budget	\$ Difference	% Difference
Expenses				
Operations	\$11,517,137	\$12,617,500	\$1,100,363	10%
Assessment	807,485	700,000	-107,485	-13%
Global Brand	68,482,547	70,287,821	1,805,274	3%
Global Digital	1,697,047	1,300,000	-397,047	-23%
Global Consumer Co-op	4,173,151	2,000,000	-2,173,151	-52%
Global Content	5,318,274	4,350,000	-968,274	-18%
Global Travel Trade	1,579,671	2,000,000	420,329	27%
Global Research	1,361,900	1,450,000	88,100	6%
International Marketing	12,490,744	13,301,000	810,256	6%
Marketing Admin	1,063,412	980,000	-83,412	-8%
Depreciation	827,942	999,585	171,643	21%
Welcome Centers	66,644	150,000	83,356	125%
Communications	3,092,716	3,500,000	407,284	13%
Industry Relations	2,080,579	2,300,000	219,421	11%
Total Expenses	\$114,559,249	\$115,935,906	\$1,376,657	1.20%

Motion by Commissioner Bermingham to approve the proposed FY16/27 budget. Second by Commissioner Colglazier. Motion unanimously approved.

Executive Committee (Meeting Attendees)	Vote (Y/N/A)	Executive Committee (Meeting Attendees)	Vote (Y/N/A)
<i>Avdis, Panorea (Chair)</i>	Yes	<i>Gregory, Rusty</i>	Yes
<i>Bermingham, James</i>	Yes	<i>Martin, Noreen</i>	Yes
<i>Colglazier, Michael</i>	Yes	<i>Patel, Sima</i>	Yes
<i>Condie, Jot</i>	Yes		

AGENDA ITEMS FOR FUTURE MEETINGS

Chair Avdis opened the floor up for future agenda items. There were none.

PUBLIC COMMENT

Chair Avdis opened the floor up for public comment. There was none.

ADJOURNMENT

Motion by Commissioner Colglazier to adjourn the Executive Committee meeting. Second by Commissioner Gregory. Motion unanimously approved.

Executive Committee (Meeting Attendees)	Vote (Y/N/A)	Executive Committee (Meeting Attendees)	Vote (Y/N/A)

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<i>Birmingham, James</i>	<i>Yes</i>	<i>Martin, Noreen</i>	<i>Yes</i>
<i>Colglazier, Michael</i>	<i>Yes</i>	<i>Patel, Sima</i>	<i>Yes</i>
<i>Condie, Jot</i>	<i>Yes</i>		