

## CALL TO ORDER

The California Travel and Tourism Commission (CTTC) Meeting was held in San Francisco, California, at 9 a.m. PST on Wednesday, Feb. 24, 2016 with Chairman Michael E. Rossi (Governor's Office) presiding.

### Attendance

Michael E. Rossi, Noreen Martin, Jot Condie, James Bermingham, Gary Buffo, Rusty Gregory, Will Withington, Aaron Medina, Benjamin Webster, Brian King, Cody Plott, Gene Zanger, Jeff Senior, Jim Burba, Jordan Meisner, Kevin Fat, Lynn Mohrfeld, Sima Patel, Tom Klein, Andy Wirth, Mike Gallagher, Xiomara Wiley

### Absent

Michael Colglazier, Carl Schuster, Jeff King, Joe Knight, Paula Beck, Carla Murray, Douglas Myers

**Motion made by Commissioner Withington to approve the October Board Meeting minutes. Second by Commissioner Wirth. Motion unanimously approved.**

### Yes Votes:

1. Michael E. Rossi
2. Noreen Martin
3. Jot Condie
4. James Bermingham
5. Gary Buffo
6. Rusty Gregory
7. Will Withington
8. Aaron Medina
9. Benjamin Webster
10. Brian King
11. Cody Plott
12. Gene Zanger
13. Jeff Senior
14. Jim Burba
15. Jordan Meisner
16. Kevin Fat
17. Lynn Mohrfeld
18. Sima Patel
19. Xiomara Wiley
20. Andy Wirth
21. Mike Gallagher
22. Tom Klein

No Votes: None

Abstentions: None

## OPENING REMARKS

Chairman Rossi introduced incoming Chairwoman Panorea Avdis, Executive Director of GoBIZ, Governor's Office, to provide opening remarks.

Chairwoman Avdis provided an overview of GoBIZ as the single point of contact for businesses looking to expand, grow or otherwise do business in California. Assistance from GoBIZ includes permitting, financing, amongst other support for fostering business within California's borders.

Governor's priorities continue to be focused on climate change and high speed rail.

Chairman Rossi then expressed gratitude working with both Caroline Beteta and Panorea Avdis.

## CEO REPORT

Visit California CEO Caroline Beteta started with the priorities for the day, which included a change of board leadership, motion to approve the financial statements and a motion to approve the midyear revise of the FY15/16 budget.

CEO Beteta reported out on Outlook Forum 2016, which included 540 attendees and over 50,000 interactions on the Team CA app.

On the national front, Caroline Beteta explained the differences between Brand USA (promotion) and US Travel Association (advocacy). Brand USA priorities include the release of the IMAX film, "National Parks Adventure," the year of China (2016) and the negotiation of Visit California's strategic partnership status. U.S. Travel policy issues at the moment include Open Skies, Visa Waiver for Brazil and monitoring Zika virus' impact on travel to the USA.

The stateside update included a banner year for California tourism in 2015. Preliminary results reported over \$121 billion in travel-related consumer spending - a 3 percent year-over-year growth. Tourism employment continued to grow as well - up 3.2 percent - with earnings increasing faster than job growth - up 5.4 percent year-over-year in 2015. California also is outpacing all U.S. indicators in lodging, air traffic and overseas arrivals.

Visit California had contact with several elected officials. Legislative touch points included Lieutenant Governor Gavin Newsom, Secretary John Laird, Assemblywoman Nancy Pelosi, and U.S. Secretary of Commerce Penny Pritzker and Secretary of the Interior, Sally Jewell. Visit California will be holding a legislative event March 2 in Sacramento premiering “National Parks Adventure” at the Esquire Theater.

CEO Beteta recently spoke at the San Francisco Hotel Council’s Stay Green Forum about sustainability. A study was conducted with Mandala Research showing how socially and environmentally aware visitors are and how tourism actually promotes sustainable options when consumers are selecting their travel destination. A few key highlights from the study include:

- 90 percent of travelers agree their travel experience is better when the destination makes an effort to preserve its natural, historic and cultural sites
- **93 percent believe it is possible for a company to be both environmentally responsible and profitable**
- 85 percent say they are more likely to travel to destinations that are managed in a way that benefits the people who live and work there

Following that theme, Visit California awarded Passport Resorts, LLC a “Tourism Leadership in Sustainability Award” for their efforts in cultivating sustainable best practices in the tourism industry.

## OFFICER REPORTS - CFO

Vice Chair Martin started her report by mentioning the Audit Committee’s October recommendation to the full board:

The recommendation was that the Board approve a hybrid of the structure in existence at the time, to be coupled with a review of financial statements going forward.

The proposed accounting structure continued to retain both accounting firms in various capacities.

The Audit Committee felt strongly about keeping the two-agency structure for the sake of independence and transparency, and to enhance the perception of the same, for the benefit of the industry and all related constituents.

The Board approved the recommendations in October and the financial statements presented to the Executive Committee, which reflected the hybrid

financial structure. This was the first time management presented Reviewed Financial Statements to the Board. These Financial Statements were approved by the Executive Committee the day prior.

Ed Fahey from RINA was then introduced to review the financial statements with the Executive Committee. Mr. Fahey reviewed the statements. Chairman Rossi questioned on Page 8 whether the “designation by commissioners” could be un-designated, which was determined to be the case. Then Visit California Chief Financial Officer, Sonja Spowart, was introduced to provide additional detail and context on the financials.

**Motion by Commissioner Withington to approve the financial statements ending November 30, 2015. Second by Commissioner Gallagher. Motion unanimously approved.**

Yes Votes:

1. Michael E. Rossi
2. Noreen Martin
3. Jot Condie
4. James Bermingham
5. Gary Buffo
6. Rusty Gregory
7. Will Withington
8. Aaron Medina
9. Benjamin Webster
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22. Tom Klein

No Votes: None

Abstentions: None

Commissioner Martin then discussed how management and staff performed a midyear budget revision to ensure that revenues and expenditures were aligned and tracking with original budget expectations for the current year.

Commissioner Martin then asked CEO Beteta to provide additional detail and context to the proposed budget revision.

CEO Beteta described how talent fees continue to incur even though no new spots have been created. Every time a spot is re-licensed, the talent fees are re-negotiated. There will also be a large investment into Visit California's B2B website infrastructure to keep communications with investors and stakeholders as clear as possible.

There was discussion if the commission should have to approve a budget change of .5 percent; however, there was over \$4 million shifted in the budget, which, as discussed previously, the board requested approval of such shifts.

**Motion by Chairman Rossi to approve the midyear FY15/16 budget revise. Second by Commissioner Withington. Motion unanimously approved.**

Yes Votes:

1. Michael E. Rossi
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No Votes: None

Abstentions: None

## OFFICER REPORTS - Vice Chair Condie

Vice Chair Condie reported out on behalf of the Nominating Committee. On February 23, the Executive Committee discussed the nominations and Vice Chair Condie reported on the resulting recommendation. .

There were six appointed vacancies and two elected vacancies. At the end of the fiscal year, there will be an additional four elected vacancies vacated by the following:

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

There are also five additional Commissioners eligible for re-election that will be added to the ballot:

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

The Nominating Committee will be meeting after the board meeting to put forward a slate of candidates for the Executive Committee to approve and put forth on a referendum ballot to be installed at the beginning of the next fiscal year.

All commission officers are terming out. The Executive Committee discussed, voted and proposed the following slate of new officers:

- James Bermingham - Vice Chair of Marketing
- Noreen Martin - Vice Chair of Operations
- Sima Patel - Chief Fiscal Officer/Treasurer

**Motion by Commissioner Gallagher to approve the aforementioned list of new officers. Second by Commissioner Buffo. Motion unanimously approved.**

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15. Jordan Meisner
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19. Xiomara Wiley
20. Andy Wirth
21. Mike Gallagher
22. Tom Klein

No Votes: None

Abstentions: None

## OPEN DISCUSSION - PUBLIC AFFAIRS & INDUSTRY RELATIONS

Visit California Vice President of Communications Ryan Becker, provided a RAND study update. The study will estimate the effects of changes in tourism demand on California's labor force to provide insight about who works on tourism in California, how individuals' careers evolve, and how either expansion or contraction of the industry will affect California's workforce and revenues, both in the short and long run. The study has a 12-month timeline and will start March 7.

Mr. Becker also described Visit California's legislative reception event on March 2, which will be a special screening of the IMAX film "National Parks Adventure." Elected officials and policymakers are invited to demonstrate the tourism industry's commitment to protecting our state's landmarks and natural landscapes.

In celebration of National Travel and Tourism Week the first week of May, Visit California will be working alongside travel and tourism leaders throughout the nation to champion travel as a revenue generator and job provider. Visit California is sponsoring and attending a number of events where Visit California can unveil the new, record-breaking economic impact

numbers for the state in 2015. Opportunities and events throughout the week will allow Visit California to reach out to media, elected officials and consumers with the powerful message that travel and tourism helps keep the California economy strong.

Currently, Visit California is planning to host a crisis communications workshop for industry members in the fall. The bulk of the crisis communication discussion on Sunday was focused around what members hope to achieve through the workshop. A hot topic in crisis communications is the drought and possible El Nino effects.

### PANEL DISCUSSION - CATCH THE WINTER WAVE / SNOW MARKETING

CEO Beteta continued with the board series of panel discussions. Before introducing the panel, Caroline Beteta described Visit California's snow marketing initiative, Catch the Winter Wave. The campaign is running Jan. 11-March 20, with a \$405,000 investment and an expected reach of nearly 37 million impressions. The campaign is run online and uses a playful treatment of rooted-in-surfing-culture language juxtaposed with snow imagery.

The panel speakers were Rusty Gregory, Mammoth Mountain, Michael Reitzell, California Ski Industry Association and Andy Wirth, Squaw Valley and Alpine Meadows. The underlying theme from the discussion is that the snow seasons have been very difficult on the resorts, but the resorts were able to reduce expenses. This year, with ample snow, the margins have been larger because of the reduced margins.

### FY15/16 Budget Revise

**Motion by Commissioner Gallagher to approve the FY15/16 Budget Revise. Second by Commissioner Buffo. Motion unanimously approved.**

Yes Votes:

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22. Tom Klein

No Votes: None

Abstentions: None

Conversation then ensued about how Visit California should have a reserve fund. CEO Beteta explained how the opportunistic line item acts as such. The dialogue turned to how projections can help to mitigate the risk or need for such a fund.

## UPCOMING EVENTS

Dates were shared for some key upcoming events:

- **March 2** - Legislative Reception
- **March 22** - New York Media Event
- **April 7-8** - Texas Media Boot Camp
- **April 10-15** - China Sales & Media Mission
- **May 2016** - AMGEN Tour of California & China CEO Mission
- **May 1-7** - National Travel & Tourism Week
- **May 3-4** - Canada Media Events
- **May 16-17** - Spring Board Meeting (Pebble Beach)
- **Oct. 14** - Fall Board Meeting (Beverly Hills)

## OTHER MATTERS

None were discussed.

## AGENDA ITEMS FOR FUTURE MEETINGS

None were discussed.

## PUBLIC COMMENT

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

## ADJOURNMENT

**Motion by Commissioner Gregory to adjourn the February Commission meeting. Second by Commissioner Patel. Motion unanimously approved.**

Yes Votes:

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19. Xiomara Wiley
20. Andy Wirth
21. Mike Gallagher
22. Tom Klein

No Votes: None

Abstentions: None