

MINUTES



Meeting: Board of Directors
Meeting Date: November 15, 2018 ▪ 12:00pm
Prepared By: Elizabeth Anderson

The original agenda was prepared and posted in compliance with the provisions of the Ralph M. Brown Act noting that board action may occur on any identified agenda item.

I. Call to Order

A meeting of the Board of Directors of Visit Sacramento was held at The Diplomat Steakhouse in Sacramento, CA. Board Chair Doug Warren called the meeting to order at 12:13 pm. It was established that a quorum was present, and the following attendance was recorded:

PRESENT

Directors

Christine Calvin	Rick Pickering
Joe Chiodo	Sami Qureshi
Phil Garcia	John Rinehart
Brian Larson, <i>Past Chair</i>	Alison Sandman
Patrick Mulvaney	Scott Vandenberg, <i>First Vice Chair</i>
Josh Nelson	Doug Warren, <i>Board Chair</i>

Industry Advisors, or Their Designees

Michael Ault, <i>Downtown Sacramento Partnership</i>	Matt Voreyer, <i>Convention Center</i>
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Guest(s)

Jose Hermocillo, <i>Hermocillo-Azevedo Comm.</i>	Emily Baime Michaels, <i>Midtown Association</i>
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Visit Sacramento Staff

Mike Testa, <i>President & CEO</i>	Kari Miskit, <i>Vice President of Communications</i>
Nick Leonti, <i>Director of Tourism</i>	Dan Santucci, <i>Director of Accounting</i>
Sonya Bradley, <i>Chief Marketing Officer</i>	Elizabeth Anderson, <i>Convention Sales Coordinator</i> <i>(Recording Secretary)</i>
Sarah Atilano, <i>Chief of Strategy & Market Growth</i>	

ABSENT

Directors and Industry Advisors

Henry De Vere White	Steve Young
Kathleen Gilbey	Amanda Blackwood
David Huber	Howard Chan
Shelly Moranville	Mark Davis
Dennis Raymond	Nav Gill
Lance Richard	Darrell Steinberg
Liz Tavernese	

II. Public Comments – Matters Not on the Agenda

Board chair Doug Warren called for public comment on items not listed on the agenda; there were no matters presented.

III. Presentation: Vice Mayor Steve Hansen

Doug Warren and Mike Testa introduced Vice Mayor Steve Hansen and thanked him for being a champion for our customers. Testa stated that Vice Mayor Hansen has been very helpful with the counterarguments from Airbnb as it pertains to the value of the SCC expansion and he understands what we do and the value we bring to the City.

Vice Mayor Hansen started by thanking Warren and Testa for inviting him and he is interested in coming more regularly when possible, as it has helped him build many relationships. He believes these relationships are why the convention center expansion and renovation project has been successful. He continued that when he was elected there was a divide in the city, and by coming to these meetings and working with Testa closely it has bridged the gap. They have built a relationship that is open and honest with strong trust.

Hansen continued that the GMP bonds have been approved and that the STID has been formed. He stated that he made the commitment to assist the process of forming the STID and ensuring that the expansion was completed all at once and not in phases. He is aware that studies have come back showing we need more hotel rooms, and that there are hotels being built. He also noted how occupancy and revenue per available room is strong throughout the city.

He then spoke about how Sacramento is now being recognized for more than just its geographical location, especially due to the Farm to Fork Festival. It used to be hard to get people into the city, but Vice Mayor Hansen believes that this has changed. He then stated that this has changed due to the experiences we provide to guests visiting the city. He understands there is still more that needs to be done, including the homeless situation. He knows it will not be an easily solved situation and encourages the group to talk about the issue more and bring it to City Officials.

Vice Mayor Hansen then thanks the group for helping to build the city up and for being great leaders. He stated that we still must press forward on big and small projects alike. He then thanked Sarah Atilano for her hard work with the Convention Center expansion and for partnering so well with the City Staff. After thanking others in the group, he opened the floor to questions.

Michael Ault asked about the passage of Measure U and how the money is going to be prioritized and is there a role for this group to play on the allocation on this impact. Hansen responded that there are traditional ways to impact such as lobbying. Another way to be heard would be to make a business case about the specific investment that is wanted and how it will help the City meet their goal.

In conclusion he recognized John Rinehart and the transformation of Downtown Commons. He then introduced Samantha Minor from his team and explains she helps with staffing and is the best person to contact if anyone needs anything.

IV. Approval of Board Meeting Minutes: October 18,2018

There being no changes to the October 18, 2018 minutes, ***Brian Larson motioned to approve the minutes as presented; Patrick Mulvaney seconded. [Vote: Unanimous]***

V. Chair's Report

A. Terming Board Members Larson, Rinehart, Tavernese

Warren begins with thanking the board members whose terms are coming to an end. He states this board has accomplished a lot in the past year. Including having the Mayor and Vice Mayor in attendance of the meetings more than they have been in the last three to four years combined. He then thanked Brian Larson, John Rinehart and Liz Tavernese for their service and reminds them that they can return to the board after one year. He also shared that Testa has talked to a few potential new board members, and once they are decided it will be shared.

Testa then individually thanks each terming board member for the important work they have done on the board including:

- Larson for his involvement with the Sacramento Convention Center Expansion and Renovation.
- Rinehart for always being there to help and working with the Visit Sacramento staff regarding Sleep Train Arena and the Golden 1 Center
- Tavernese for being an incredible champion for Visit Sacramento

Testa then opened the floor to the terming members to say a few words. Larson stated he is extremely proud of this organization and making it more relevant to the city. He continues that this is the most engaged board in the city. While he is not on the board, he will be working with Sac State to get the Hospitality degree off the ground. He then thanked everyone for their support.

Rinehart thanked everyone and explained when he first joined the board, he didn't realize how important everything they were doing was. He quickly learned and appreciated the opportunity given and will still be supporting Visit Sacramento even though he won't be on the board.

Testa then concluded that this was also the last meeting with Warren as Board Chair. He thanked Warren for his service, hard work and engagement.

VI. President's Report

A. Convention Center Expansion Update

Sarah Atilano shared the below information regarding the Convention Center Expansion:

- City and AECOM/HUNT reached agreement on GMP and it was approved on Tuesday, notice to proceed was given.
- Construction work will begin with demolition of the administrative offices at 15th and K Street around December 17, 2018.
- East side build out January – July, West Side will re-open fall of 2020 with the ballroom opening March 2021.

B. STID Update

Testa stated that the STID passed at the last meeting and it is currently in the validation period for the next few months. The only thing that could impact the formation of the STID is if anyone sues the city regarding it. There is one property owner that does want to petition, and Visit Sacramento is going to sit down and speak with them. Testa believes that they just need to be educated on STID and the benefit. He continues that he has also agreed to have a meeting with a large group of Airbnb owners to explain how we can be impacted and how they will benefit. In the future we may need to be creative with Airbnb's to increase sleeping room inventory.

The group then discussed Airbnb's in the city stating that Corporate Airbnb should be on board with STID as other cities have similar programs. There was also discussion of only 150 registered Airbnb's, with possibly 1,000 more unregistered.

C. Homelessness Impacts Update from Dion Dwyer

Testa introduced Dion Dwyer from the Downtown Sacramento Partnership to the group and explained that he was there to give an update regarding the homelessness issue in the city. Dwyer thanked the board for their time and continued partnership. He then provided an update on HEAP and said the city received a one-time grant and that money will be going to help impact the homeless in the city and county. The City's focus for the funds will be shelters within the city limits. The Mayor had attended a Downtown Sacramento Partnership meeting the day prior and mentioned that they will most likely be pitching a program similar to what Los Angeles is currently doing. Dwyer mentioned one of the caveats was that before the funding will be given, the city must declare a shelter crisis.

Dwyer continued that part of the concerns for the Downtown Sacramento Partnership and Midtown Association is that the camping ordinance is currently at jeopardy due to a court challenge in Boise, Idaho. The current ordinance states that if a bed is open in a shelter the homeless person must be taken there. If they refuse the bed, then the police can move forward with the ordinance and not allowing them to camp on sidewalks.

Dwyer added that the Downtown Sacramento Partnership is working with City Council and Vice Mayor Hansen on what to do if the camping ordinance changes. A possibility would be limiting the amount of their belongings that they can have on a sidewalk. As well as making sure they are not near public entrances to buildings or loading docks. The plan would be to overlay these types of ordinances in case the camping ordinance is removed.

The final item that Dwyer addressed was that his team walked to all the businesses on 9th street recently. During the walk they heard many times about how the homeless situation was getting worse. The team went back and pulled the statistics on homeless calls and they were down 20%. Knowing this is not accurate Dwyer is asking everyone to make sure their teams are reporting what is happening. The city is even with pedestrian traffic except in the K street area which is down 25% year over year. Impact is being seen that when people come downtown, they are not exploring because they don't feel safe. Dwyer will also be asking the council for further information on what the Downtown Sacramento Partnership can do to help when the streets are the most crowded.

Kari Miskit then mentioned that calls for service directly correlate to how many officers are assigned in a specific area and it is important to call. Dwyer agreed and informed the group that his team has requested for the Police Department to create a flyer to encourage people to call and to let them know the correct number to call and what information they need to give.

Patrick Mulvaney asked if calling the Midtown Association counted towards the number. Dwyer clarified that the Midtown Association would call the Police for the establishment, but it is best if the establishment also calls. He then clarified that text messages to 911 do not count either. Dwyer reminded the group that texting 911 is for when you can't call and is not as accurate at pinpointing a person's location.

Larson encouraged Dwyer to share more of this outside of the different Boards in Sacramento as the line level staff have stopped calling the Police because they do not respond. Larson agreed that a flyer would be very helpful to encourage staff. Josh Nelson asked what the definition of homeless is and Dwyer explained that the definition can vary, but their definition is someone who is sleeping on the sidewalk. Dwyer added that permanent housing that is sustainable is the only way to get people off the street. He adds that when calling the police to define the situation as you see it and to tell the facts, not make assumptions. The more people who call about a situation the more it helps to get an officer dispatched. When Dwyer receives the flyer, he will distribute it to everyone.

D. Annual Audit Results

Dan Santucci discussed the audit results and explained the benefit of the audit is to receive a clean, unqualified opinion on our financial statements. He continued that Visit Sacramento's financial statements present fairly in all material respects.

Visit Sacramento's financial position at June 30, 2018:

Net Income for the year was \$1.7 Million. This brought Visit Sacramento's Net Assets from a Deficit of \$474,000 at June 30, 2017 to a positive \$1.2 Million in one year.

The \$1.7 million Net Income was the result of several factors:

- Reduction in Personnel Costs
- Large Sporting Events changes:
 - Fewer events with less revenue and considerably less costs.
- Significantly smaller net investment in remaining Sporting Events
- Significant budget reductions in operating expenses
- Increase in STMD Funds received

Significant Deficiency stated by the auditors:

Two Contracts over \$50,000 that were not approved in writing by the Executive Committee prior to being signed by the CEO, though the contracts were approved verbally at an Executive Committee Meeting. Going forward there will be a sign off sheet for Executive Committee members to indicate their approval for contracts in excess of \$50,000 but less than \$100,001.

Testa added that the deficit shown was from a contract signing similar to what was seen on previous reports. The contracted amounts were for budgeted programs that had already been approved by the Board. Visit Sacramento received verbal permission from the Executive Committee and nothing was done incorrectly to cause the deficit. This is the first positive financial report in more than four years in the sense that there was positive cash flow and not a deficit.

E. Employee Evaluations

Testa stated that Visit Sacramento is going to create goals for every employee. In previous years goals have only been given to the Sales team and the Executive team. These goals will allow Visit Sacramento to hold the staff accountable for their job duties. It will also determine the percentage raise for each employee and it would mean that not everyone is guaranteed to receive the maximum percentage of the raise.

F. Staff Reports

Atilano discussed the Sales Goals YTD.

- Convention Sales Room Nights: -0.5%, forecasted to achieve 2018 goals
- Sports Commission Core Room Nights: -4%, forecasted to achieve 2018 goals
- Sports Commission Non-Core Room Nights: -92%, not forecasted to achieve 2018 goals

Atilano continued that the Sports Commission has a large negative variance due to anticipated bids not being awarded to Sacramento such as Bass Master Elite. To ensure

there is not a negative variance in 2019, there will be a monthly review of non-core room night goal production. As well as weekly review of action steps to achieve non-core room night goal and on-going review of sales routines to achieve non-core room night goal. Testa added that Mike Sophia has moved back to overseeing only the Sports Commission and is focusing on booking room nights. Adding that with this change there will be a position posted for Director of Special Events. After seeing how well the department did with a Director overseeing them for Farm to Fork this year it was decided that it needed to be a permanent position, Visit Sacramento will be looking to fill the position in the middle of January.

Testa then adds that Scott Vandenberg is the incoming chair and they have a meeting scheduled for December to discuss plans for next year including the board retreat. Testa also shared that Patrick Mulvaney was included in a video for the Wall Street Journal about suicide in the restaurant industry. He added that Mulvaney was very articulate and well spoken. The video was emailed to the board the following day and can be viewed [here](#).

G. Board Member Reports

None to report.

VII. Committee Reports

Finance/Executive Committee:

No additional committee report after the annual audit discussion.

VIII. Staff Board Reports

The October 2018 department report was e-mailed to the board for their review prior to the meeting.

IX. Calendar of Events

Upcoming events are listed on the Agenda for Board review. Joe Chiodo also discussed the Best of Sacramento event being held on Saturday, November 17, 2018.

X. New Business

None to report at this time.

XI. Adjournment

Board chair Doug Warren adjourned the meeting at 1:08pm.

Respectfully submitted,



Elizabeth Anderson
Convention Sales Coordinator
(Recording Secretary)



Mike Testa
President & CEO