

MINUTES



Meeting: Board of Directors
Meeting Date: August 15, 2019 ▪ 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 Citizen Hotel, Quorum Room in Sacramento, CA. Second Vice Chair Sami Qureshi called the meeting to order at 12:06 pm. It was established that a quorum was present, and the following attendance was recorded:

PRESENT

Directors

David Huber
Doug Warren, *Immediate Past Chair*
Emily Baime Michaels (Ex-Officio)
Heather Andrade-Neumann
Joe Chiodo
Josh Nelson
Lance Richard

Mabel Salon
Nikki Carlson
Patrick Mulvaney
Phil Garcia
Royce Pollard
Sami Qureshi, *2nd Vice Chair*
Dennis Raymond

Industry Advisors, or Their Designees

Matt Voreyer, *Convention Center*
Amanda Blackwood, *Sacramento Metro Chamber*
Jody Ulich, *City of Sacramento*

Mark Davis, *Sacramento County of Airports*
Kim Nava, *County of Sacramento*

Guest(s)

Jose Hermocillo, *Hermocillo-Azevedo Comm*
Mayor Pro Tem Angelique Ashby

Deanna Read, *District 1 Parks Program and Events Coordinator*

Visit Sacramento Staff

Mike Testa, *President & CEO*
John Reyes, *Chief Operating Officer*
Nick Leonti, *Director of Tourism*
Sonya Bradley, *Chief Marketing Officer*
Annie Mosely, *Director of Events*

Mike Sophia, *Director, Sports Commission*
David Eadie, *Sports Development Manager*
Dan Santucci, *Director of Accounting*
Elizabeth Anderson, *Convention Sales Coordinator (Recording Secretary)*

ABSENT

Directors and Industry Advisors

Alex Rodrigo
Bay Miry
Christine Calvin
Henry de Vere White
Kathleen Gilbey
Rick Pickering
Mayor Darrell Steinberg

Scott Vandenberg, *Board Chair*
Shelly Moranville, *1st Vice Chair*
Steve Young
Terry Harvego
Michael Ault
Howard Chan
Nav Gill

I. Public Comments – Matters Not on the Agenda

Second Vice Chair Sami Qureshi called for public comment on items not listed on the agenda; there were no matters presented.

II. Approval of Board Meeting Minutes: May 16, 2019

There being no changes to the May 16, 2019 minutes, *Doug Warren motioned to approve the minutes as presented; Heather Andrade-Neumann seconded. [Vote: Unanimous]*

III. Presentation: Mayor Pro Tem Angelique Ashby

Second Vice Chair Qureshi introduce Mayor Pro Tem Ashby and shared that Visit Sacramento has been a true friend and helped with the Natomas Aquatic Center. Mayor Pro Tem Ashby shared that she represents District Once and that Natomas/D1 is the only district in the city that runs their own certified farmers market at the North Natomas regional park. Ashby also introduce Deanna Read to the group and shared that she is a member of her staff and that she handles Parks Programs and is their Event Coordinator.

Mayor Pro Tem Ashby shared the essential differences of her district to others are the different events they hold including movie night, first Fridays and yoga programs. Instead of trying to convince companies to offer these programs to residents the District staff handles them. She also added that District One has more hotel proposals in different phases than any other Sacramento District. Current open hotels in the district are operating at 70% occupancy with weekend amenities helping to drive business.

Ashby continued that it is hard to find enough space for programming in the city and the Aquatic Center concept was to keep people who were in the middle class in Sacramento and deter them from moving to Roseville. It was very important to her to fight for regional investments in the city.

Mayor Pro Tem Ashby shared a web page created by BCA Architects for the North Natomas Aquatic Center that can be found at <http://bcaarchitects.com/portfolio/north-natomas-community-center-and-aquatics-complex/>. She shared the renderings of the facility and explained the planned layout. She added that the event center in the facility will be able to be rented for parties and meetings. They have put in over \$10 Million into the project. There are 18 affiliates that will be building the facility. It is a regional amenity that is intended to serve the City of Sacramento. The Olympic size pool complies with international regulations for competitions as well as the worm up pool. There will also be additional pools for the public with water slides and a splash pad for children. There will be a fence separating the two areas to be able to run two events at the same time.

Ashby shared that there is already a competitive swim team (DART) that has agreed to move to this facility once it is open. The team is currently at UC Davis and has several team members from Sacramento. She added that the groundbreaking will be within the next 30 days. They have already moved a dog park and built a road to get the ball rolling. She is doing whatever she has to do to get this done. There is \$20 million in development fees, \$10 million from the school district bond and \$14 million from the gap fund which was the final piece which was awarded this week. The original timeline was to open by the end of 2020, we have lost a few weeks so it may be beginning of 2021.

Mayor Pro Tem Ashby then opened the floor to questions:

- Doug Warren – Who will be doing the programming and/or booking of events?
 - Ashby shared that it will be a city facility and should run a lot like other city facilities like the Convention Center. There will be a joint use agreement that will be done in December this year and it will state what times the school will be able to use it as well as the public. She added that in Natomas the District office is normally the ones to handle the programming of facilities. Her guess is Deeana will be the first expert on the facility and technically the parks division will also oversee this. It should be very cost effective to use.
- Amanda Blackwood – Can you please talk about the anticipated economic impact for investing in this facility?
 - Ashby shared that they did a feasibility study four years ago and approximately 100 jobs annually will be generated by this when it is open. It will depend on who our partners are and the highest rating comes from having the swim team.
 - Mike Testa added that the Sport Commission will now be able to target USA swimming events which will drive room nights. It will allow for events we could not do before.
 - Ashby apologized for not having specific economic impact numbers on hand.

Testa shared that Mayor Pro Tem Ashby is very direct, which he views as positive, and they have good conversations. “Any elected official gets push back and that doesn’t seem to bother the Councilmember. You tell people you are going to do something, and you always make it happen.”

Mayor Pro Tem Ashby shared that in the next four years that she is hoping to bring the Zoo to Natomas and turn the Sleep Train Arena into the space needed for the Zoo. The city is ready to convince the kings to do this. There are three locations that city has chosen as possible land for the zoo and two are in District One and this one fits it the best. There will be a feasibility study beginning in the next few weeks.

She added that she is a big fan of Mike Testa and that she is not a big fan of a lot of people. When he applied for this position, I was extremely vocal, as in my time in Sacramento we have fought for an arena, MLS and world class venues like this. Mike has been there for all of them and I think we are lucky as a city to have him here. I don’t want anyone else to have him and want to keep him in our corner. I am thankful for this partnership.

IV. Chair’s Report

Second Vice Chair Qureshi shared that Mike Testa and the team would be doing a budget presentation and this budget has been reviewed and approved by STMD committee and executive committee.

V. President’s Report

A. STID Update

Testa shared that the STID is settled and complete, the ballroom is moving forward. The total cost is \$53 Million he thanked everyone who helped Visit Sacramento accomplish this. We did not anticipate this lawsuit and we are happy to have this settled. He shared he would be attending an Air BnB conference tomorrow to see where we can work with them. We will continue to educate ourselves on AirBnB operators and get their buy in.

B. FY 19-29 Budget Approval

Testa shared that we were very strategic in going through our funding. We looked at departments and where there were duplications. You have a lot of this in the packets in front of you. The STMD committee discussed the expansion and the impact on TOT and STMD. Certainly, there will be an impact, our strategy is to not plan for less revenue. We would rather scale back as we go through the year. We will be doing a mid-year budget review to make sure we are on track. This budget is about 3% down from our actuals last year. We are aware that the revenues can change. Testa continued that you will notice in the budget that more money is in convention sales, sports and leisure sales. Part of this is lower due to salaries and wage changes.

Administration:

Proposed FY 19-20	Budget FY 18-19	\$ Variance	% Variance
\$1,623,499	\$1,674,493	-\$50,994	-3%

Testa shared that we have had two people leave and not be replaced and just announced a third person leaving. As people leave, we are consolidating roles ensuring we need the position. The contract attorney fee has increased due to what we need to do. We want to make sure deals are honored and we can use the attorney to help. Storage space has been moved to one area which allowed us to save money.

Marketing:

Proposed FY 19-20	Budget FY 18-19	\$ Variance	% Variance
\$2,204,559	\$2,196,892	\$7,667	+ 0.3%

Sonya Bradley shared a reminder that this section of the budget crosses across all the brands. If you look the variance is particularly low. This is due to no longer producing the visitor guide in house which has lowered our cost. Additionally, Misfit is our brand change company, behind us you will see our new marketing pieces. We have also expanded our media buys and Digital Edge which you will see in other areas of the budget. Testa added that Convention Sales and Tourism budgets changed due to Marketing additions. The variance on here is not accurate as the lines have changed and moved to other sections of the budget.

Sports Marketing:

Proposed FY 19-20	Budget FY 18-19	\$ Variance	% Variance
\$1,897,685	\$1,367,521	\$530,164	+39%

Mike Sophia shared the goal is to increase sports rooms nights. A portion of the budget increase is for the team to attend more trade shows as well as adding additional staff. Sophia continued that there are also have a couple of new events that created a variance. Such as adding a NCAA basketball tournament, which is a large line item and nets a profit.

Convention Sales and Services:

Proposed FY 19-20	Budget FY 18-19	\$ Variance	% Variance
\$4,434,861	\$3,639,478	\$795,383	+22%

John Reyes shared that they were prioritizing the Sales department spending as it is key due to the convention center expansion and renovation. The 22% variance indicates the aggressive nature of this spending. It is to help get business during the closure as well as bookings for when it is reopened.

Reyes continued that when looking at the narrative we are increasing our presence at trade shows. We are very aggressive with our strategic partnerships with third party planners. With Sarah Atilano' leadership we have kept a lot of City-Wide's and the bid support is increased to help with that.

Bradley added that the narrative shows "Ad Placement" is more than doubled and that is due to the contract with Digital Edge. It is to target the audience we already know. It is not just a media buy, but also a targeted list to keep sharing about the expansion. We are in phase two and heading into phase three. It is about additional sponsorships and getting in touch with the customers.

Tourism:

Proposed FY 19-20	Budget FY 18-19	\$ Variance	% Variance
\$1,143,672	\$931,547	\$212,125	+23%

Nick Leonti shared that Tourism also has a media buy increase. Other than that, the major changes are in investing in the China market. We have hired a third party to help us manage social media in China and help on their sites. Testa added that part of the reason for the China effort is Visit California is also investing there. Leonti shared that Tourism works a lot with Visit California during sales missions and familiarization trips.

Leonti continued that just a few weeks ago Globus tours announced they will be coming back to Sacramento in 2021. They had left for approximately nine years and we are happy to be able to bring them back. In 2020 the California cup will be coming back to Sacramento and you will see that in the budget as well. It is a five-day golf tournament and familiarization trip. There is no networking like this in the tourism business and we can meet owners we otherwise would not be able to.

Partner Marketing:

Proposed FY 19-20	Budget FY 18-19	\$ Variance	% Variance
\$365,080	\$304,480	\$60,600	20%

Testa shared that many of you have heard of the change in our Partnership Model and that partnership is free and you can pay for more benefits. We are the first Destination Marketing Organization in the country to change our approach. In the short term our revenue has gone down, but you will see an increase soon. The revenue will help to offset this variance.

Community Relations:

Proposed FY 19-20	Budget FY 18-19	\$ Variance	% Variance
\$675,260	\$435,135	+\$240,125	+55%

Testa shared that the 55% increase here is misleading. This is mainly due to salaries moved into this section as well as Annual Lunch increase.

Farm-To-Fork:

Proposed FY 19-20	Budget FY 18-19	\$ Variance	% Variance
\$1,046,720	\$902,687	+\$144,033	+16%

Testa began that there is some difference to the budget due to Annie Mosely coming on to the team. She wants to bring the event to a different level. Mosely added that the main foal is to increase the visibility of our brand, enhance the event experience and to bring in out of town attendee's. That was the guiding light for everything that is added.

Questions:

- Josh Nelson – Have you have not had a reserve the last two years?
 - Daniel Santucci – We do currently, and it is approximately \$350,000 and we are expecting to add another \$800,000 this year. Testa added that we are targeting approximately \$1.1 Million in reserves.
- Doug Warren – How often have we had a positive reserve?
 - Santucci – Only once, which started this past FY, over the past twelve years.

Second Vice Chair Qureshi called for a vote.

Joe Chiodo motioned to approve the budget as presented; Patrick Mulvaney seconded. [Vote: Unanimous]

C. Sports Development Manager

Sophia shared that a few months ago they started interviewing for this position. David Eadie emerged and has 20+ years' experience in sales and 15 years in sports sales. He comes from San Jose and he is going to be a great addition to our team.

Eadie shared he was in San Jose for the last 11 years at their Sports Commission. He added he has also worked with Sacramento's large clients such as Amgen and March

Madness. He added that he has been a fan of Visit Sacramento for a long time and is excited to be here. Testa added he has a great resume for what we are trying to do.

D. DOS Position

Testa shared that they will be posting a Director of Sales position for the Convention Sales department. John Reyes and Sarah Atilano do a great job with the team but are in the weeds. Last year we posted this position and did not get the response we wanted. We have not enlisted Searchwide Global to assist us. Testa is excited at the possibility to bring in someone from the outside and shared there may also be internal candidates.

E. Breaking Bread

Testa spoke about the Breaking Bread video which was premiered at the Annual Lunch. It highlights our amazing chefs and how they better this market. There are things happening here that are not happening elsewhere. This is something we can all align with. He then showed the video for those who have not seen it which can be found here: <https://youtu.be/nSslxwmlLtk>

Testa added that we are in the process of recruiting sponsors for the first six episodes. There is interest in the local tv stations and there is a bigger want as well. It is a great way to tell the story about Sacramento without being so up front about it.

F. Farm-To-Fork Update

Testa then spoke about the upcoming Festival and unfortunately currently a lot of negative things are happening at festivals. Visit Sacramento is going through active shooter training and we will be changing our security at the festival. He continued that sponsorship is up but we need more to make it even better. he asked Annie Mosely to make sure to let people know that we oversee the festival and increase our presence at the festival which she did.

Mosely shared that the best thing she could think of was a 20' tall and 19' wide inflatable water tower with the Visit Sacramento logo. We will own this water tower and be able to use it at any and all events that it will fit. It is the largest way to say Visit Sacramento. Mosely continued that we are almost a month away from the first event for the festival with Legends of Wine on September 19 and we also just finished seating assignments for Tower Bridge Dinner. We are in a good place and very excited.

G. Annual Board Retreat

Testa informed the group that we will be returning to Lake Tahoe for the Board Retreat and it will be held at the Ritz Carlton. Please RSVP to the link that was sent out. We are working on speakers and the rest of the agenda and hopefully you can all make it.

H. Approve New Board Member

New Board Member: Greg Shaw, Associate Dean for Operations, College of Health & Human Services California State University, Sacramento

Testa stated that we have an opportunity to bring in a new member. Phil Garcia has been invaluable to this organization, he approached me a while ago as he wanted to step back. He wanted to bring in Dr. Greg Shaw as he is working with the Hospitality program at Sacramento State and he believes it would be a better fit. He then turned the floor over to Garcia.

Garcia shared that it has been great to work with the board and build this relationship. Professor Greg Shaw was the Chair of the college when the program was being created. He continued that he has enjoyed his tenure with you all, but Dr. Shaw is who can really lead the effort on campus and help us achieve this goal. This is very important with what is going on in the city. He has been there for many years and was promoted to Associate Dean which is a great recognition from President Nelson. Testa thanked Garcia for his work on the board.

Doug Warren motioned to approve Dr. Greg Shaw as a new board member in place of Phil Garcia; Royce Pollard seconded. [Vote: Unanimous]

I. Wine & Grape Symposium

Testa shared that Visit Sacramento was fortunate enough to have Wine and Grape Symposium at Cal Expo in 2020. They have looked at their budget and they needed help with offsetting their expense. We have negotiated a 10-year commitment to Sacramento if we are able to help them with this. It is a great piece of business and the largest group we have; it is also on the heels of the 10-year commitment from Almond Board.

We will need you to approve \$100,000 to go to the Wine and Grape Symposium and it was included in the budget. What we have done with the contract signing policy that was amended in April is that if the line item is in the budget with you approving the budget, we do not need to come back to you for that line item.

I am still asking that the Second Vice Chair Qureshi call for a vote for Wine and Grape.

Josh Nelson motioned to approve the commitment to Wine and Grape Symposium; Patrick Mulvaney seconded. [Vote: Unanimous]

J. Staff Reports

Testa shared that Kathleen Gilbey, Board Secretary, from the Sheraton Grand has announced her retirement. She has some family on the East Coast, and they feel it is the time to move back. There will be a party and we will make sure everyone knows about it; we will miss her. She couldn't be here today; she leaves at the end of August.

Testa continued that Bradley mentioned the posters behind us. We are trying to position the city a little differently. The burger poster has Rodney who host burger battle. There is digital version coming after this as well and misfit as been a fantastic partner.

Sophia shared that the Junior Olympic Track event was just a few weeks prior and went well. He thanked Mosely, the Events team and Danielle Ferroni who coordinates the Volunteers for all their hard work. He added that Eadie started the Friday before the event started and was there the whole time to assist.

Reyes shared that member of the team just got back from American Society of Association Executives Annual Meeting and Exposition (ASAE). The intent was not just to meet with customers but also CEO and executive teams. There was a two-day long tradeshow and we talked about Sacramento and the center expansion and renovation. What was so important about this event is that we have already generated 2 leads for 2020, and 2 more for 2021. Also, we had a great meeting with a global account and research development company.

Reyes added that the second hotel "Nobody Ever Tells Me Anything" (NETMA) meetings were held in July and the team went out to the zones and spoke about everything that is currently happening. The biggest benefit is that we were able to talk about the STMD hotel marketing fund.

Testa concluded the staff reports by sharing that this would be the last board meeting of the year, the retreat is in October, their will only be an Executive Committee meeting in November, and in December we will have our Holiday Dinner. We will look at changing that for next year and I apologize for that on the schedule.

Royce Pollard asked if there are not any meetings until January when will be reviewing the budget? Will the executive committee be reviewing it and making decisions? Testa answered the Executive Meeting will be in November and then again in January we will be able to adjust if needed.

VI. Committee Reports

Finance/Executive Committee:

Financial year ended on June 30th, highlights:

- Cash Position: \$2.4 Million
- Revenue 12 Months: \$12 Million, this is the first time in history of organization
- Net income: \$1.6 Million compared to a break-even budget and \$1.6 Million in net earnings the prior year
- Total liability: \$1.675 Million compared to net asset of \$2.78 Million
- Strong balance sheet and strong growth and profitability.
- Well done by the team and the board should be assured we are doing well.

VII. Staff Board Reports

The May, June and July department report was e-mailed to the board for their review prior to the meeting.

VIII. Calendar of Events

Upcoming events are listed on the Agenda for Board review.

IX. New Business

Matt Voreyer thanked everyone who attended the Groundbreaking Press Conference last Thursday. Secondly this past Tuesday the City Council approved the naming rights for Safe Credit Union. We will be known as Safe Credit Union Convention Center and Safe Credit Union Performing Arts Center. We will work with Visit Sacramento to create our new marketing pieces.

Mark Davis shared that for those who have been waiting for Southwest to announce their Hawaii flights it was announced today, that they will go to Honolulu beginning on January 19, 2020.

Amanda Blackwood Shared that the Metro Chamber Study Mission is being held September 10-13 and the 11th is a very in-depth day. We have about six spots left and you are the right people to be in the conversation. Testa added that due to the focus this year we are sending three people and thanked Blackwood for making this a priority.

X. Adjournment

Second Vice Chair Sami Qureshi adjourned the meeting at 1:21pm.

Respectfully submitted,



Elizabeth Anderson
Convention Sales Coordinator
(Recording Secretary)



Mike Testa
President & CEO