

Visit Huntington Beach
Board of Directors Meeting Minutes
Tuesday, January 30th, 2018
Tides Ballroom, Waterfront Beach Resort, a Hilton Hotel
21100 Pacific Coast Highway
Huntington Beach, CA 92648
3:30p.m to 5:00 p.m.

Public Notice Information: In accordance with the Ralph M. Brown Act, VHB agendas are available for public review outside the City of Huntington Beach Council Chambers at 2000 Main Street at least 72 hours prior to each meeting. The agendas are also posted on the VHB website at surfcityusa.com. Questions on agenda items may be directed to Kelly Miller, VHB President & CEO, at (714) 969-3492 or kelly@surfcityusa.com.

VHB Mission: To position Surf City USA® as the preferred California beach destination in order to maximize **overnight** visitor spending, **destination development** and **quality of life** for all residents.

MINUTES

1. Call to Order and Antitrust Reminder (*see reverse*) by Immediate Past Chair Peter Rice. **3:41pm**

2. Roll Call:

Present: Adams (Bolsa Chica Conservancy), Barnes (Duke's Huntington Beach), Bernardo (World Surf League), DeSoto (Experian), Leinacker (Paséa Hotel and Spa), Mantini (Retired-The Boeing Company), McCormack (Timeless Treasures Boutique LLC), O'Callaghan (Huntington Beach Chamber of Commerce), Patel (Quality Inn & Suites Huntington Beach), Rice (Hyatt Regency Resort & Spa), Rogers (Rogers Marketing Services/ 5th & PCH), Solanki (Ocean Surf Inn & Suites), Thompson (First Bank), Truxaw (Mama's Restaurant on 39).

Absent: Simpson (Kimpton Shorebreak Hotel), Fischer (Waterfront Beach Resort, a Hilton Hotel), Snow (Rainbow Environmental Services), Szilagyi (Best-VIP Chauffeured Worldwide), Van Doren (Vans), Whitney (Prjkt Hospitality & Concessions Group).

Additional Attendees:

Jennifer Farr (Farr, Davis Farr, LLP), Melissa Knudtson (McGinty, Knudtson & Associates, LLP)

Nicole Llido (VHB), Steffany Sensenbach (VHB), Susan Thomas (VHB), Matt Tibbetts (VHB), John Todora (VHB)

3. Announcement of Late Communications (Rice). **None.**

4. Public Comments — Chairperson (limited to 3 minutes/person):

The VHB welcomes public comments on all items on this agenda or of community interest. We respectfully request that this public forum be utilized in a positive and constructive manner. Please focus your comments on the issue or concern that you would like to bring to the attention of the Board.

None.

5. FY 15-16 Audit (**Jennifer Farr, Davis Farr, LLP / Melissa Knudtson, McGinty, Knudtson & Associates, LLP**)

- Jennifer Farr went over the VHB Audit Report for year ended September 30, 2016
 - Audit report was issued January 25, 2018
 - Delay in audit report due to prior auditors not officially finalizing audits for the prior 3 years, despite “final audits” presented to VHB by previous auditors.

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- After getting everything finalized with the prior auditors, overall the audit went very smoothly
- Financial Statements
 - An unmodified audit report was presented to the Board
 - This is highest level of audit opinion that you can receive. Good news.
 - It means that the financial statements and disclosures are presented in accordance with generally accepted accounting standards
 - Reviewed Statement of Activities/ Income Statement for September 30, 2016
 - Financial results for this period show that VHB was getting out there and pushing to bring additional visitors into the City of Huntington Beach during the year
 - In reviewing the Financial Statements, there was nothing notable to go over
- Reviewed the 2 letters that accompanied the Audit Report
 - *Significant Audit Findings*
 - Essentially stated that there were no disagreements with management and no difficulties in performing the audit
 - *Internal Control Recommendations*
 - Found that internal controls are very strong and there is an appropriate segregation of duties at the organization
 - Two (2) recommendations for this audited year:
 - Some adjustments were not able to be made due to legacy issues from prior audits. VHB is in a good place now and she cannot imagine that we will continue to have these issues in the future, especially since VHB has a new auditor.
 - Listing of Fixed Assets needs updated to remove some assets that have been fully depreciated
 - Melissa Knutson mentioned that this list had already been reviewed with staff, was cleaned up, and is ready for the audit of the September 30, 2017 year

6. Consent Agenda (Nicole Thompson): **Action Item**

- a. Approval of previous Meeting Minutes
- b. Latest TOT/TBID
- c. Latest CBRE (PKF)/ STR Reports
- d. Current financial statements
 - **TOT receipts for the month of November 2017** were up 17.7%. Year to date TOT revenue for October 2017 through November 2017 totals \$1.738 million, an increase of 13.8% over FY 16-17.
 - On Page 2, **TBID receipts** for November 2017 were up the same percentage, 17.7%, and YTD revenue is up 13.8% over the previous FY. Total TBID receipts now total \$521,487.

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- **CBRE/PKF report for November 2017** reflects that for the *four reporting major properties* in November, Average Daily Rate was \$233.65, up 8.2% from November 2016. Monthly occupancy was down 1.0% to 61.77%, and RevPar was up 7.2%, to \$144.32 for the month.
 - Looking at the same report for January through November 2017, ADR was \$270.44 (up 4.1%), occupancy was down 10.1% to 70.09%, and RevPar was down 6.5% to \$189.55.
- **STR report for December 2017** is for the *11 reporting properties*. Looking at Tab 2, Occupancy was down 2.3% to 56.5%, ADR was up 1.6% to \$186.66, and RevPar was down to \$105.49, a decrease of 2.3%.
 - Looking at the same report on Tab 2 for January through December 2017 versus the same period in 2016, occupancy is down slightly to 74.1%, or a 0.5% decrease, ADR was up 4.7% to \$225.39, and RevPar was up 4.2% to \$166.94.
 - On Tab 3, you'll see that hotel inventory supply for October was up 7.5%, demand was up 3.4%, and revenue was up 5.0%. Year to date shows that supply is up 8.0%, demand is up 7.5%, and revenue is up 12.5%.

Financial Reports for October 2017

- **October 2017 Statement of Financial Position (Balance Sheet):** VHB's financial position continues to be strong. Total assets are for October 2017 are \$2,842,435. Current total liabilities are \$326,374. Total net assets are \$2,514,351. Total liabilities and net assets are \$2,842,435. When the major costs for wayfinding fabrication and installation occur, the assets on the balance sheet will go down. We are in a good financial position.
- **October 2017 Statement of Activities – Budget Comparison (Profit and Loss):** On Page 1, actual revenues for the month of October were \$408,107, compared with a budgeted revenue number of \$1,321,320.
 - Actual monthly expenditures were \$449,962, compared with a budgeted amount of \$735,236. The difference between actual revenue on Page 1, and actual expenses is a negative \$41,855 for October 2017.
- There are no **Year to Date Statement of Activities** because this is the first month of the fiscal year.

Financial Reports for November 2017

- **November 2017 Statement of Financial Position (Balance Sheet):** VHB's financial position continues to be strong. Total assets are for November 2017 are \$2,699,615. Current total liabilities are \$284,022. Total net assets are \$2,458,176. Total liabilities and net assets are \$2,743,909.
- **November 2017 Statement of Activities – Budget Comparison (Profit and Loss):**
 - On Page 1, actual revenues for the month of November were \$295,442, compared with a budgeted revenue number of \$284,593.

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- Actual monthly expenditures were \$351,616, compared with a budgeted amount of \$474,626. The difference between actual revenue on Page 1, and actual expenses is a positive \$56,174 for November 2017.

- **Year to Date Statement of Activities for October through November**

- Actual revenue for the first 2 months of the FY was \$703,549, compared to the budget revenue amount of \$1,605,914. A reminder that the budgeted revenue on all YTD statement includes the “Surplus Revenue Budgeted from FY 16-17.”
- Total actual YTD expenses were \$801,578, or a difference of \$98,029 between actual revenue on Page 1, and expenses.
- Melissa Knudtson explained that September 2017 Financials have not been presented to the Board yet because we have asked staff to reach out to various vendors to ensure we have received all invoices and payments for the 16-17 fiscal year.
 - We want to make sure we have accounted for everything *before* the audit for the 16-17 year as we cannot make adjustments once information is sent to the auditors.
- Minutes for the November 29, 2017 Full Board Meeting and the December 21, 2017 Executive Committee Meeting were reviewed by the Board Members.
- Motion to accept the Consent Agenda made by O’Callaghan. Seconded by Adams. All approve. None oppose.

7. Chairman’s Report (Peter Rice)

a. Summary of President and CEO Merit Increase for FY 17-18 (Rice, Thompson)

- Compensation Committee made up of the Previous Board Chair, Current Board Chair, and Treasurer.
- Meet annually with Kelly Miller to reflect upon his pre-established measurable goals and self-assessments
- Compensation Committee recommended and VHB Executive Committee approved a 2% merit increase in compensation for Kelly Miller
 - This increase was retroactive to October 1, 2017

8. Community Wayfinding Update (Susan Thomas)

- We have had 8 companies respond to the bid request for fabrication
- Those bids have been narrowed to 4. All are California-based companies and/or have a California-based office.
- We are aiming to award the contract in approximately 2-4 weeks
- Fabrication will be during the spring into the summer and will take about 4 months
- Installation will then begin. Hope to have the entire project installed by the end of this Fiscal Year.

9. Brief Department Monthly Updates (Staff)

- a. Sales: Matt Tibbets gave a brief update on Group Sales

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- b. Marketing and PR/ Film & Travel Trade: Susan Thomas gave a brief update on Marketing, PR, Film, and Travel Trade
 - c. Visitor Services and Information Technology: Nicole Llido gave a brief update on Visitor & Partner Services and Information Technology
10. Advocacy Task Force Update (Janis Mantini)
- Janis gave a brief update on the structure of the tasks the Advocacy Committee will be tackling this fiscal year.
 - The task reviewed and made recommendations on a thorough Advocacy Plan that will guide VHB staff on their program of work in this area. Articulating the positive impact on visitors on our economy and tax base is crucial as nationally, communities are asking themselves the following questions:
 - Will more annual visitors positively affect residents?
 - How will more annual visitors affect the overall brand experience?
 - What is the best use of the TOT dollars for communities?
11. City of Huntington Beach Update
- No City Update. No one from the City was present at the meeting.
12. Huntington Beach Chamber of Commerce Update (James O'Callaghan)
- James O'Callaghan updated the Board on the Chamber of Commerce newspaper and other programs they are updating and fine-tuning.
13. Open Discussion/Announcements
- Peter Rice attended an annual board meeting of the Orange County Visitor's Association.
 - JWA currently caps the ridership at 10.8 million
 - That number will go up by another 1 million by the year 2021
 - Interesting to hear what is happening and what will be happening at JWA to accommodate this increase over the next several years
 - Brett Barnes shared that Duke's will have a restaurant spot at the airport until June 15th
 - Dawn McCormack has had many requests for a guided walking tour
 - Pat Rogers announced that HQ Gastropub opened last Saturday on 5th Street
 - The Waterfront Beach Resort officially opened their new tower last Friday
14. Adjournment: **4:48pm**

Key Dates to Remember:

- Next FULL BOARD MEETING: **Tuesday, February 27th, 3:30 pm – 5:00 pm**, *Location TBD*
- VHB ANNUAL TOURISM SUMMIT, **Wednesday, March 7th, 8:00am – 11:00am**, Kimpton Shorebreak Hotel

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ANTITRUST COMPLIANCE POLICY

It is the policy of Visit Huntington Beach (VHB) to comply fully with the antitrust laws of the United States and the State of California. In order to assure full compliance, the following policies and procedures are to be followed by all employees and stakeholders of VHB and by representatives of any stakeholders of VHB.

At any meeting of the directors of VHB or any committees of VHB, or at any meeting where any employee of VHB is present or where VHB is in any way involved, there shall be no discussion of the following:

- A. Prices or rates for hotel or motel rooms, food and beverage, transportation, sightseeing, or other services or facilities of stakeholders, including but not limited to prices or rates to be charged to convention groups, tour groups or tour operators, including off-season prices or discounts;*
- B. Changes or proposed changes in the prices or rates of hotel or motel rooms, food and beverage, transportation, sightseeing, or other services offered to customers of the hotel and motel industry;*
- C. Formulas, procedures, or means for the establishment and determination of prices, rates, discounts, terms, and conditions or rental;*
- D. Plans of individual stakeholders covering increases or reductions in distribution or marketing of particular products or services.*
- E. Restrictions on legal advertising or promotional activities.*
- F. Matters relating to actual or potential suppliers or customers that might have the effect of excluding them from any market or of influencing others not to deal with them.*

MEETING ASSISTANCE NOTICE – AMERICANS WITH DISABILITIES ACT

In accordance with the Americans with Disabilities Act the following services are available to members of our community who require special assistance to participate in EDC meetings. If you require special assistance, 48-hour prior notification will enable VHB to make reasonable arrangements. To make arrangements for an assisted listening device (ALD) for the hearing impaired, American Sign Language interpreters, a reader during the meeting and/or large print agendas, please contact Steffany Sensenbach at (714) 969-3492.