

**Visit Huntington Beach
Executive Committee Meeting Minutes**

Thursday, August 30, 2018

2:30 p.m. – 4:00p.m.

Kimpton Shorebreak HB Resort

South Swell Room

500 Pacific Coast Highway

Huntington Beach, CA 92648

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

- I. Call to Order and Antitrust Reminder (*see reverse*) by Chair Justin Simpson **3:12pm**

NOTE: Today's meeting had a delayed start time as we did not have a quorum until 3:10pm

- II. Roll Call:

Present: Mantini (Individual-at-large with interest in tourism), Simpson (Kimpton Shorebreak HB Resort), Solanki (Ocean Surf Inn & Suites), Szilagyi (Best-VIP Chauffeured Worldwide); Thompson (First Bank)

Absent: Fischer (The Waterfront Beach Resort, a Hilton Hotel), Leinacker (Paséa Hotel and Spa), Rice (The Hyatt Regency Resort & Spa),

Additional Attendees:

Peter Andrich (CBRE), David Ellis (CBRE)

John Ehlenfeldt (VHB), Kelly Miller (VHB), Steffany Sensenbach (VHB)

- III. Announcement of Late Communications

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

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 Executive Committee. **None***

- V. Great Pacific Airshow Presentation Update: Code Four

NOTE: Code Four will be joining a future VHB Executive Committee Meeting to discuss what the longer relationship will be with the hotels for the Airshow. This meeting will take place after this year's Airshow.

- VI. Lease Options and Possible Vote for New VHB Office Space: Miller and CBRE

- VHB office lease is up on December 31, 2018

- Peter Andrich and David Ellis reviewed the top 5 new locations for VHB to move.

- o We have looked in the downtown corridor as well as properties up to 3 miles outside of the downtown area

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- The plan is to reach a deal for a 10-year lease
- Motion to have staff and brokers continue to negotiate on all 5 final properties made by Mantini. Seconded by Solanki. All approve. None oppose.

VII. Consent Agenda (Nicole Thompson, Treasurer and Kelly Miller)

- a. Latest TOT / TBID Reports
- b. CBRE/PKF / STR Reports
- c. Current Financials
- d. Minutes from July Executive Committee Meeting

Reports

- TOT receipts for the month of June 2018 were up 19.1%. Year to date TOT revenue for October 2017 through June 2018 totaled \$8,551,103, an increase of 14.1% over FY 16-17. This resulted in a positive change in TOT collections of \$1,056,565 more revenue collected by the City over FY 16-17.
 - o TBID receipts for June 2018 were up the same percentage, 19.1%, and YTD revenue is up 14.1% over the previous FY. Total TBID receipts now total \$2,565,730, or an increase of \$317,345 over the previous FY.
 - o Hotels over 151 rooms were up 15.3% for June, and up 8.7% over the previous FY in TOT receipts. Hotels under 151 rooms were up 42.6%, and 50.2% for the FY in TOT receipts.
 - o Sunset Beach hotels reported an increase of 13.7% for June's TOT collections and now stand at an increase of 9.4% for the FY. The same percentage increase in TBID receipts for Sunset Beach hotel also was reported.
- CBRE/PKF report for June 2018 reflects that for the four reporting major properties in June, Average Daily Rate was \$288.25, up 3.1% from June 2017. Monthly occupancy was up 11.4% to 83.18%, and RevPar was up 14.9%, to \$239.77 for the month.
 - o Looking at the same report for January through June 2018, ADR was \$264.15, or up 3.7%, Occupancy was up 4.8% to 72.25%, and RevPar was up 8.6% to \$190.86.
- STR report for July 2018 is for the 11 reporting properties. Looking at Tab 2, Occupancy was up 3.6 to 90.1%, ADR was up 0.3% to \$294.63, and RevPar was up to \$265.42, an increase of 3.9%.
 - o For January through July 2018 versus the same period in 2017, Occupancy is down to 1.6% to 75.7%, ADR was up 1.4% to \$233.64, and RevPar was down 0.2% to \$176.86.
 - o Hotel inventory supply for July was up 16.5%, demand was up 20.7%, and revenue was up 21.1%.
 - o Year to date for January through July 2018 shows that hotel room supply is up 16.4%, demand is up 14.6%, and revenue is also up 16.2%

Financial Reports for April 2018

- April 2018 Statement of Financial Position (Balance Sheet): Total assets are for April 2018 are \$2,600,208. Total liabilities are \$348,851. Total net assets are \$2,251,356. Total liabilities and net assets are \$2,600,208.

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- April 2018 Statement of Activities – Budget Comparison (Profit and Loss):
 - o Actual revenues for the month of April were \$436,584, compared with a budgeted revenue number of \$394,413.
 - o Actual Monthly Expenditures were \$653,374, compared with a budgeted amount of \$498,026. The difference between actual revenue and actual expenses is (\$216,789) for April 2018. Most of this is due to the timing of the Wayfinding program payment of \$237,906 which was paid in April.
- Year-To-Date Statement of Activities for October 2017 through April 2018, actual revenue for the first 7 months of the FY was \$2,513,414, compared to the budget revenue amount of \$3,333,380. A reminder that the budgeted revenue on all YTD statement includes the “Surplus Revenue Budgeted from FY 16-17.”
- Total Actual YTD Expenses were \$2,812,353 or a difference of (\$298,939) between actual revenue and expenses. A reminder that this net surplus/deficit for all YTD statement does not include the “Surplus Revenue Budgeted from FY16-17.”

Financial Reports for May 2018

- May 2018 Statement of Financial Position (Balance Sheet): Total assets are for May 2018 are \$2,724,864. Total liabilities are \$396,598. Total net assets are \$2,328,266. Total liabilities and net assets are \$2,724,864.
- May 2018 Statement of Activities – Budget Comparison (Profit and Loss): Actual revenues for the month of May 2018 were \$440,922, compared with a budgeted revenue number of \$406,578.
 - o Actual Monthly Expenditures were \$364,012, compared with a budgeted amount of \$484,102. The difference between actual revenue and actual expenses is \$76,910 for May 2018.
- Year-to-Date Statement of Activities for October through May, actual revenue for the first 8 months of the FY was \$2,954,336, compared to the budget revenue amount of \$3,739,959. A reminder that the budgeted revenue on all YTD statement includes the “Surplus Revenue Budgeted from FY 16-17.”
 - o Total Actual YTD expenses were \$3,176,365, or a difference of (\$222,029) between actual revenue on Page 1, and expenses.

VHB is in a great financial position rolling into our higher TOT/TBID months. Staff continues to closely monitor all expenditures. Note that the majority of the communitywide Wayfinding fabrication and installation expenses will start hitting our financial statement

Motion to approve the Consent Agenda made by Simpson. Seconded by Mantini. All approve. None oppose.

VIII. Chairman’s Report (Simpson) **None**

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IX. President & CEO Updates (Miller)

- a. Long Term Revenue Strategies: Exec Comm vote to affirm direction
 - Tuesday night, the City Council will meet for a Study Session. Not a final vote.
 - Study session will consider an updated funding model for VHB
 - Motion to approve the long-term funding strategy as presented by VHB staff made by Mantini. Seconded by Solanki. All approve. None oppose.
- b. Communitywide Wayfinding Update
- c. VISSLA ISA 2018 World Juniors Surfing Championship Update
 - Planning going very well.
 - VHB has been meeting with them every other week for 3 months.
- d. Shaping Up Surf City USA
 - Additional bathrooms and restroom cleanings have been received very well
- e. U.S. Travel Association's IPW 2019 Event at Pier Plaza
 - We have been approved by the City to have the IPW party at Pier Plaza for about 1000 people on June 3, 2019
 - Our key countries will attend, including China, UK, Japan, South Korea, Mexico, Canada, and Germany, as well as top buyers and top media

X. Brief Department Updates (Miller)

- a. Sales
- b. Marketing and PR
- c. Film & Travel Trade
- d. Visitor Services and Information Technology

***NOTE:** Due to the delayed start of the meeting and the need to end the meeting at 3:30pm, Kelly Miller did not discuss specific department updates. Department update summaries were sent to Executive Committee Members. VHB staff was available after the meeting to answer any questions Executive Committee Members had regarding these updates.*

XI. Next Executive Committee Meeting: **Thursday, September 20th, 2:30 PM – 4:00 PM, Kimpton Shorebreak HB Resort, room TBD**

XII. Adjournment **3:32pm**

***NOTE:** The meeting ended at 3:30pm as Janis Mantini needed to leave for another meeting and we no longer had a quorum.*

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Key dates to remember:

- XIII. Next FULL BOARD MEETING: **Thursday, September 27th, 2:30pm – 5:00pm**, *The Waterfront Beach Resort, a Hilton Hotel, Room TBD*
- XIV. SURF CITY USA SHUTTLE: **May 26th – September 3rd**
- XV. THE GREAT PACIFIC AIRSHOW: **October 19th – 21st**
- XVI. VISSLA/ ISA World Junior Surfing Championship: **October 27th – November 4th**

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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.