

Visit Huntington Beach
Board of Directors Meeting Minutes
Thursday, February 20, 2020
Visit Huntington Beach/ Board Room
155 5th St., suite 111
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 Vice Chair Todd Szilagyi. **3:34pm**
2. Roll Call:
Present: Simpson (Kimpton Shorebreak Hotel), Ali (Zack's Surf Shop), Barnes (Duke's Huntington Beach), Bernardo (World Surf League), Mantini (Retired-The Boeing Company), McCormack (Timeless Treasures Boutique LLC), Patel (Quality Inn & Suites Huntington Beach), Rice (Hyatt Regency Resort & Spa), Sattaur (MUFU Union Bank, N.A.), Solanki (Ocean Surf Inn & Suites), Szilagyi (Best-VIP Chauffeured Worldwide), Thompson (First Bank), Torrence (VHB Ambassador Emeritus), Townend (The ActivEmpire), Williams (DJM Capital)

Absent: Fischer (Waterfront Beach Resort, A Hilton Hotel), Killey (Republic Services), Leinacker (Paséa Hotel and Spa), Rogers (Rogers Marketing Services/ 5th & PCH), Truxaw (Mama's Restaurant on 39), Unvert (John Wayne Airport)

Additional Attendees:
Sharron Carey (Davis Farr, LLC); Melissa Knudtson (McGinty, Knudtson, & Associates); John Ehlenfeldt (VHB); Beth Evans (VHB); Nicole Llido (VHB); Kelly Miller (VHB); Heather Saez (VHB); Jake Schultz (VHB); Steffany Sensenbach (VHB); Jennifer Tong (VHB)
3. Announcement of Late Communications (Todd Szilagyi):
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. Consent Agenda (Nicole Thompson. Treasurer, and Kelly Miller): Action Item
 - a. Approval of previous Meeting Minutes
 - b. Latest TOT/TBID
 - c. Latest CBRE (PKF)/ STR Reports
 - d. Current financial statements (if available)

Visit Huntington Beach
Board of Directors Meeting
Thursday, February 20, 2020
Visit Huntington Beach/ Board Room
155 5th St., suite 111
Huntington Beach, CA 92648
3:30p.m to 5:00 p.m.

- **TOT receipts for the month of December 2019** were down **4.0%**. Year to date TOT revenue for December 2019 totaled \$7,147,067, a decrease of **0.6%** over FY 18-19. This resulted in a negative change in TOT collections of **\$41,697** less revenue collected by the City over FY 18-19.
 - **TBID receipts for December 2019** were up 28.0%, and YTD revenue is up 32.6% over the previous FY. Total TBID receipts now total \$2,858,829, or an increase of \$702,184 over the previous FY.
 - Hotels over 151 rooms were down **3.5%** for December, and flat at **-0.1%** compared to the previous FY in **TOT receipts**. Hotels under 150 rooms were down **6.5%** for the month of December, and also down **3.2%** for the FY in **TOT receipts**.
 - Sunset Beach hotels reported an increase of 2.8% for December's **TOT collections** and now stand at an increase of 4.5% for the FY.
 - **TBID receipts** for Sunset Beach hotels were reported at a 37.1% increase for December and a 39.4% increase for the FY.

- **CBRE/PKF report for December 2019** reflects that for the *four reporting major properties* in December, Average Daily Rate was \$231.64, down **4.0%** from December 2018. Monthly occupancy was down **1.6%** to 55.38%, and RevPar was down **5.5%**, to \$128.28 for the month.
 - **For January through December 2019**, ADR was \$287.59, or up 2.7%, Occupancy was up 0.7% to 75.21%, and RevPar was up 3.4% to \$216.28.

- **STR report for January 2020** is for the *11 reporting properties*. Occupancy was down **0.7%** to 62.9%, ADR was down **4.8%** to \$206.81, and RevPar was \$130.01, a decrease of **5.4%**.
 - **For January through January 2020 versus the same period in 2019**, Occupancy was down **0.7%** to 62.9%, ADR was down **4.8%** to \$206.81, and RevPar was \$130.01, a decrease of **5.4%**.
 - **Hotel inventory Supply for January** was flat at 0.0%, demand was down **0.7%**, and revenue was down **5.4%**.
 - **Year to date for January through January 2019**, hotel room supply was flat 0.0%, demand was down **0.7%**, and revenue was down **5.4%**.

Financial Reports for October 2019

- **October 2019 Statement of Financial Position (Balance Sheet):** Total assets are for October 2019 are \$3,447,562. Total liabilities are \$448,252. Total net assets are \$2,999,310. Total liabilities and net assets are \$3,447,562.
- **October 2019 Statement of Activities – Budget Comparison (Profit and Loss):** Actual revenues for the month of October 2019 were \$484,490, compared with a budgeted revenue number of \$519,588.
 - Actual Monthly Expenditures were \$445,235, compared with a budgeted amount of \$702,117. The difference between actual revenue and actual expenses is (\$442,763) for October 2019.

Visit Huntington Beach
Board of Directors Meeting
Thursday, February 20, 2020
Visit Huntington Beach/ Board Room
155 5th St., suite 111
Huntington Beach, CA 92648
3:30p.m to 5:00 p.m.

- **Year-to-Date Statement of Activities for July through October**, actual revenue for the first 4 months of the FY was \$2,259,016, compared to the budget revenue amount of \$2,479,359. (A reminder that the budgeted revenue on all YTD statement includes the “Surplus Revenue Budgeted from FY 17-18.”)
 - **Total Actual YTD expenses** were \$2,154,642, or a difference of \$104,374 between actual revenue on Page 1, and expenses.
- Motion made to accept the Consent Agenda made by Mantini. Seconded by McCormack. All approve. None oppose.
- e. Voting action: Adding John Ehlenfeldt as official VHB signature on VHB bank accounts
 - Motion made to add John Ehlenfeldt as a signer on VHB bank accounts made by Szilagyi. Seconded by McCormack. All approve. None oppose.
- 6. Chairman’s Report: **None. Justin Simpson absent.**
- 7. President & CEO Updates (Miller)
 - a. Annual Audit (Davis Farr LLP): Action Item: Vote to accept audit and place on record at VHB
 - Sharron Carey, Senior Manager, Davis Farr, LLC, presented the Audited Financial Statements for the period October 1, 2018 – June 30, 2019.
 - Issued the financial statements on January 23, 2020.
 - Differences from this year’s and last year’s financials:
 - 9-month financial P&L this year due to the change in VHB’s fiscal year
 - VHB implements FASB ASU No. 2016-14 this current year. The new standards changed the following aspects of the financial statements:
 - The unrestricted net asset class was renamed net assets without donor restrictions
 - The financial statements included a disclosure about liquidity and availability of resources
 - Added a new footnote (#8 – Liquidity and Availability), which is required under the auditing standard No. 2016-14
 - Statement of Functional Expenses required under the auditing standard No. 2016-14
 - There were 2 adjusting journal entries
 - This is typical during the course of an audit when the auditors search for any unrecorded liabilities and some invoices are not accrued up into the correct fiscal year.
 - The first entry was found by auditors and the second entry was brought to the auditor’s attention by VHB staff.
 - No specific questions from VHB Board members on the financial statements
 - Audit Recommendation Letter
 - Auditors gave 3 internal control recommendations

Visit Huntington Beach
Board of Directors Meeting
Thursday, February 20, 2020
Visit Huntington Beach/ Board Room
155 5th St., suite 111
Huntington Beach, CA 92648
3:30p.m to 5:00 p.m.

- Auditors detected an adjustment after the fact. Typical to find adjustments like these during the course of an audit.
 - Expense report test showed not all expenses are supported by receipts. Recommend heightened awareness for support of expense reports.
 - Pertaining the \$100,000 accounts receivable for the City of Huntington Beach for the California Beach Festival, the invoice was not recorded. Recommendation that all invoices be recorded with the Office Manager and the Accountant's office.
 - VHB now has developed a process to keep track of these items and communicating these items in the future
 - No specific questions from VHB Board members on the recommendation letter
 - Motion made to accept and approve the audit for FY 18-19 and put it on record made by McCormack. Seconded by Sattaur. All approve. None oppose.
- b. LA 2028 Summer Olympic Games Strategy Overview
- i. Tokyo 2020: International Surfing Association (ISA) activation at Surfing Venue: Vote for approval
 - Discussed with ISA the idea of VHB being a primary sponsor/ major activator in the ISA House at the 2020 Tokyo Olympics
 - We would look at having 2 other partners involved in this – Visit California and Visit Anaheim
 - The following people will be attending
 - Kelly Miller (VHB), Justin Simpson (VHB Board), Jill Hardy (City of HB), and one VHB staff member
 - Motion made to approve up to \$150,000 to participate in the ISA House activation at the Tokyo 2020 Olympic Games made by McCormack. Seconded by Sattaur. All approve. None oppose. Townend abstained.
- c. 2020 Visitor Industry General Round Table Discussion
- i. Visit California Market Outlook Forum takeaways
 - 1. A brief update was given on the following topics at Visit California Market Outlook Forum:
 - Dream Big as the continued key messaging
 - California Now News Network (CANN)
 - Partnering more with airlines
 - 2. OCVA
 - Gave brief health update on Ed Fuller
 - All partners are talking about a more domestic (North American) push in initiatives
 - ii. AirBnBs in HB
 - 1. City of HB has hired a firm to gather information and get back to City staff with policy recommendations regarding air bnb's

Visit Huntington Beach
Board of Directors Meeting
Thursday, February 20, 2020
Visit Huntington Beach/ Board Room
155 5th St., suite 111
Huntington Beach, CA 92648
3:30p.m to 5:00 p.m.

- iii. HB Economic Development strategy
 - 1. Sheik Sattaur gave a brief update on the Chamber of Commerce meeting with the HB City Council regarding how to make Huntington Beach better by working together with the City & Visit HB.
 - 2. There is no longer a PAC with the Chamber of Commerce.
 - 3. May 6th will meet regarding the next 5 years of economic development. Hoping to gather 100- 150 people to discuss this.
 - iv. Downtown BID
 - 1. John Gilbert is currently the Executive Director of the Downtown BID
 - 2. One main concept that has come up is to make the Downtown BID a property-based, not a business-based, business improvement district.
 - d. OC Sport Commission
 - Good kick-off meeting
 - This is an initiative VHB feels very strongly about for the future
 - e. 2020 VHB Board Retreat
 - 3-year Strategic Plan will be presented in April
 - f. Wayfinding
 - We are getting closer to completion on city-wide wayfinding.
8. Brief Department Monthly Updates
- a. Sales
 - b. Marketing and PR
 - c. Film & Travel Trade
 - d. Visitor Services and Information Technology
 - VHB Staff members were available after the meeting to answer any questions Board Members had about department updates.
9. City of Huntington Beach Update
None
10. Huntington Beach Chamber of Commerce Update (Sheik Sattaur)
- March 27th – Annual Gala from 5:30 – 10:00pm at the Waterfront Beach Resort
 - Annual calendar of events was briefly discussed
11. Open Discussion/Announcements
- Brief discussion on how the Corona Virus has impacted visitation/ last-minute reservations
 - VHB has decided how we can engage with and partner with Visit California on a higher level
 - Share content and partner in social media

Visit Huntington Beach
Board of Directors Meeting
Thursday, February 20, 2020
Visit Huntington Beach/ Board Room
155 5th St., suite 111
Huntington Beach, CA 92648
3:30p.m to 5:00 p.m.

12. Adjournment: **4:45pm**

Key Dates to Remember:

- Next FULL BOARD MEETING: **Tuesday, March 24, 2020, 3:30pm – 5:00pm, *Visit Huntington Beach / 155 5th St., suite 111, Huntington Beach, CA 92648***

Visit Huntington Beach
Board of Directors Meeting
Thursday, February 20, 2020
Visit Huntington Beach/ Board Room
155 5th St., suite 111
Huntington Beach, CA 92648
3:30p.m to 5:00 p.m.

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.