

Visit Huntington Beach
Board of Directors Meeting Minutes
Wednesday, October 17, 2018
The Waterfront Beach Resort, a Hilton Hotel / Cliffs Room
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 Paulette Fischer. **3:34pm**

2. Roll Call:

Present: Adams (Bolsa Chica Conservancy), Barnes (Duke's Huntington Beach), Bernardo (World Surf League), Fischer (Waterfront Beach Resort, A Hilton Hotel), McCormack (Timeless Treasures Boutique LLC), Patel (Quality Inn & Suites Huntington Beach), Rice (Hyatt Regency Resort & Spa), Solanki (Ocean Surf Inn & Suites), Szilagyi (Best-VIP Chauffeured Worldwide), Thompson (First Bank), Truxaw (Mama's Restaurant on 39).

Absent: Simpson (Kimpton Shorebreak HB Resort), Carpenter (Huntington Beach Chamber of Commerce), DeSoto (UCI Office of Executive Education), Leinacker (Paséa Hotel and Spa), Mantini (Retired-The Boeing Company), Rogers (Rogers Marketing Services/ 5th & PCH), Van Doren (Vans).

Additional Attendees:

Melissa Knudtson (McGinty, Knudtson, & Associates)

Kellee Fritzal (City of HB)

Kelly Miller (VHB), Tonya Imada (VHB), Emiko Kaneoka (VHB), Nicole Llido (VHB), Terry O'Shea (VHB), Jake Schultz (VHB), Steffany Sensenbach (VHB), Brittany Tesmer (VHB), Susan Thomas (VHB), Jennifer Tong (VHB), Sophia Valdivia (VHB).

3. Announcement of Late Communications (Paulette Fischer). **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***

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5. 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 (if available)

Reports

- **TOT receipts for the month of August 2018** were up 27.4%. Year to date TOT revenue for October 2017 through August 2018 totaled \$11,815,262, an increase of 16.5% over FY 16-17. This resulted in a positive change in TOT collections of \$1,673,646 more revenue collected by the City over FY 16-17.
 - **TBID receipts for August 2018** were up the same percentage, 27.4%, and YTD revenue is up 16.5% over the previous FY. Total TBID receipts now total \$3,544,985, or an increase of \$502,476 over the previous FY.
 - Hotels over 151 rooms were up 26.7% for August, and up 12.2% over the previous FY in **TOT receipts**. Hotels under 151 rooms were up 31.4%, and 44.8% for the FY in **TOT receipts**.
 - Sunset Beach hotels reported an increase of 14.7% for August's **TOT collections** and now stand at an increase of 10.3% for the FY. The same percentage increase in **TBID receipts** for Sunset Beach hotel also was reported.
- **CBRE/PKF report for August 2018** reflects that for the *four reporting major properties* in August, Average Daily Rate was \$326.23, up 4.0% from August 2017. Monthly occupancy was up 22.8% to 89.88%, and RevPar was up 27.7%, to \$293.22 for the month.
 - **For January through August 2018**, ADR was \$287.85, or up 4.1%, Occupancy was up 8.9% to 76.88%, and RevPar was up 13.4% to \$221.29.
- **STR report for August 2018** is for the *11 reporting properties*. Occupancy was up 14.1% to 86.4%, ADR was up 3.7% to \$272.96, and RevPar was up to \$235.90, an increase of 18.3%.
 - **January through August 2018 versus the same period in 2017**, Occupancy was up to 0.4% to 77.1%, ADR was up 1.9% to \$239.27, and RevPar was up 2.3% to \$184.39.
 - **Hotel inventory supply for August** was up 8.4%, demand was up 23.7%, and revenue was up 28.3%.
 - **Year to date for January through August 2018** shows that hotel room supply is up 15.4%, demand is up 15.8%, and revenue is also up 18.0%.

Financial Reports for July 2018

- **July 2018 Statement of Financial Position (Balance Sheet):** Total assets are for July 2018 are \$3,159,474. Total liabilities are \$345,687. Total net assets are \$2,813,787. Total liabilities and net assets are \$3,159,474.
- **July 2018 Statement of Activities – Budget Comparison (Profit and Loss):**
 - Actual revenues for the month of July were \$701,802, compared with a budgeted revenue number of \$678,947.

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- **Actual monthly expenditures** were \$345,050, compared with a budgeted amount of \$406,812. The difference between actual revenue and actual expenses is \$356,752 for July 2018.
- **Year to Date Statement of Activities** for October through July, actual revenue for the first 10 months of the FY was \$4,173,085, compared to the budget revenue amount of \$4,898,180. A reminder that the budgeted revenue on all YTD statements includes the “Surplus Revenue Budgeted from FY 16-17.”
 - **Total actual YTD expenses** were \$3,909,593 or a surplus of \$263,492 between actual revenue and expenses. A reminder that this net surplus/deficit for all YTD statement does not include the “Surplus Revenue Budgeted from FY 16-17.”
 - Motion to approve the Consent Agenda made by Adams. Seconded by McCormack. All Approve. None oppose.

6. Chairman’s Report: None. Justin Simpson not present at meeting

7. President & CEO Updates (Kelly Miller)

a. Annual Audit (Melissa Knudtson/ McGinty, Knudtson & Associates, LLP)

- Melissa Knudtson presented the audited financials prepared by Davis Farr, LLC. Jennifer Far was unable to attend the Board Meeting.
 - Financials as of September 30, 2017
 - Management Letter pointed out that VHB should reclassify revenues for the Ambassador Program that are currently classified as an expense. VHB discussed with Davis Farr to continue to classify it as is and offset the costs of that program with income from another entity helping with this program. Davis Farr also recommended VHB make all adjusting entries for the Wayfinding and work-in-progress prior to the start of the annual audit
 - There were no disagreements with management and everything went smoothly
- Motion to accept the Annual Audit and place on record made by Thompson. Seconded by Szilagyi. All approve. None oppose.

b. VHB Slate of Officers and New Board Members: Vote Approval

- The Leadership Development Committee met to discuss recommended new VHB Board Members and Officers
 - VHB Officers for FY 18-19 include:
 - Justin Simpson/ Chair, Todd Szilagyi/ Vice Chair, Nicole Thompson/ Treasurer, and Janis Mantini/ Secretary.
 - The recommended new VHB Board Members are:
 - Retail/ Manufacturing/ Restaurant/ Services
 - Debbie Killey, Community Relations Manager/ Republic Services
 - Marisa Bellisimo- Unvert, Communications Manager/ John Wayne Airport
 - Mike Ali, Owner, Zack’s Pier Plaza

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- Individual at Large
 - Peter “PT” Townend, Owner, ActivEmpire
 - Dean Torrence, VHB Ambassador Emeritus
- Motion to approve the slate of Officers and New Board Members made by McCormack. Seconded by Rice. All approve. None oppose.

- c. Long Term Revenue Strategies
 - Looking for a 1% increase in TBID assessment while giving back the TOT revenue to the City of HB 2 years and 9 months early
 - Meetings with the City on November 17th and December 17th.
- d. VHB Future Office Space: Review options and vote by Board on new space
 - We are looking at 2 spaces with our broker CBRE
 - One location is on Main Street. The other location is on 5th and PCH
 - We will continue to keep the Board updated on the progress of narrowing down which space we will move into
- e. Budget preview FY18-19 (October 2018 – June 2019)
 - This is a 9-month budget. We are transitioning to reflect the same FY as the City of HB. FY 2019-2020 will be a full 12-month budget that will reflect the FY as the City.
 - We are working hard to get receipts posted from the City in a timely manner, as well as working with our accounting firm to assure we are posting everything to reflect our actual cash flow throughout the year.
 - During the budget-planning, we also kept in mind that we will be moving locations and the costs involved with that undertaking
 - We consolidated the number of account codes during this budget process to streamline the budget and monthly financials
 - We worked to identify and consider all of the fluid things we may encounter during this upcoming FY so that we can still offer a robust program of work
 - We will be completing the Wayfinding Program
 - We want to continue with the temporary restrooms during the summer
 - We will still continue with the Daytime and Nighttime Ambassador Programs seasonally
 - We are structuring the Community Event Sponsorships
 - We will be involved with the public art consultant
 - We will look into revamping the Surf City Shuttle during events and during the summer season
 - Marketing Research – U.S. Open of Surfing and Visa View for the Airshow to give economic impact numbers
 - PCH and Beach screen print along fencing – AES pays for 1/3, the City pays for 1/3, and VHB pays for 1/3
 - ISM assistance/ Long-term planning
 - PCH clean-up will go back to Mondays
 - Pier information kiosk improvements

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- We put some additional money in the budget for miscellaneous/ unforeseen projects that the City may need VHB's assistance on during the year
 - IPW will be in Orange County next year
 - Amgen wants Huntington Beach to consider being the final leg of the Amgen Tour
- Susan Thomas and Kelly Miller reviewed both revenue streams and general expenses in the budget for further clarification on the entire budget
- Budget has been approved by VHB Executive Committee on September 20, 2018
- VHB is looking for a Full Board endorsement
 - Motion to accept the FY 2018-2019 Budget as presented by staff made by Adams. Seconded by Szilagyi. All approve. None oppose.
- f. Community Wayfinding Project
 - Signs and Services reported to Kelly that all sign poles that are not controlled by CalTrans are installed
 - All softscape footings that need to be hand-dug are completed
 - Bigger installations will begin starting next week
 - Digital kiosk by the pier is being researched
- g. ISA 2018 World Junior Surfing Championship, October 27-November 4, 2018
 - Volunteer meeting next Monday at the City
 - VHB is having daily calls or meetings with ISA
- h. Airshow 2018
 - The Airshow is 2 days away
 - The pier will be closed at the foot of the pier, not at Tower 0
 - Security will be increased
 - Shuttle will run from 10am-4pm on Saturday & Sunday
- 8. Brief Department Monthly Updates (Staff)
 - a. Sales – Kelly Miller gave a brief update on Sales for October
 - b. Marketing and PR – Susan Thomas, Jake Schultz, and Jennifer Tong gave brief updates on Marketing and PR for October
 - c. Film & Travel Trade – Sophia Valdivia gave a brief update on Film & Travel Trade for October
 - d. Visitor Services and Information Technology – Nicole Llido gave a brief update on Visitor Services and IT for October
- 9. City of Huntington Beach Update (Kellee Fritzal)
 - Working with Vans for a BMX event
 - Monday will be Volunteer Meeting for ISA
- 10. Huntington Beach Chamber of Commerce Update (Jeny Carpenter)
 - No one present to give updates
 - State of HB Conference cancelled on Monday
- 11. Open Discussion/Announcements

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- The Waterfront Beach Resort has divided Scott O’Hanlon’s responsibilities and is going with an outside marketing firm to handle the majority of their marketing, social media and public relations. This company will begin on November 1st.
 - o A community relations manager, Michelle Schutz, has been hired to represent the hotel at community events and meetings

12. Adjournment **4:42pm**

Key Dates to Remember:

- Next FULL BOARD MEETING: **Tuesday, November 27, 3:30 pm – 5:00 pm, Location TBD**
- THE GREAT PACIFIC AIRSHOW: **October 19th – 21st**
- VISSLA/ ISA World Junior Surfing Championship: **October 27th – November 4th**

ANTITRUST COMPLIANCE POLICY

It is the policy of Visit Huntington Beach (VHB) to comply fully with the antitrust laws of the United States

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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

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