

Visit
S A C R ★ M E N T O

Board of Directors Meeting

Thursday, June 15, 2017

12:00 p.m.

Minutes

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 Memorial Auditorium in Sacramento, CA. Board Chair Brian Larson called the meeting to order at 12:16 p.m. The following attendance was recorded:

PRESENT

Directors

Joe Chiodo

Butch Corum

Lina Fat

Phil Garcia

Jeroen Gerrese, *Treasurer*

John Janosko

Brent Larkin

Brian Larson, *Chair*

Shelly Moranville, *Secretary*

Patrick Mulvaney

Sami Qureshi

Dennis Raymond

John Rinehart

Mabel Salon

Liz Tavernese

Scott VandenBerg

Industry Advisors, or Their Designees

Howard Chan, *City of Sacramento*

Mark Davis, *Sacramento County Airports*

Kim Nava, *County of Sacramento*

Peter Tateishi, *Sacramento Metro Chamber*

Matt Voreyer, *Sacramento Convention Center*

SCVB Staff

Steve Hammond, *President & CEO*

Mike Testa, *Chief Operating Officer*

Sonya Bradley, *Chief Marketing Officer*

Sarah Atilano, *V.P. Sales & Business Development*

Sherlynn Clifford, *Executive Assist. (Recording Secty)*

Additional Staff

Alejandra Rubio, *Convention Services Manager*

Alyssa Green, *Convention Marketing Coordinator*

Annie Fairburn, *Content Specialist-Sacramento365*

Bobbi Mier, *Information Specialist*

Brad Hillard, *Community Sports Develop. Manager*

Brandon Darnell, *Content Marketing Manager*

Carolyn Blucher, *Events Manager*

Dan Santucci, *Director of Accounting*

Danielle Ferroni, *Volunteer Coordinator*

Dawn Brown, *Convention Marketing Manager*

Harminder Chahal, *Accountant*

Jamila Khan, *Sacramento365*

Jeff Dougherty, *Manager, CA State Assoc. Sales*

Joline Pudoff, *Convention Services Manager*

Joselyn Nussbaum, *CRM & Mktg Technology Mgr.*

Julie von Geldern, *Office Manager*

Kari Miskit, *Director of Public Relations*

Karlee Cemo, *Sacramento 365*

Linda Eldred, *Tourism Manager*

Lindsey Adams, *Tourism & Marketing Coordinator*

Lisa Nottingham, *Event Operations Manager*

Lucy Steffens, *Director of Film/Travel Media*

Matt Guillory, *Tourism Marketing Manager*

Nadine Devincenzi, *Information Specialist*

Narimel Tarver, *National Sales Manager*

Nathan Donnelly, *Sponsorship & Events Coordinator*

Nick Leonti, *Director of Tourism*

Sandy Young, *Convention Sales Coordinator*

Sarah Frayne, *Partner Marketing Manager*

Sheri Graciano, *Director of Human Resources*

Steve Duroncelet, *Graphic Designer*

Sue Stauffer, *Director of Creative Services*

Susan Babich, *Director of National Accounts*

Zephaniah Smith, *Office Services Coordinator*

ABSENT

Directors and Industry Advisors

Michael Ault, <i>Downtown Sacramento Partnership</i>	Alison Sandman
Kipp Blewett	Jody Ulich, <i>City of Sacramento</i>
Kathleen Gilbey	Doug Warren, <i>1st Vice Chair</i>
Nav Gill, <i>County of Sacramento</i>	Steve Young
Rick Pickering	

II. Public Comments – Matters Not on the Agenda

Board chair Brian Larson called for public comment on items not listed on the agenda; there were no matters presented.

III. Approval of Board Meeting Minutes: March 16, 2017

There being no changes to the March 16, 2017 minutes, ***Mabel Salon motioned to approve the minutes as presented; Sami Qureshi seconded. [Vote: Unanimous]***

IV. Chair's Report

Brian Larson welcomed the following to their first board meeting: Kim Nava, acting communication-media director and representative for the County; and Fran Halbakken, assistant city manager for the City and representative during convention center expansion committee meetings. Also in attendance, Larson thanked Vickie Housholder of Classique Catering for hosting the lunch. Lastly, Larson said today will be John Janosko's last board meeting as he's retiring the end of June.

A. Announcement of New CEO

Larson said he was proud to announce that the CEO search committee concluded their work and that Mike Testa was announced as Visit Sacramento's new President and CEO effective July 1, 2017. Larson said the committee did an extensive national search, thoroughly vetted the final candidates, and was pleased to select Testa, Visit Sacramento's former Chief Operating Officer.

B. Council Approval of Convention Center Expansion

Larson said he was also pleased to report that City Council approved moving forward with the convention center expansion at their meeting on May 30, 2017. Larson said there are still a lot of steps ahead to complete the design phase, and city staff is working on the financing.

V. President's Report

Steve Hammond thanked the board and staff for their well wishes regarding his retirement, and said he's proud to have worked for Visit Sacramento, the board and staff for the past 18 years. Hammond said he originally thought when he first moved to Sacramento that it would be his last career position but he, and his wife Debbie, soon fell in love with the community and decided to stay. Hammond said he's appreciated the confidence the board placed in him, and for their help in the many accomplishments Visit Sacramento has had the past several years. Hammond then congratulated Mike Testa on being selected as the new President and CEO, adding he's seen great growth in Testa over the years and feels he will take the organization to the next level. Lastly, Hammond thanked board chair Larson for his work in the CEO search process, and said he believes Testa will bring new energy to the organization.

A. Review FY2017-18 Draft Budget

Hammond said the budget and accompanying highlights were distributed to the board in advance for review. Hammond said he and the staff will explain the highlighted budget items; however, the board is welcome to ask questions about any of the line items. Hammond said the initial draft budget was presented to the STMD Committee on May 8, 2017 and that the committee suggested a couple of minor changes for Cap-to-Cap and Farm Tank, and that the draft budget presented at today's meeting reflects those changes. Hammond said he was not looking for approval today so the board would have more time to review the presentation, but Testa will be asking the board for approval at the July 20, 2017 board meeting. Staff then commented on the following as described in the budget highlights:

PROJECTED REVENUES

• City, Community Center Fund:	\$ 1,286,349	(Actual + 1.5% CPI)
• City, General Fund	473,248	(No reduction anticipated)
• STMD – City	5,837,167	(Projection based on 2016-17 YTD Growth: 2%)
• STMD – County	660,000	(Projection based on \$55,000/month)
• Sports Marketing – City	141,600	(Contracted Funding)
• Sports Marketing – County	70,000	(Contracted Funding)
• County TOT	125,000	(No reduction anticipated)
• Membership Dues	170,000	(No reduction anticipated)
• Partnership & Private Revenue	<u>2,071,013</u>	(Budget revenue rollup)
TOTAL:	\$10,834,377	

EXPENSES: Administration

Hammond said expenses have been reduced at the executive committee's direction to allow for establishing a cash flow.

Property/Equipment/Fees: Contract/City of Sacramento (\$74,000)

- Bookkeeping
Note: The City maintains Visit Sacramento's financial accounts and an online general ledger.
- Cash Receipts
Note: Visit Sacramento deposits cash and records cash receipts using City's accounts receivable system.
- Disbursements
Note: The City disburses Visit Sacramento funds for budgeted Visit Sacramento expenses and the disbursements are printed on City's check stock.
- Tax Returns and Other Reporting
Note: The City prepares Visit Sacramento's annual Federal and California exempt organization information and business income tax returns. The City also prepares quarterly sales tax returns and business property statements.
- Annual Independent Audit
Note: The City contracts for an annual independent audit of Visit Sacramento's financial statements with a Certified Public Accountant.
- Financial Statements
Note: The City compiles Visit Sacramento's annual full disclosure financial statements in accordance with generally accepted accounting principles.

- Accounting Journals
Note: General ledger entries are prepared by Visit Sacramento and are forwarded to the City for approval, posting and storage.
- Cash and Investments
Note: The City holds and invests Visit Sacramento's cash balances.
- Other Financial Support and Consultation
Note: The City accounting division staff is available to consult on proper accounting treatment of financial transactions, if needed.

Property/Equipment/Fees: Computer Maintenance (\$15,000)

Note: City maintenance services include, but are not limited to, desktop support, purchasing, maintenance, and software support, including installing, configuring and troubleshooting desktop applications, as well as installing, configuring, and troubleshooting network phones and voicemail.

Property/Equipment/Fees: Mortgage Loan Interest (\$30,000)

Note: In November 2013, Visit Sacramento's corporate office was appraised for \$2.1 million and we signed a loan extension. The loan was negotiated down to 4.7% interest rate and our monthly payment is \$3,979. Our current loan balance is \$275,276.

Staff Expense/Board Activities: Annual Board Retreat (\$30,000)

Note: The Hyatt North Lake Tahoe continues to give us a favorable deal but F&B and service costs did increase slightly because we moved the retreat to October which is in high demand.

EXPENSES: Marketing

Marketing Collaterals: Promotional Giveaways (\$35,000)

Note: Continued Consolidation of all departmental promotional giveaways under Marketing. This is to ensure brand consistency, inventory management and quality control. Departments retain small budgets for limited, low quantity promotional item needs.

Marketing Collaterals: Video/Promo (\$15,000)

Note: Update destination video and develop targeted, informational videos for various market segments.

Marketing Collaterals: Brand Development (\$25,000)

Note: Ongoing development of creative for brands (Visit Sac, AF2FC, Sac Sports, etc.)

Marketing Support: Contract/CRM Simpleview (\$75,000), Web & Digital Development (\$85,000)

Note: Two line items represent annual licenses and fees for CRM and CMS that includes monthly support, hosting, email, dashboard, etc. Plus, migration and/or redesign of F2F.com and Sac Sports to Simpleview CMS.

Marketing Support: Contract/Research (\$50,000)

Note: Purchasing new, updated research including Visitor Profile, Destination MAP, nSight and Visa Vue.

Marketing Support: Contract/Lou Hammond Assoc. (\$35,000)

Note: To build upon our successful relationship with national tourism PR firm Lou Hammond in New York, the team will extend our contract to expand opportunities for media FAM trips, desksides and media experiences in key markets and enhanced media outreach collaborations in the 2017-18 year.

Marketing Support: Contract/Visitor Center (\$30,000)

Note: Visit Sacramento negotiated a contract with the Historic Old Sacramento Foundation to take over the operation of the Visitor Center in Old Sacramento. This will reduce our operational costs while extending the hours of operation at the Visitor Center. We signed a 5-year sponsorship agreement but have the ability to void the contract after two years.

EXPENSES: Sports Marketing

Mike Sophia said the repayment obligation to the city had been fulfilled so that figure was not in the budget for FY2017-18. Sophia also said the board committed \$180,000 for CSUS track improvements and this year will be the fourth of five payments, with the STMD contributing \$50K for annual payment of \$240K.

Property/Equipment/Fees: Contract/CSUS (\$190,000)

Note: Represents Visit Sacramento's commitment to a new track surface installation at Sacramento State University. The investment has already paid big dividends from the large track meets that have committed to Sacramento. In addition to the USATF and NCAA events we've hosted, the track has also given us the opportunity to bid on the 2020 Track and Field Olympic Trials.

Tradeshows & Travel Marketing (\$18,000)

Note: The Sports Commission will have a significant presence at select industry conferences, to continue to solidify our brand and destination within the industry. We have also shifted our focus to "sales missions" with the intent to have a presence at a variety of championship events and meetings with our key target clients.

Marketing Collaterals: Sports Promotion (\$200,000)

Note: Represents Visit Sacramento's commitment to a Loft Suite in the new Arena and tickets for the River Cats and Republic FC. We expect to recoup \$110,000 from partner participation in loft suite and ticket sales.

Sales/Event Support: Bid Support (\$70,000)

Note: Each of these events will generate a significant return on investment based on total room nights and economic impact generated.

- Financial support for upcoming Sports Commission events including, but not limited to: NCVA (\$5,000), CIM Basketball (\$2,500), CIM Football (\$25,000), Senior Softball (\$20,000), and a variety of other smaller events.

Sales/Event Support: Host/NCAA (Outdoor T&F Regionals) (\$225,000)

Note: Line items for Host events, such as the 2018 NCAA Outdoor Regional Track and Field Championships, represent the projected expenses associated with hosting the event. The NCAA is one of several major events that the Sports Commission will host in 2018. The budget represents some expenditures associated with the bid process, but additional revenues and expenses would be expected if these events are secured and/or hosted. It would be anticipated that revenues associated with those events would offset a majority of the expenses associated with operating the events. Since the NCAA event is held at the very end of the fiscal year, expenses and revenues will be fine-tuned as we get closer to the event.

Sales/Event Support: Facility Development (\$5,000)

Note: This line item will launch the Sports Commission Facility Development program to support the development and completion of a sports facility development plan. Through the vision and direction of the Board and staff, we anticipate the need to bring on an outside consultant to verify our assumptions, execute a needs assessment and assist in the development of a comprehensive business plan. The plan moving forward would also include continuing our conversation with the STMD Advisory Committee about exploring future funding options for the development of a youth sports complex.

EXPENSES: Convention Sales

Tradeshows & Travel Marketing: Key Tradeshows, Industry Events & Third-Party Companies

Note: Attending tradeshows and appointment based shows is one of the best ways for our sales team to have face to face time with meeting planners. It is also a great way for us to gain knowledge and exposure to new trends in our industry to learn what our competition is doing so we can evaluate our strengths and weaknesses to better support our sales efforts. Each of the shows we are participating in will generate a significant return on investment based on total room nights booked into the market and economic impact for Sacramento.

The shows budgeted are a combination of shows that we participate in annually, education conferences and shows that are new or that we would like to enhance by encouraging our hotel partners to participate with us.

Shows that we participate in annually where we meet with meeting-planning executives that book for all markets (National and State Associations, Religious, Corporate, Specialty, etc.):

- ASAE American Society of Association Executives (\$8,000)
- CalSAE Seasonal Spectacular (\$20,000)
- RCMA Religious Conference Management Association (\$12,000)
- Connect Faith (\$5,500)
- Destination DC by Destination Management Association International (\$8,000)
- Holiday Showcase by Association Forum (\$8,200)

Third-party and appointment-based shows:

- Connects Marketplace (\$18,000)
- Connect Marketplace CA (\$5,000) *
- Connect Marketplace DC (\$11,500) *
- Cvent Connect (\$9,700)
- Smart Meetings West (\$6,900) *
- Connect Chicago (\$6,000) *
- Helms Briscoe Annual Partner Meeting (\$4,000) *

These third-party appointment-based tradeshows that allow us to schedule appointments with meeting planners that we have identified as having business that would be a good fit for Sacramento. We selected shows in Chicago, DC and California with the intent of adding a sales mission and/or organizing a client event in conjunction with the show to maximize our travel budget. We will also encourage participation from our hotel partners so they can be included in our sales efforts in these key cities. These are new shows for us for 2017 and 2018.

- CalSAE Elevate (\$16,000)
- IMEX America The Worldwide Meetings and Incentive Travel Exhibition (\$22,000)

Tradeshows & Travel Marketing: Sales Missions (\$27,000)

Note: Sales events and sales missions allow us to influence more decision-makers by personally introducing them to Sacramento through the following:

- Customer events scheduled during third party reverse and appointment-based tradeshows
- Additional customer sales events in major convention markets
- Expanded sales missions with our hotel partners
- Sales calls/outreach efforts with hotel national sales offices and third party planners

Tradeshows & Travel Marketing: Site Visits (\$20,000)

Note: Site visits allow us to host decision-makers. Not only are we able to tour hotels and conference facilities but we get the opportunity to include many of our destination suppliers by organizing meals and activities during their trip. It allows us to spend a great deal of time with the decision-makers where we can strengthen relationships, answer questions and concerns, and listen for other opportunities and items that should be addressed to close business for Sacramento.

Advertising: Ad Place, Email Marketing and Partnerships (\$197,000)

Note: The advertising/media plan digital campaign is targeted to meeting planners and decision-makers through search and display advertising, digital and video. Also convention planit (new), email and digital. The rest is for new opportunities that may arise during the year.

Sales Support: Dues/Subscriptions (\$9,000)

Note: Allows for renewal of industry association memberships and purchase of monthly industry reports. The Smith Travel Research (STR) report provides data on how the Sacramento market is trending in occupancy, average daily rate, and revenue per available room. It also shows the same information on a select set of competing cities that we identify annually. We are also budgeting for one Hotel Horizon report from PKF Hospitality Research that shows market projections for Sacramento for future years or a special one-time run STR report based on our needs throughout the year.

Sales Support: Contract/TAP Report (\$32,000)

Note: Allows for three reports monthly: TAP Report, TAP Peer Set Report and Daily Hotel Inventory Report. We also have access to the TAP website. These market analytics allow us to compare our city's performance to that of a select group or groups of competing destinations in a variety of categories including, but not limited to, definite groups by size of group, specific venue booked, and geographic origin of booking. Any time frame can be selected up to 10 years in the past and 20 years into the future.

Sales Support: BID Support (\$450,000)

Increase financial incentives to help influence prospective customers to select Sacramento

Note: This fund will allow us to be more competitive and book more business. The 5-year Jehovah's Witnesses booking is a good example of what can be done with additional incentive dollars.

Sales Support: Future Sales Opportunities (\$5,000)

Note: Allows for funds to be available for unfunded opportunities that present themselves during the year after the budget has been finalized. Some of these opportunities may be meeting-planner incentives, familiarization trips and client events.

Convention Services: Signage Program (\$32,000)

Note: One of the services that we provide for citywide conventions is signage. This can be anything from banner poles to directional signage within the convention center. We evaluate our program annually to ensure it is competitive and to look for ways to minimize spend where we can. This budget is based on the orders and estimates for groups scheduled to arrive in this fiscal year.

Housing Services: Passkey Program (\$14,000)

Note: One of the services that we provide for citywide conventions is our Passkey housing program. Our contract is reviewed and re-negotiation annually based on our forecasted room night production through the system. Our budget for our housing is based on the number of groups that we currently have scheduled to be open in passkey through the fiscal year. We also consider the short-term booking window we continue to experience and budget for this as well.

EXPENSES: STMD (Not included in Highlights)

Hammond said staff budgeted for actual STMD expenses based on history and what is expected for the year, in the year, which means there is a carryover? Hammond said this figure is included in the annual report to the City. Hammond also said 10% of the revenue has been set aside for each zone per the Management District Plan.

EXPENSES: Travel Industry Sales

Tradeshows & Travel Marketing

Note: Attendance at key industry shows such as Pow Wow, NTA, ABA and the Go West Summit is vital for the tourism sales team. Each show we attend focuses on a different tourism market in an effort to reach the most clients in the most cost-effective manner.

- NTA (\$5,000)
- IPW (\$25,000)
- SYTA (\$4,000)
- Tradeshows/Consumer Shows (\$14,000)
- ABA (\$5,000)
- Go West Summit (\$5,000)

Tradeshows & Travel Marketing: Sales Missions (\$2,000)

Note: By leveraging our relationship with Visit California's foreign offices we can make international sales missions affordable and highly-effective.

- International Sales Mission (\$7,000)

Tradeshows & Travel Marketing: Familiarization Tours (\$35,000)

Note: Bringing clients to town to experience Sacramento first-hand is our most effective sales practice. The past few years have seen the number of industry familiarization tours to Sacramento increase dramatically. To accept the groups, the tourism team is often required to cover meals and lodging for all participants. We expect to welcome over 200 FAM participants in 2017-18.

Advertising: Ad Place/Consumer Leisure Trave; (\$335,000)

Note: Continuing campaigns with Expedia and Reach Local, and digital campaigns to include display, search, retargeting and native advertising.

EXPENSES: Partner Marketing

Sponsor Recognition VIP Event (\$0)

Note: Event eliminated due to cost savings goals. We will host our VIP sponsors through existing events.

EXPENSES: Community Relations

Sales Support:Special Events

Note: Visit Sacramento-produced special events are designed to drive hotel room nights and private revenue. The New Year's Eve expenses are offset by a contribution from the City of Sacramento.

- Sponsor/Gold Rush Days (\$50,000 budgeted equals \$50,000 less than FY15/16)
Mike said DSP taking over GRD but keeping \$50K in budget to contribute
- Sponsor/New Year's (\$70,000)
- Sponsor/Taste of Summer (\$115,000) (formerly Grape Escape; this year's results being evaluated to see if will continue)

EXPENSES: Farm to Fork

Advertising: Entercom Radio (\$40,000)

Note: Entercom owns six radio stations in the market and has committed to a million-dollar advertising campaign that targets regional residents on why they should care that Sacramento is America's Farm-to-Fork Capital. They've made a three-year commitment (this year represents year 3) and Visit Sacramento is investing \$40K to tailor specific messaging that reinforces Farm-to-Fork locally and off-sets event advertising expenses.

Sales/Event Support: Farm-to-Fork Events

Note: Farm-to-Fork events are designed to drive hotel room nights and private revenue. Private revenue earned through sponsorships and admission fees is designed to help offset the costs of salaries, event production and additional Visit Sacramento marketing programs.

- Host/F2F Dinner (\$228,500)
- Host/F2F Wine Event (\$39,500)
- Host/F2F Festival (\$393,000)
- Host/F2F Kickoff Event (\$1,500)

Committee/Staff Comments

To conclude the budget presentation, Hammond said the Farm-to-Fork events are poised to grow even further in 2017. While \$661,700 has been budgeted in expenses, revenue is expected to reach more than \$758K. That revenue will be re-invested into the Farm-to-Fork initiative, with the goal of having the department continue to be self-sufficient, and at some point in time, produce revenue to fund other activities.

Shelly Moranville asked about increasing the budget for employee development as she thought \$2,500 for recruitment was not enough. She also said that Farm-to-Fork messaging didn't appear to be included in the budget so she would like to see something added, including an explanation of first steps. Sonya Bradley responded by saying there is \$300K in marketing that will include Farm-to-Fork, and there is \$50K in the budget for a visitor profile, which will help staff understand what visitors are looking for. A visitor profile has not been completed in several years so that, along with \$25K in Brand Development, will help promote a strong Farm-to-Fork message.

Hammond said staff would review the input and, if needed, present a revised budget draft to the board for further review, prior to approval at the July 20, 2017 meeting.

B. Renewal of STMD Management District Plan: 7-1-17

Hammond said that the renewal of the STMD Management Plan (MDP) will take effect on July 1, 2017, and be in place for 10 more years, which will help protect that source of funding. Hammond thanked the hotel partners for their help in supporting the STMD and mentioned the funding from STBID which started in 2001 has helped Visit Sacramento grow to where it stands today, and Visit Sacramento wouldn't be nearly as productive without it. Hammond added the renewed MDP has a slight boundary change to zones 3 and 4, with zone 3 now including the airport.

C. Staff Introductions

Staff then made self-introductions with their name, position, and brief description of their responsibilities.

VI. **Committee Reports**

A. Finance

Jeroen Gerrese reported on the May 2017 financials as follows:

- * STMD-City: Payments are current and 3.3% ahead of budget
- * STMD-County: Payments are current and 21.9% ahead of budget.
- * Overall year-to-date net income is high due to increased revenue, budget cuts, and several unsettled large events.
- * Current year budget reductions have been implemented and have a positive impact.

VII. **Department Reports**

The May 2017 department reports were e-mailed to the board for their review prior to the meeting.

VIII. **Calendar of Events**

Larson mentioned the calendar of events as listed on the agenda, particularly the USATF Outdoor Championships the end of June, and Farm-to-Fork events starting in September.

IX. **New Business**

Mike Testa thank Hammond and the CEO search committee for their exhaustive process of selecting the new President and CEO. Testa said he interviewed along with other well-qualified candidates and is looking forward to assuming role next month.

X. **Adjournment**

The meeting adjourned at 1:20 p.m.

Respectfully submitted,



Sherlynn Clifford
Executive Assistant
(Recording Secretary)



Steve Hammond
President & CEO