



TBID Board of Directors
Visit Newport Beach Conference Room
Wednesday, February 2, 2022
3:00 PM.

X – In Attendance A – Absent E – Excused

TBID Board of Directors

X	Debbie Snavelly, Newport Beach Marriott Hotel & Spa	X	Charles Cho, Newport Beach Marriott Bayview
X	Marina Dutton, Balboa Bay Resort	X	Wasim Kazi, Hyatt Regency John Wayne Airport Newport Beach
E	Gregg Herning, Renaissance Hotel Newport Beach	E	Michael Gelfand, Newport Dunes Resort & Marina
X	Erin Henry, Hyatt Regency Newport Beach	X	Andres Brose, Lido House Hotel

Visit Newport Beach Staff Represented

X	Gary Sherwin, President & CEO
X	Michelle Donahue, Senior Vice President of Sales
X	Doug McClain, Senior Vice President & Chief Marketing Officer
X	Lily Pearson, Vice President of Finance
X	Jennifer Brannon, Recording Secretary

Call Meeting to Order

Debbie Snavelly called the meeting to order at 3:02 p.m.

Roll Call

Debbie Snavelly accounted for TBID BOD and Visit Newport Beach (VNB) Staff present for the meeting.

Approval of Minutes

Ms. Snavelly asked for a motion to approve the minutes from the June 24, 2021, meeting. Erin Henry motioned to approve the minutes. Wasim Kazi seconded the motion. The minutes were unanimously approved. Michael Gelfand and Gregg Herning were absent from the vote.

FY21 December 2021 Financial Reports

Ms. Lily Pearson presented the December 2021 Financial report.

Ms. Pearson began by noting that the Operating Revenue is above budget. Received an additional \$654,000 due to a much better summer than expected. Gave us a good surplus to get through rest of the year especially considering the COVID surge. Total Salary & Wages was under budget by \$147,000. She was able to obtain more money through retention credits. Total Direct Sales Initiatives encompassed items such as industry partnerships, tradeshow, sales group enhancement credits, etc. was under budget due to the fact that we were not able to participate and host as many things as we would in a normal year due to COVID such as fewer site visits. Customized destination support includes items like group marketing initiatives which are likely to be spent more in the spring. Ms. Donahue reiterated that these are basically TBID funds and hotels just haven't had opportunity to spend funds yet. Net Income had budgeted a loss of \$132,000 and instead has a \$982,000 difference due to additional revenue, reduced expenses, and deferred expenses. She was confident monies will get spent and that we would not have a huge surplus. Mr. Sherwin noted that in past couple of years both TOT & TBID have budgeted very conservatively in case there was another resurgence. In addition to the uncertainty of a resurgence, the TBID budget had to be even more conservative because both Marriott Hotel & Spa and Fashion Island were out of inventory. We didn't know when those rooms would be coming back and re-open at the time the budget was created. Along with the great summer surplus, it puts us in great position so that anything we get from now until June will be over and above what we had initially budget. We are in a great position financially. Ms. Snavelly commented we are in healthy position coming out of a pandemic. Everyone is thankful the VNB team budgeted conservatively. Mr. Cho inquired regarding what caused the missed budget on the AMO budget – stating it's the only anomaly. Ms. Pearson explained it's the first time we have done the event differently from large events in years past which cut costs significantly. The budget was forecasted off of that event and we thought costs would be lower but we learned costs were actually higher.

Ms. Pearson continued that we have a positive cash flow right now. We budgeted and spent conservatively. Instead, we reallocated and postponed spending until it would be most effective. We also received more non-hotel dollars. We received \$116,000 in free federal cash/credit but ended up as net cash to TBID and that was why salaries were reduced by way of employee retention credits. More was received for NB&Co. because we could only apply for one entity due to PPP. After some calculating, we were able to get more money for NB&Co., but all entities received money.

Ms. Snavelly asked for a motion to approve the December 2021 financials. Wasim Kazi motioned for approval and Andre Brose seconded. The financials were unanimously approved. Michael Gelfand and Gregg Herning were absent from the vote.

Ms. Pearson continued with the Reserve Accounts of approx. \$900,000 for crisis situations. Company policy is to have 6 months of reserves on hand and we don't have that. TOT does, but not TBID. She is asking board to authorize to add to existing funds if there are available funds at year end not encumbered for spending for FY2023, not to exceed \$500,000. This will help us to have levels prudent and consistent with our financial policies. Not a set amount as she wants to see where we are at the end of the year. Additionally, since there are some items that Ms. Donahue was not able to spend money on now but have been budgeted for and will spend during the summertime. Mr. Sherwin clarified that we thought we would use all reserves during COVID. We were able to lay off and furlough some sales staff so we actually reduced a lot of costs as well as fewer expenses since no tradeshow, site inspections etc. we cut down to the minimum and did not have to touch reserves accounts on TBID or TOT throughout pandemic. However, prior to pandemic board had talked about having a 6 months of operating revenue reserves in case disaster strikes. Disaster did strike but we were able to make budget cuts early on and mitigate a lot of it. We do want to make sure TBID is in compliance with the policy and what we are doing on the TOT side. That is why we are suggesting that if we have funds at the end – not to put that first at expense of sales, but if we have resources at the end, we would like to bring the reserve policy where they need to be. Mr. Cho asked where does the money go if it doesn't go to reserves? Ms. Pearson responded that it would sit in cash to be used for the next year. Since she budgets revenue with expenses to match, it would sit in cash in case there was an overage run. She would rather put it in reserves and invest it then just sit in cash. Ms. Snavelly reiterated that it makes sense since we did just go through a pandemic and we would have used it. Mr. Brose inquired if it is accessible in short notice? Ms. Pearson confirmed that she only needs 24 hours to get it with no loss or fees. Ms. Snavelly reiterated that typically it is a wash, but this because we received incremental revenue

Ms. Snavelly asked for a motion to approve the TBID management to add to the existing reserves at year end if there are available funds that are not encumbered for FY23 in an amount not to exceed \$500,000. Charles Cho seconded. The motion was unanimously approved. Michael Gelfand and Gregg Herning were absent from the vote.

Audit Report: Ms. Pearson presented audit report stating it was a clean audit with no adjustments. Controls are in place. They were pleased. Audit committee and Mr. Stapleton made a motion to approve the audit with a recommendation to the BOD. This was approved by the TOT and NB&Co Board, but has not been presented to TBID Board since the audit ended and was presented in September. This is a formality if anyone wanted to see it. Please accept the recommendation by the audit committee to accept the TBID audited financial statements. Mr. Brose inquired who was part of the audit committee and Ms. Pearson advised it is Candace Bisconte (Chairperson), Homer Bludau (Member at Large), Sharon Wood (Member at Large), Joe Stapleton (Member at Large), and Scott Catlett (City Finance Director). Ms. Snavelly confirmed this was already presented at the full board meeting just that TBID has not voted on it separately and that it was a phenomenal audit.

Ms. Snavelly asked for a motion to approve the audit report. Erin Henry motioned and Wasim Kazi seconded. The motion was unanimously approved. Michael Gelfand and Gregg Herning were absent from the vote.

Meeting Industry Outlook

Ms. Donahue began with an overview of what is going on currently with the meetings industry. She referenced a joint survey by Northstar Meetings Publications and Cvent published in January. Overall, 2022 has not kicked off the way planners thought it would. Half of planners feeling less optimistic about COVID recovering. Nearly 2/3 of meeting planners have cancelled, postponed or moved in person events or meetings from December 15th -January 25th which she noted both the VNB team and hotels have experienced lately. Slump should be temporary, however, out of 668 respondents, 3/4 of planners intend to produce next in person meeting in first half of 2022. This has translated to a lot of RFP's and short-term business right now. Challenge is to get everyone in before summer surge. While we have been here before, Omicron is not as severe as Delta in which 70% of planner's loss confidence then. The survey also noted that Planner/Supplier relations are strained. It revealed a high level of frustration due to higher room rates & F&B prices in addition to inadequate staffing. Contract terms not as flexible with shared risk & rewards. Mr. Sherwin added that there are not service delivery standards – no daily housekeeping, not good F&B options that are also adding to that frustration. Ms. Donahue continued noting that indoor mask requirements are back (according to January statements). Half of meetings are requiring masks. 1/3 will require proof of vax and negative COVID test. Range of COVID protocols have difference of opinion with many also stating they will abide by local and state mandates but nothing more.

Ms. Donahue went on to review some destination specific data from our Cvent Dashboard regarding YOY comparisons with our comp set hotels. Last normal year we had 1963 RFP's in 12-month period versus the last 12 months we received 1547; approximately 80% where we were pre-pandemic. We are at about 50% of awarded groups with 166 compared to 363 our last normal year. Many RFP's fell out/cancelled/postponed to future years which explains the variance to RFP's received. Looking at RFP's received, we are the leader in our comp sets, with exception of newly added Coronado, which outpaced us by about 20%. We are leading the entire group in awarded RFP's according to dashboard. Ms. Donahue identified where we ranked in quoted ADR compared to our comp set. Our average group rate would have been higher if Fashion Island Hotel was included as well as Marriott/Vea. Mr. Cho inquired if ADR was available from last normal pre-pandemic year as did Ms. Snavelly. Mr. Cho also added that the RFP's may have also fallen off in awards due to transient business pushing group business out. The group discussed differences in Huntington Beach's numbers and bookings as well as Coronado's inclusion in the San Diego CVB overall picture.

Ms. Donahue continued the meeting reviewing the VNB Sales team and re-introducing the board to them as well as their backgrounds and current roles. We are a smaller team than pre-COVID, but we operating on the one team one dream goal this year with as much flexibility to determine the best deliverables.

FY22 Sales Results and Initiatives Update

Ms. Donahue continued the meeting going through our Pace Report noting we are half of where we were our last normal year at this time. Our current actuals are at 52% to annual goal which takes into account a loss of almost 6,000 room night cancellations. She acknowledged the board for giving a realistic and achievable goal this year due to all the unforeseen circumstances and unpredictability. She added the second half of the year is always a bigger booking time and predicts

exceeding the annual goal.

Ms. Donahue then reviewed some marketing and direct sales initiatives. We have always supported our 3rd party business with getting more than our fair share of business to our hotels. Great ROI to have a solid relationship with one person that has a large book of business. Since the pandemic, many companies with internal meetings departments have reduced, thereby increasing the value of 3rd party business. The reduced commission structure to 7% from 10% effects 6 of our TBID hotels and can be the source of objection from 3rd parties when sourcing Newport Beach. Using TBID revenue, we are overcoming the objection by offering an additional bonus when booking TBID hotels called the Level Up promotion. It offers a bonus based on actualized room nights via a tri-level scale and issued by way of an AMEX gift card. We have seen tremendous enthusiasm from 3rd party planners and hotel sales teams as a way to leverage the 7% commission rate. Adding that this takes the concern of what flag or brand they are booking and levels the playing field.

Another direction the overall organization is going in due to some positive outcomes brought on by COVID to Newport Beach, is the sale and re-imagination of Marriott Hotel & Spa to Vea and Fashion Island Hotel to a 5-star luxury brand coupled with the renovations of certain hotels like Renaissance and Hyatt JWA. This renaissance puts us in a position to re-imagine the destination to meetings & visitors as more of a luxury destination. Sales observed the trend that luxury meetings & incentives were very much over represented as a percentage of the total RFP's received. They discovered this increase is because these events need to happen live/in person; its an experience. Additionally, these groups can afford to make any accommodations they need under any circumstances. Our unique proposition has been that no other destination elevates the small meetings business as rewardingly as we do. We are now adding the luxury element to the proposition with specific pages on the website dedicated to the incentive buyer. However, all TBID hotels will win as the messaging makes its way through the luxury & incentive markets, it will inevitably reach the high-end corporate planners as well that will in turn produce higher rates. All of the TBID hotels have undergone investments in recent years in which all the owners want to see that pay off.

Through our strategic storytelling and tactics will also be two videos with inspirational and informative content to the planners. Overall, it will touch everything we do including possibly what tradeshow we attend, fam experiences and hosted industry events. Staff is creating a dedicated microsite that includes curated activity matrix page with luxury itinerary suggestions, photos, flipbook, etc.

Regarding our continued client engagement, after 6 years, we have updated our tradeshow booth with a new brand identity of the new harbor that works well with our new anchor logo. New booth was launched at IMEX and well received by clients and partners over the 3-day show. We continue to reinvest in client facing allocations. She added the unique opportunity to upgrade our Cvent profile to 4 diamond from 2 diamond which is a limited opportunity of 4 destinations per region that had not been available for the last five years. This allows us to have a higher presence when planners are searching our area. The board inquired on who the other destinations are and the difference in cost between 2 and 4 diamond. Additionally, we purchased the Knowland software program and hired an independent contract (formerly of one of the TBID hotels) to manage the software for us. This allows us to have someone solely prospecting everyday for 4-5 hours per day. Knowland is a rich database but only if you have the resource to mine that data and so far, it is working out really well.

Regarding TBID funds, the funds were curtailed during COVID due to unstable revenue, however, it came back last July. They can allow the sales teams to be super competitive in proposals. The Booking Incentive Funds help with the pull through for a particular group to offer a concession you may not have done otherwise. Group Marketing Funds reimburse for expenses that help advance the sales efforts like site visits and sales team travel. As a reminder the TBID funds cover registration expenses for your teams to come on the road with us. Those tradeshow registrations can be very costly and we often go in at a high level of sponsorship as well as host client dinners, have a large presence, etc. that have a lot of visibility. The Group Marketing Funds pay for the travel and we want the hotels to participate and take advantage of them. Marina Dutton questioned the use of TBID funds for Passkey and why that could not be used to pay for that. Mr. Sherwin explained that it needs to be more for direct sales or marketing and not operational costs. Funds must be used to drive business. They decided to side bar on possibly moving things around and reallocating her internal budget to have TBID

funds pay for items such as photography, video, and things the TBID would pay for in order to free up costs for operational items. She wanted to stay in compliance and seemed pleased at the prospect of understanding how to use them in the most advantageous way.

Adjournment

No public comments or questions. Ms. Snavelly adjourned the meeting at 3:58 pm.

Submitted by:

Jennifer Brannon, Recording Secretary

Approved by:

Debbie Snavelly, Chairperson