

Minutes of the Board of Directors of the Humboldt Lodging Alliance. A special meeting was held Thursday, July 21, 2016 at the Red Lion Hotel, Eureka, California.

Present: Chris Ambrosni, Lowell Daniels, John Porter, Cari Shafer, Shailesh Patel, Gary Stone, Lisa Cosoletto, Sharrie Larson, Tony Smithers

The meeting was called to order at 11:18 am by Chris Ambrosini, who began the special meeting by providing some background remarks. He reminded the board that the Humboldt County Tourism Business Improvement District was set to expire in July, 2017 and that the work of district renewal need to proceed immediately.

He announced that a representative from Civitas, the consulting firm that helped to establish the HCTBID, would be attending the following week's board meeting, and suggested that the board needed to have a clear direction by then of how they want the district to renew. He brought to the board's attention some handout materials that had been developed, including a breakdown of assessment contributions by community, as well as several pages with different scenarios for changing assessment rates and changing the division of assessment revenues.

Finally, Mr. Ambrosini announced that the Eureka hoteliers were interested in flipping the current funding split of 68% marketing and 25% community tourism funds, with the larger amount going to community tourism funds.

The board first addressed the question of the term of renewal. John Porter said that he favors a 10-year term because the Southern Humboldt hotels are looking to establish a visitor center, for which they would like to establish a long-term income stream.

Shailesh Patel said that he favors a five-year term, so that if people are unhappy they can opt out sooner. "The industry is changing fast," he said. Gary Stone also expressed support for a 5-year term, saying it would be easier to make changes with a shorter term.

After some additional discussion, the motion to renew the district for a 5-year term was made by Cari Shafer, seconded by Shailesh Patel, and passed with six votes in favor and two opposed.

The board then briefly discussed engagement of Civitas for management of the renewal process. There was interest in limiting the agreement to the minimum of expense and services we can get away with. But Lowell Daniels countered that "We need to hire professionals to make sure that what we want to do is legal." This issue was tabled until more details are known and can be presented to Civitas.

Next, the board considered the assessment rate for the renewed district. There was not much discussion, and a clear consensus emerged to keep the assessment rate at 2 percent. Shailesh Patel made the motion to keep the rate at two percent; Cari Shafer seconded, and the motion passed unanimously.

Next, the board considering revisions to the HCTBID Service Plan, in which the disposition of assessment revenues are addressed. Gary Stone started off by saying he favors changing the division to 35 percent

marketing and 65 percent community funds. "The community committees can add to the marketing pot at their discretion, but this would give them a veto if they don't like what's being proposed."

Chris Ambrosini added that the marketing expenditure with the Misfit Agency can be tightened up significantly. "We can reuse a lot more of the advertising content," he said. "We need to reel them in." Gary Stone then added that a 40% marketing/60% community split is the most that he would support, saying, "We can still add blocks from the community funds, but it needs to be voluntary."

Shailesh Patel said that many community events and other expenditures of the community tourism funds bring business to the entire county, not just to the towns where they take place.

John Porter was concerned about overly-diluting the main pot of marketing funds. "What are our competitors doing? We must stay competitive by not diluting our branding," he said. There was further discussion about whether the HLA's expenditures up until now have changed the traffic and/or visitor recognition of our parks. Gary Stone said that we have only just started and need to give it time.

The motion was made by Shailesh Patel to change the revenue split to 35% marketing/65% community funds. Cari Shafer seconded, and the motion passed with six votes in favor and two opposed.

Finally, the board discussed additional changes to the Management District Plan. Gary Stone suggested a room minimum for a property to be included in the assessment. Shailesh Patel agreed saying "We don't want AirBnb money. This is a much bigger issue for the lodging industry." There were no motions made on this topic.

Gary Stone stated that the five percent administrative set aside was too high. This led to a discussion of the Visitors Bureau's role in HLA administration, with Tony Smithers suggesting that the HLA had grown into needing its own full time Executive Director. The importance of ongoing liaison between the HLA and the bureau was expressed. Mr. Smithers was asked to write a job description for an HLA administrator. Lowell Daniels made a motion to increase the administrative set aside in the Management District Plan to 10 percent; the motion failed for lack of a second.

With no further business, the meeting was adjourned at 1:30 pm.

Respectfully submitted by Tony Smithers