



BOARD OF DIRECTORS MEETING

Thursday, October 26, 2017 | 11:30 am-1:30 pm

Experience Scottsdale Boardroom | Galleria Corporate Centre | 4343 N. Scottsdale Road, Suite 170

Members Present: Andrew Chippindall, Alan Klein, Blessing McAnlis-Vasquez, Brandon Maxwell, Daniel Kuperschmid, Del Cochran, Doug Heaton, Joe Iturri, John Holdsworth, Kate Birchler, Kevin Burke*, Kris Strauss, Marc Bromley, Margaret Dunn, Mark Stanton, Mike King*, Mike Surguine, Mike Nealy, Suzanne Klapp

Members Absent: David Scholefield, Fred Unger, Gabi Messinger, Jack Miller, Jim Thompson*, Sara Grauf, Stuart Graff

Staff Present: Caroline Stoeckel, Deanne Boynton Grupp, Genia Kehayes, Jennifer Duffy, Kelli Blubaum, Marilyn Jones, Rachel Pearson, Rachel Sacco*

Staff Absent: Laura McMurchie

Guests Present: Connie Walsh

**Ex-officio, non-voting member of the Board of Directors. These members do not take part in any actions or votes.*

CALL TO ORDER & INTRODUCTIONS

Vice Chairman Mike Surguine called the meeting to order at 12:03 pm.

Vice Chairman Mike Surguine introduced and welcomed our newest members to the Experience Scottsdale Board: Marc Bromley, General Manager, Four Seasons Resort Scottsdale; Stuart Graff, President & CEO, Frank Lloyd Wright's Taliesin West; Mike Nealy, Executive Director & CEO, Fiesta Bowl; Kris Strauss, Vice President of Sales & Marketing, Troon; and Mark Stanton, Councilman, Town of Paradise Valley.

CONSENT AGENDA

A motion was made by Alan Klein to approve the June 15, 2017, board meeting minutes. It was seconded by Daniel Kuperschmid and unanimously approved.

FINANCIALS

Genia Kehayes, VP of Finance & Administration, presented the September 30, 2017, financials. All public sources of revenue are being received in a timely manner. The true-up payment from the City of Scottsdale for fiscal year ended June 30, 2017 was paid to us on August 31, 2017, in the amount of \$118,475.53. Of that amount, \$100,000 was anticipated to be received and was budgeted as part of the budget approved by Scottsdale City Council. The remaining \$18,475.53 will be used for marketing. We continue to monitor our Proposition 302 allocation, and we have a small unfavorable variance at this point. As in the past, we will adjust our budget and our program expenses if the amounts change. Paradise Valley has been remitting scheduled payments in a timely manner. We will be receiving our funds from the Salt River Pima-Maricopa Indian Community as scheduled.

Private sources of revenue are coming in ahead of schedule. The advertising line item is over budget due to timing, with more advertisers paying a deposit on time than anticipated. For the annual meeting, other income and sponsorships are slightly ahead of budget.

A motion was made by John Holdsworth to approve the financials. It was seconded by Kate Birchler and unanimously approved.

AUDIT REVIEW

Vice Chairman Mike Surguine noted that the audit was reviewed and approved by the Audit Committee as well as the Executive Committee.

Connie Walsh, CPA, Hammond Travers & Tuttle, presented highlights of the audit report. The first page of the audit report confirms a clean opinion for Experience Scottsdale. Experience Scottsdale has sound internal controls and all staff adhere to best practices. No journal entries were required and there were no anomalies to report.

Genia Kehayes commented on the financial statements: During the budget process, the Executive Committee elected to take some of our segregated funds to bring to bear a program for Los Angeles with our new marketing program. Leasehold improvements were a significant increase due to our lease renewal for 5 years. The bulk of tenant improvement monies was utilized to upgrade our lobby and reconfigure office space. Deferred lease incentives and capital leases were a result of some of our leases needing to be classified as capital leases, as we have engaged in new auto and photocopy machine leases.

A motion was made by John Holdsworth to approve the financial audit. It was seconded by Joe Iturri and unanimously approved.

BOARD RESPONSIBILITIES & CONFLICT OF INTEREST

Mike King advised that the Board of Directors' responsibility is to ensure that Experience Scottsdale achieves appropriate results based on annual goals that support its mission, which reflects Experience Scottsdale's vision of success.

The Board commits itself and its members to ethical and businesslike conduct. This includes proper use of authority and appropriate decorum when acting as Directors. Directors will represent their service to the Board loyalty to the interest of Experience Scottsdale. Directors will avoid conflict of interest with respect to their fiduciary responsibilities. Board members have the legal responsibility to ensure that Experience Scottsdale complies with all federal and local regulations. Mike King reminded the board that all members are required to complete the conflict of interest form included in the board packet.

AIRBNB MEMBERSHIP

Deanne Boynton Grupp, Vice President of Tourism, provided an update on AirBnB's request to join Experience Scottsdale as a member. AirBnB approached Experience Scottsdale to partner with us for marketing on either our website or on theirs to promote the destination. Arizona is now able to tax the home-sharing services provided by AirBnB to tourists. Currently, San Francisco has a \$10,000 partnership with AirBnB where they create a brochure and a blog with AirBnB property owners' destination favorites. Los Angeles, Denver and Seattle do not have partnerships, but are exploring options. Memphis allows the individual properties to become members, although not many have chosen to do so. Phoenix does not have a relationship with AirBnB and is not pursuing one at this time.

The board discussed how AirBnB is now being asked to collect taxes, but that auditing this information is not possible so it's difficult to understand their impact and if taxes are truly being collected. Many wondered if AirBnB would provide more information on their properties and assist with the taxing obligations if they were brought into membership. Others expressed concern over the uneven playing field due to AirBnB properties not having to comply with the same ADA, fire and insurance requirements as hotels. There was

some concern expressed over allowing an overarching brand to join Experience Scottsdale, looking at AirBnB like Marriott or Hilton.

Experience Scottsdale will conduct further investigation into AirBnB and report back to the Board.

2017-18 STAFF INITIATIVES

Vice Chairman Mike Surguine thanked Rachel Sacco and Rachel Pearson for an Annual Meeting well done. The content and speaker were spot on and well received by all attendees.

Deanne Boynton Grupp, VP of Tourism: Our efforts as the first DMO to support the cause to attract new international service to Phoenix Sky Harbor has resulted in Condor Airlines recently announcing it would launch nonstop service between Phoenix Sky Harbor and Frankfurt in May 2018. The tourism team places a high priority on outreach to travel professionals who serve the affluent traveler and this year we have been approached to host several high-profile luxury travel advisory events to take place between 2017-2019.

Kelli Blubaum, VP of Convention Sales & Services: Sales continues to focus on developing new business for the destination along with filling need times. We have a new Toronto-based representative to help us augment our existing efforts in Canada. Regarding future business, we are bringing together a group of sales leaders to assist us in determining initiatives to meet future demand.

Jennifer Duffy, Director of Public Relations: One of our key PR initiatives this year is to work more in the digital space to support web traffic growth by securing coverage with links back to Experience Scottsdale and our partners.

Caroline Stoeckel, VP of Marketing: For our avid golfers, Scottsdale Golf Week will be held January 8-14, 2018. We are working on our holiday campaign promoting fun holiday experiences that help fill our need time between Thanksgiving and New Year's. We also are starting our major marketing push in Los Angeles and executing our high season initiatives in New York, Chicago and Canada.

BOARD VISION & TOURISM PRIORITIES

Rachel Sacco advised that the Executive Committee evaluated the previous year's pillars and determined that a few updates were needed to better encompass additional projects and ideas. Project priorities include Desert Discovery Center, Downtown Revitalization, Visitor Transportation Program, Scottsdale Stadium and Tourism-Specific Westworld Projects.

The board's vision and project priorities will be sent to the Scottsdale City Council for review.

A motion was made by John Holdsworth to approve the board vision and tourism priorities. It was seconded by Kate Birchler and unanimously approved.

COMMUNITY & INDUSTRY UPDATES

Mark Stanton & Kevin Burke, Town of Paradise Valley: The Ritz-Carlton project is moving along. The Town is working on a few cell phone coverage issues, as well as facing legislative concerns for the upcoming legislative session.

Blessing McAnlis-Vasquez, Salt River Pima-Maricopa Indian Community: The Scottsdale Auto Show, Chapman property is now open. The National Soccer League will make a decision on a new location soon; Salt River is being considered. A new Staybridge Suites is under construction near Salt River Fields. Council has approved a Medieval Times, which should be open in about 18 months.

Mike Nealy, Fiesta Bowl: We will have confirmation of competing teams in December 2017.

Kate Birchler, Tourism Advisory Task Force: The Task Force is on track to speak to Council on November 13 to provide the accomplishments and recommendations of the Task Force with the hope that the Council

will have a supportive view and help champion these recommendations. With final recommendations provided, the Task Force will disband.

No other community or industry updates were shared.

ADJOURNMENT

Vice Chairman Mike Surguine adjourned the meeting at 1:40 pm.

Next Executive Committee Meeting: Thursday, November 16, 2017 at 3:00-5:00 pm

Next Board of Directors Meeting: Thursday, January 11, 2018 at 11:30 am-1:30 pm