

The seal of the City of Santa Clara, California, is circular. It features a central illustration of a mission-style building with a red roof and a bell tower, set against a blue sky with clouds and green hills. The year "1852" is inscribed below the building. The outer ring of the seal contains the text "CITY OF SANTA CLARA CALIFORNIA" at the top and "THE MISSION CITY" at the bottom.

## City Council Meeting

**Item #8. Update and Action on the Formation of a New Destination Marketing Organization (DMO) Entity and Appointment of a Board of Directors**

**May 21, 2019**



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## Destination Marketing Organization

- New entity will be incorporated as a California nonprofit mutual benefit corporation and obtain designation as a 501(c)(6) nonprofit organization.
- **Identified need for non-profit corporate attorney separate from the City organization**
- Attorney will advise on:
  - articles of incorporation,
  - hiring of the Executive Director and Board training needs,
  - vetting of conflict of interest for the board members, and
  - any other legal need to ensure the Board properly functions (e.g., proper use of public funds)

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**POST MEETING MATERIAL**



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## **Appointment of the Board of Directors**

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## **Considerations**

- Since the April 9, 2019 Council meeting, additional discussion and requests regarding the Board has prompted the need to consider a slightly different composition.
- **Hotels/TID** – Requested additional hotel representation / Addition of a third seat or the allocation of the "Other" slot.
- **Organized Labor** – Requested additional representation equal to that of the hotels, businesses represented, and SCSA/Other category / Addition of a second seat or allocation of the "Other" slot.

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## **Considerations (cont.)**

- **Convention Center (Spectra)** – Requested voting position / As the focal venue for the marketing and sales efforts of the CVB; have significant interest in its success.
- **SCCA / “Other”** – Given that City Councilmembers are also members of the SCSA Board, and if they would also participate on the DMO Board, the member would have a conflict of interest on matters presented to Council related to the DMO, including a contract for funding.

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## **Proposed Configuration**

- Accommodates the interests of both the Hotels and Organized Labor, and the valid interest in balanced representation of stakeholder interest.
- Addresses the potential conflict of interest if a City Councilmember were appointed, by re-designating the SCSA slot as a City slot and assigning a City staff member with some background in this area.
- Changes the Convention Center seat from an Ex-Officio to a voting member and assigns Spectra the “Other” slot.
- Configuration is seven voting members and one Ex-Officio.

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## Council Directed Structure

Hotel	Hotel	Organized Labor	Cedar Fair	Agency / Business	Related	Other
				Example: 49ers Management Company, SC Stadium Authority		

Ex-Officio: 1) Convention Center and 2) City Manager's Office

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## Proposed Composition

Hotel	Hotel	Organized Labor	Cedar Fair	City	Related	Convention Center
Eron Hodges Hyatt Regency	Joe Eustice Hilton	TBD	Manny Gonzales	Nadine Nader	Stephen Eimer Related Urban	Kelly Carr Convention Center

Ex-Officio: 1) Deanna Santana or designee

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## NEXT STEPS

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## Next Steps

- Secure services of an attorney
- Continued formation of the new entity under the oversight of the City Manager and consultant services (e.g., JLL)
- Following appointment of the Board of Directors, members will be evaluated for any conflicts of interests
- Board will convene for initial meeting to review/approve the mission and corporation bylaws
- Recruitment effort to hire Executive Director will begin
- City to develop performance measures for future operating agreement
- City and TID analysis on alternate method of collection of funds

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## **Recommendations**

- Direct the City Manager to proceed with the formation of a new DMO entity including causing the appointment of the initial Board of Directors as set forth in Table 1.