

Board of Directors

Michael Meredith, Chair, Hotel Representative
Chris Ghione, Treasurer, City Representative
Edith Ramirez, Secretary, City Representative
David Dworkin, Hotel Representative
Doug Hall, Sports & Recreation Representative

Alexis Solis, Hotel Representative
Gene Guglielmo, Wineries Representative
Bina Roy Desai, Hotel Representative
John McKay, Community Representative

Monday, July 31st 2023

11:00 a.m.

Hybrid Meeting

CALL TO ORDER 11:08 am by Board Chair Michael Meredith

ROLL CALL

In Person: Edith Ramirez, Chris Ghione, Gene Guglielmo, David Dworkin, John McKay

Remote: Michael Meredith, Alexis Solis

Absent: Doug Hall, Bina Roy Desai

PUBLIC PRESENT Victoria San Nicholas, Matt Mahood, Nick Gaich, David Dindak, Emily Brown (Civitas)

PUBLIC COMMENT

Nick Gaich, President/CEO of the Morgan Hill Chamber of Commerce provided a comment expressing satisfaction and gratefulness of the work Visit Morgan Hill does and support of the recommended action for the renewed MHTBID.

BUSINESS ITEMS

1. Approve June Minutes and June Treasurer’s Reports

Vote:	Motion: Gene Guglielmo Second: John McKay			
Yes Votes:	Michael Meredith	Chris Ghione	Alexis Solis	Edith Ramirez
	David Dworkin			
Final Vote:	Yes: 7	No: 0	Absent: 2 (Bina Roy Desai, Doug Hall)	Abstain: 0

Summary: Materials provided in board packet

Board Comment: None

Public Comment: None

2. Approve Direction for MHTBID Renewal Structure

Vote:	Motion: Michael Meredith
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VMH Board Meeting Minutes 7.31.23

	<p>Approval to advance a 1.5% assessment fee at a 10-yr term, with the option to increase up to .5% annually (with board approval) not to exceed a maximum rate of 3% or minimum rate of 1.5%; and advance hotel ownership conversations regarding a 2% assessment rate; with estimated >50% support, reconvene at a Special Board Meeting (TBD 8/7 @ 11am) to approve advancing the 2% rate.</p> <p>Second: David Dworkin</p>			
Yes Votes:	Alexis Solis	Chris Ghione	Gene Guglielmo	Edith Ramirez
	John McKay			
Final Vote:	Yes: 7	No: 0	Absent: 2 (Bina Roy Desai, Doug Hall)	Abstain: 0

Summary: Executive Director Krista Rupp presented the recommendation for the board to approve drafting the next MHTBID Management District Plan (beginning March 2024) including all lodging within the boundaries of Morgan Hill, at a term length of 10-years at a rate of 2.0%, with the option for the board to elect to increase up to 0.5% annually, not to exceed a total assessment rate of 3.0% (and alternative structure options for board to consider).

Board Comment: Multiple clarifying questions provided by Board members:

Meredith asked clarification on the assessment estimates and if they were based on occupancy. Dworkin asked if projected occ/adr increases were accounted for in estimated budgets. Rupp respond estimates are based on TOT revenue for 2022. Dworkin commented how Morgan Hill has grown from being unknown, to known as a pass-by, to now getting recognition of its own in the last 2 years.

Guglielmo commented support of increasing VMH’s income.

McKay asked why the original assessment rate of 1.5% was estimated to produce a higher budget than the same rate in 2022; if the council vote must occur to accept the Board increase of .5%, and if that vote needs be 3 out of 5 to approve the renewal; and if we would add administrative support/staff; and if Short Term Rental properties are included (AirBnBs). Rupp responds that the estimate at formation was based on pre-pandemic numbers; Council votes to accept district; STRs are included in lodging definition; yes, staffing potential use of additional funds.

Solis and Meredith asked clarification on the hotel outreach process so far.

Dworkin motioned to approve option as provided (referred to as Option C) with modification to “bank” increases allowing for a single time option to increase by one full percent within the term. Opened for board comment and public comment.

Need to know process for the Board to increase the rate (to be submitted at time of Annual Report to City Council)

Solis agreed with Dworkin that the status of MH as a SJ overflow market is changing now, thanks to VMH. Option C is a good starting point, with a fall back to Option A.

Ramirez agrees with the recommendation of Option C. Board and staff have grown VMH and has aligned vision with the city and hotels and needs additional funding.

Meredith expressed concern of hotel ownership group regarding TOT projections; that increased ADR will increase TBID funds; not to compare assessment rates MH to other cities; MH is depressed in rebound/recovery; and that “Option A” of 1.5% is more digestible.

Ramirez commented City Staff and Finance Director tracking with the progress and intention of VMH and the MHTBID while also how the City may create additional, needed revenue.

Ramirez provided a substitute motion to meet with Holiday Inn Express and City Staff and then schedule another board meeting within a week.

McKay and Ghione stated they would abstain from voting on an increased assessment rate at this point.

Dworkin withdrew motion. Ramirez withdrew motion.

New motion proposed by Michael Meredith to approve a 1.5% assessment rate, but to conduct additional hotel meetings to gauge appetite for 2%, and bring back to board at special meeting if supported. Additionally, to meet with City representatives to discuss plans for TOT.

Public Comment: David Dindak commented on the TOT and TBID rates of other cities presented such as Livermore, and expresses support for “Option C.”

3. Approve Changes to the Governance, Budget & Service Sections of the MHTBID MDP

Vote:	Motion: Gene Guglielmo Second: Chris Ghione			
Yes Votes:	Michael Meredith	Edith Ramirez	David Dworkin	John McKay
Final Vote:	Yes: 6	No: 0	Absent:3 (Bina Roy Desai, Doug Hall, Alexis Solis)	Abstain: 0

Executive Director presented edits to the Management District Plan including updating the board governance structure, which was outdated and to change services from sports facility “management” to “marketing and development” to not conflict with role of facility operators.

VMH Board Meeting Minutes 7.31.23

Board comment: Ramirez commented to have Governance section match the current by laws. McKay requested by-laws and clarification.

Public Meeting Adjourned at 1:02 pm