DISCOVER SANTA CLARA®
BOARD OF DIRECTORS
MEETING AGENDA

November 19, 2026, 1:00 p.m.
Santa Clara Marriott – Sequoia
2700 Mission College Boulevard, Santa Clara, CA 95054

The public can participate remotely via Zoom: https://us06web.zoom.us/j/87937243476
Meeting ID: 879 3724 3476

CALL TO ORDER

ROLL CALL

PUBLIC COMMENT

For public comment on items on the agenda that are within the subject matter jurisdiction of the Board.

CONSENT AGENDA

Matters listed in the Consent Agenda section will be considered routine by the Board and will be enacted by one motion. There will be no separate discussion of the items on the Consent Calendar unless the discussion is requested by a member of the Board, staff, or public. If discussion is requested, that item will be removed from the section entitled Consent Agenda and will be considered under Consent Items Pulled for Discussion.

1. **Action on the Minutes of the Discover Santa Clara® Board of Directors – September 17, 2026**

Recommendation: Note and file meeting minutes.

2. **Action on Discover Santa Clara®'s July, August, September, and October 2026 Sales Activity Report.**

Recommendation: Note and File Sales Activity Reports.

CONSENT ITEMS PULLED FOR DISCUSSION

PUBLIC PRESENTATIONS

This item is reserved for persons to address the Board on any matter not on the agenda that is within the subject matter jurisdiction of the Board. The law does not permit action on, or extended discussion of, any item not on the agenda except under special circumstances. The Board or staff may briefly respond to statements made or questions posed and may request staff to report back at a subsequent meeting.

CONVENE TO CLOSED SESSION

3. Closed Session:

a) Gov. Code § 54956.9(d)(2) – Anticipated Litigation/Exposure to Litigation
b) Gov. Code § 54957(b)(1) – Public Employee Matters
c) Gov. Code § 54957(b)(1) – Public Employee Discipline/Dismissal/Release

RECONVENE TO PUBLIC SESSSION

REPORT(S) OF ACTION TAKEN IN CLOSED SESSION MATTERS

GENERAL BUSINESS – ITEMS FOR DISCUSSION

4. Discussion and Action on the Temporary Payment Authorization Policy

Recommendations:

a. Approve the Temporary Payment Authorization Policy, effective January 1, 2027, authorizing the President & CEO to issue vendor payments from Discover Santa Clara® checking account in accordance with the approval thresholds, documentation requirements, and internal controls outlined in the policy.
b. Authorize the Temporary Payment Authorization Policy to supersede only those conflicting disbursement, check-signing, and payment-approval provisions of the January 2024 Financial Policies during its effective period, with all other existing Financial Policy requirements remaining in effect.
c. Authorize the Temporary Payment Authorization Policy to remain in effect until replacement Financial Policies are approved by the Board or March 31, 2027, whichever occurs first, with any extension requiring additional Board approval.

5. CEO Monthly Updates

COMMITTEE UPDATES

BOARD MEMBER OPEN FORUM

This item is reserved for Board Members to present additional agenda items for future discussion.

GENERAL ANNOUNCEMENTS

ADJOURNMENT

Brown Act
Government Code 54950 et seq. (the Brown Act) requires that a brief description of each item to be transacted or discussed be posted at least 72 hours prior to a regular meeting. Action may not be taken on items not posted on the agenda. Meeting facilities are accessible to persons with disabilities. If you require special assistance to participate in the meeting, notify Discover Santa Clara® at dscadmin@discoversantaclara.org prior to the meeting.

Notice to Public
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In accordance with the requirements of Title II of the Americans with Disabilities Act of 1990 ("ADA"), Discover Santa Clara® will not discriminate against qualified individuals with disabilities on the basis of disability in its services, programs, or activities, and will ensure that all existing facilities will be made accessible to the maximum extent feasible. Discover Santa Clara® will generally, upon request, provide appropriate aids and services leading to effective communication for qualified persons with disabilities including those with speech, hearing, or vision impairments so they can participate equally in Discover Santa Clara® programs, services, and activities. Discover Santa Clara® will make all reasonable modifications to policies and programs to ensure that people with disabilities have an equal opportunity to enjoy all its programs, services, and activities.

Agendas and other written materials distributed during a public meeting that are public record will be made available by Discover Santa Clara® in an appropriate alternative format. Contact Discover Santa Clara® at dscadmin@discoversantaclara.org with your request for an alternative format copy of the agenda or other written materials.

Individuals who require an auxiliary aid or service for effective communication, or any other disability-related modification of policies or procedures, or other accommodation, in order to participate in a program, service, or activity of Discover Santa Clara® should contact Discover Santa Clara® at dscadmin@discoversantaclara.org as soon as possible before the scheduled event.

ATTACHMENTS

DISCOVER SANTA CLARA®
BOARD OF DIRECTORS
MEETING AGENDA

October 15, 2026, 1:00 p.m.
Santa Clara Marriott – Salon E, Grand Ballroom
2700 Mission College Boulevard, Santa Clara, CA 95054

The public can participate remotely via Zoom: https://us06web.zoom.us/j/87937243476
Meeting ID: 879 3724 3476

CALL TO ORDER

Chair Lentz called the meeting to order at 1 : 06 PM.

ROLL CALL

Present: Chair Catherine Lentz, Forty-Niners Stadium Management Company
Vice Chair Erin Henry, Hyatt Santa Clara
Treasurer Nany Fullmore, Marriott Santa Clara
Member Billy Mendez Moreno, Delta Hotels by Marriott Santa Clara
Member Jack Bloom, Embassy Suites by Hilton
Member Kevin Dominguez, Element Santa Clara
Member Farshad Mayelzadeh, Hilton Santa Clara
Member Samuel Florio, Santa Clara University
Member Mario Lopez, AC Hotel by Marriott San Jose Santa Clara

Secretary Christine Lawson, Discover Santa Clara® (Ex-Officio)
Member Scott Wintner, San José Mineta International Airport (Ex-Officio)

Absent: Member Reena Brilliot, City of Santa Clara
Member Raul Gutierrez, Santa Clara Convention Center

Staff: Jiawei Tang, Discover Santa Clara®

A Quorum of 9 has been met.

PUBLIC COMMENT

For public comment on items on the agenda that are within the subject matter jurisdiction of the Board.

There were no public comments.

CONSENT AGENDA

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1. **Action on the Minutes of the Discover Santa Clara® Board of Directors – September 17, 2026**

Recommendation: Note and file meeting minutes.

A motion was made by Treasurer Fullmore, seconded by Vice Chair Henry to approve the Consent Agenda.

Ayes: Chair Lentz, Vice Chair Henry, Treasurer Fullmore, Member Mendez Moreno, Member Bloom, Member Dominguez, Member Mayelzadeh, Member Florio, Member Lopez

Absent: Member: Member Reena Brilliot., Member Gutierrez

Motion passes 9-0.

CONSENT ITEMS PULLED FOR DISCUSSION

PUBLIC PRESENTATIONS

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There were no public presentations.

GENERAL BUSINESS – ITEMS FOR DISCUSSION

2. **Discussion and Action on the Correction to the FY 2025/26 Amended Budget and Source & Use of Funds**

   Recommendation: Approve a correction to the FY 2025/26 Amended Budget and Source & Use of Funds, reducing the total Amended Budget from $4,652,912 to $4,602,265, to reflect $404,353 in SBLX/FWC26 Activation Plan expenditures attributable to FY 2025/26 rather than the previously reflected $455,000, recognizing that $50,647 of the Board-approved Activation Plan was expended and reported in FY 2024/25.

CEO Lawson presented a correction to the FY 2025/26 Amended Budget, explaining that $50,647 of the $455,000 allocated for the SBLX/FWC26 Activation Plan had already been expended in FY 2024/25 and should therefore be excluded from the FY 2025/26 budget. She clarified that the correction does not change the total project budget.

Board Member Florio inquired about the nature of the $50,647 expenditure. CEO Lawson explained that the funds were paid to Madden Media for preparatory work associated with the launch of the SBLX/FWC26 Activation Plan.

A motion was made by Vice Chair Henry, seconded by Member Mendez Moreno to approve the Correction to the FY 2025/26 Amended Budget and Source & Use of Funds.

Ayes: Chair Lentz, Vice Chair Henry, Treasurer Fullmore, Member Mendez Moreno, Member Bloom, Member Dominguez, Member Mayelzadeh, Member Florio, Member Lopez

Absent: Member: Member Reena Brilliot., Member Gutierrez

Motion passes 9-0.

3. Discussion and Action on the Agreement with CFO by Design to Conduct a Comprehensive Financial Assessment and Financial Policy & Procedure Development Project

Recommendations:

A). Approve and authorize the Chief Executive Officer to execute an agreement with CFO by Design to conduct a comprehensive Financial Assessment and Financial Policy & Procedure Development project for Discover Santa Clara® for a four-month term beginning upon execution of the agreement and ending January 31, 2027, in an amount not to exceed $24,500, subject to the appropriation of funds, with the expense funded from the FY 2026/27 Contingency budget.

B). Authorize the Chief Executive Officer to execute any minor or administrative amendments to the agreement which do not increase the compensation for the agreement.

CEO Lawson presented the proposed agreement with CFO by Design, explaining that a review of Discover Santa Clara®'s financial policies and procedures identified the need for updates and alignment. She noted that the existing financial policies were approved in January 2024 and that certain operational procedures have since changed.
CEO Lawson explained that the expense could be funded through the FY 2026/27 Contingency budget or remain within the Accounting budget, which would result in

expenditures exceeding the budgeted amount. Board Member Dominguez commented that if the services would involve recurring expenses in future years, they should be allocated to the Accounting budget.

Board Member Florio proposed removing the phrase “not to exceed” from Recommendation A and revising Recommendation B to read: “Authorize the Chief Executive Officer to execute minor or administrative amendments to the agreement, including amendments that increase the total compensation by no more than 10% for contingency purposes.” He explained that the proposed revision would provide flexibility to accommodate potential additional expenses associated with CFO by Design's services.

A motion was made by Member Mendez Moreno and seconded by Member Mario to approve the amended recommendations as follows:

> **A).** Approve and authorize the Chief Executive Officer to execute an agreement with CFO by Design to conduct a comprehensive Financial Assessment and Financial Policy & Procedure Development project for Discover Santa Clara® for a four-month term beginning upon execution of the agreement and ending January 31, 2027, in the amount of $24,500, subject to the appropriation of funds, with the expense funded from the FY 2026/27 Contingency budget.
>
> **B).** Authorize the Chief Executive Officer to execute minor or administrative amendments to the agreement, including amendments that increase the total compensation by no more than 10% for contingency purposes.

Ayes: Chair Lentz, Vice Chair Henry, Treasurer Fullmore, Member Mendez Moreno, Member Bloom, Member Dominguez, Member Mayelzadeh, Member Florio, Member Lopez

Absent: Member: Member Reena Brilliot., Member Gutierrez

Motion passes 9-0.

4. Discussion and Action on the Artificial Intelligence + Cybersecurity Policy, Establishing the Organization’s Formal Framework for Responsible AI Use and Cybersecurity Practices

Recommendation: Approve the Artificial Intelligence + Cybersecurity Policy as presented, establishing the organization’s formal framework for responsible AI use and cybersecurity practices.

The Director of Business Operations Tang presented Discover Santa Clara®’s proposed Artificial Intelligence + Cybersecurity Policy, explaining that the policy aims to establish guidelines and safeguards for the organization’s responsible use of AI tools.

Board Member Bloom expressed concerns regarding the proposed use of ChatGPT, citing potential security risks. Board Member Dominguez shared that his organization exclusively uses Microsoft Copilot. Board Member Bloom recommended that staff conduct further research and evaluate AI tools to identify options that balance productivity with security.

Following discussion, the Board directed staff to conduct additional research and analysis of available AI tools and return with findings for further consideration.

No action was taken on this item.

5. Discussion and Action on the Appointment of Scott Wintner, Deputy Director of Aviation, San José Mineta International Airport, as an Ex Officio Advisor

Recommendation: Approve the appointment of Scott Wintner, Deputy Director of Aviation, San José Mineta International Airport, as an Ex Officio Advisor to the Discover Santa Clara® Board of Directors.

A motion was made by Member Mendez Moreno, seconded by Vice Chair Henry to approve the Appointment of Scott Wintner, Deputy Director of Aviation, San José Mineta International Airport, as an Ex Officio Advisor.

Ayes: Chair Lentz, Vice Chair Henry, Treasurer Fullmore, Member Mendez Moreno, Member Bloom, Member Dominguez, Member Mayelzadeh, Member Florio, Member Lopez

Absent: Member: Member Reena Brilliot., Member Gutierrez

Motion passes 9-0.

6. Discussion and Action on the Appointment of Reena Brilliot, Director of Economic Development and Sustainability, City of Santa Clara, as an Ex Officio Advisor

Recommendation: Approve the appointment of Reena Brilliot, Director of Economic Development and Sustainability, City of Santa Clara, as an Ex Officio Advisor to the Discover Santa Clara® Board of Directors.

A motion was made by Vice Chair Henry, seconded by Member Mendez Moreno to approve the Appointment of Reena Brilliot, Director of Economic Development and Sustainability, City of Santa Clara, as an Ex Officio Advisor.

Ayes: Chair Lentz, Vice Chair Henry, Treasurer Fullmore, Member Mendez Moreno, Member Bloom, Member Dominguez, Member Mayelzadeh, Member Florio, Member Lopez

Absent: Member: Member Reena Brilliot., Member Gutierrez

Motion passes 9-0.

7. Discussion and Action on the Appointment of Nany Fullmore, General Manager of Santa Clara Marriott, to the Board of Directors for Another Three-Year Term Ending October 2029

Recommendation: Approve the Appointment of Nany Fullmore, General Manager of Santa Clara Marriott, to the Board of Directors for another three-year term through October 2029.

A motion was made by Member Mendez Moreno, seconded by Member Bloom to approve the Appointment of Nany Fullmore, General Manager of Santa Clara Marriott, to the Board of Directors for another three-year term through October 2029.

Ayes: Chair Lentz, Vice Chair Henry, Treasurer Fullmore, Member Mendez Moreno, Member Bloom, Member Dominguez, Member Mayelzadeh, Member Florio, Member Lopez

Absent: Member: Member Reena Brilliot., Member Gutierrez

Motion passes 9-0.

8. **Discussion and Action on the Election of Officers of the Board of Directors for Terms Ending October 2027**

a. **Chair:** Catherine Lentz, Senior Director, Levi's® Stadium Event Services, Forty-Niners Stadium Management Company.
b. **Vice Chair:** Erin Henry, General Manager, Hyatt Santa Clara.
c. **Treasurer:** Nany Fullmore, General Manager, Santa Clara Marriott.
d. **Secretary:** Christine Lawson, President & CEO, Discover Santa Clara®.

Recommendation: Elect the following individuals to serve as Officers of the Board of Directors for one-year terms ending October 2027:

a. Catherine Lentz as Chair.
b. Erin Henry as Vice Chair.
c. Nany Fullmore as Treasurer.
d. Christine Lawson as Secretary.

A motion was made by Treasurer Fullmore and seconded by Member Dominguez to approve the election of the following individuals to serve as Officers of the Board of Directors for one-year terms ending October 2027:

a. **Chair:** Catherine Lentz, Senior Director, Levi's® Stadium Event Services, Forty-Niners Stadium Management Company.

b. **Vice Chair:** Erin Henry, General Manager, Hyatt Santa Clara.
c. **Treasurer:** Nany Fullmore, General Manager, Santa Clara Marriott.
d. **Secretary:** Christine Lawson, President & CEO, Discover Santa Clara®.

Ayes: Chair Lentz, Vice Chair Henry, Treasurer Fullmore, Member Mendez Moreno, Member Bloom, Member Dominguez, Member Mayelzadeh, Member Florio, Member Lopez

Absent: Member: Member Reena Brilliot., Member Gutierrez

Motion passes 9-0.

9. Discussion and Action on the Appointment of Board Committee Chairs and Members for Terms Ending October 2027

a. Nominating Committee

- **Chair:** Billy Mendez Moreno, General Manager, Delta Hotels by Marriott Santa Clara-Silicon Valley.
- **Member:** Jack Bloom, General Manager, Embassy Suites by Hilton.
- **Member:** Farshad Mayezadeh, General Manager, Hilton Santa Clara.

b. Audit Committee

- **Chair:** Nany Fullmore, General Manager, Santa Clara Marriott.
- **Member:** Catherine Lentz, Senior Director, Levi's® Stadium Event Services, Forty-Niners Stadium Management Company.
- **Member:** Mario Lopez, Area General Manager, AC Hotel by Marriott San Jose Santa Clara.

c. Bylaws Review Committee

- **Chair:** Samuel Florio, Associate Vice President of Auxiliary Services, Santa Clara University.
- **Member:** Scott Wintner, Deputy Director of Aviation, San José Mineta International Airport.
- **Member:** Raul Gutierrez, General Manager, Santa Clara Convention Center.
- **Member:** Erin Henry, General Manager, Hyatt Santa Clara.

d. Organizational Hiring Committee

- **Chair:** Kevin Dominguez, General Manager, Element Santa Clara.
- **Member:** Scott Wintner, Deputy Director of Aviation, San José Mineta International Airport.
- **Member:** Billy Mendez Moreno, General Manager, Delta Hotels by Marriott Santa Clara-Silicon Valley.

Recommendation: Appoint the individuals listed above to serve as the respective Chairs and Members of the Nominating Committee, Audit Committee, Bylaws Review Committee, and Organizational Hiring Committee for terms ending October 2027.

A motion was made by Vice Chair Henry and seconded by Member Mendez Moreno to approve the appointment of the following individuals to serve as the respective Chairs and Members of the Board Committees for terms ending October 2027:

a. Nominating Committee
- **Chair:** Billy Mendez Moreno
- **Member:** Jack Bloom
- **Member:** Farshad Mayezadeh

b. Audit Committee
- **Chair:** Nany Fullmore
- **Member:** Catherine Lentz
- **Member:** Mario Lopez

c. Bylaws Review Committee
- **Chair:** Samuel Florio
- **Member:** Scott Wintner
- **Member:** Raul Gutierrez
- **Member:** Erin Henry

d. Organizational Hiring Committee
- **Chair:** Kevin Dominguez
- **Member:** Scott Wintner
- **Member:** Billy Mendez Moreno

Ayes: Chair Lentz, Vice Chair Henry, Treasurer Fullmore, Member Mendez Moreno, Member Bloom, Member Dominguez, Member Mayelzadeh, Member Florio, Member Lopez

Absent: Member: Member Reena Brilliot., Member Gutierrez

Motion passes 9-0.

10. Discussion on Board Retreat Date

CEO Lawson presented several proposed dates for the upcoming Board Retreat. Following discussion, the Board selected January 28, 2027, as the preferred date. The Board also proposed rescheduling the January Board meeting from January 21 to January 28, 2027, to coincide with the retreat. CEO Lawson will explore potential retreat locations and report back to the Board with options.

11. Discussion on Board Meeting Cadence

The Board discussed the possibility of adjusting its meeting cadence from monthly to either every other month or quarterly. Following discussion, the Board referred the matter to the Bylaws Review Committee for further evaluation and directed the Committee to bring forward a recommendation for Board consideration.

COMMITTEE UPDATES

12. Audit Committee Update on Financial Statement Auditor Selection Process

Treasurer Fullmore provided an update on the Financial Statement Auditor selection process. She reported that the City of Santa Clara confirmed that the DMO's first financial statement audit will cover FY 2026/27, with the audit report due to the City within 150 days following the fiscal year-end. The City also requires the DMO to conduct Agreed-Upon Procedures (AUP).

In response to these requirements, Director of Business Operations Tang issued a revised Request for Proposals (RFP) incorporating the updated timeline and expanded scope of services to include the AUP. The Audit Committee will evaluate the proposals received and return to the Board with its recommendation for auditor selection.

BOARD MEMBER OPEN FORUM

This item is reserved for Board Members to present additional agenda items for future discussion.

GENERAL ANNOUNCEMENTS

ADJOURNMENT

Chair Lentz adjourned the meeting at 2:42 P.M. The next regularly scheduled meeting is on November 19, 2026.

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of disability in its services, programs, or activities, and will ensure that all existing facilities will be made accessible to the maximum extent feasible. Discover Santa Clara® will generally, upon request, provide appropriate aids and services leading to effective communication for qualified persons with disabilities including those with speech, hearing, or vision impairments so they can participate equally in Discover Santa Clara® programs, services, and activities. Discover Santa Clara® will make all reasonable modifications to policies and programs to ensure that people with disabilities have an equal opportunity to enjoy all its programs, services, and activities.

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Board of Directors
Meeting 11-19-2026
Agenda Item #2

DISCOVER SANTA CLARA®

JULY 2026
SALES ACTIVITY RECAP

UPDATED: 08-12-2026



MONTHLY TOTALS BY EVENT PRIORITY TYPE

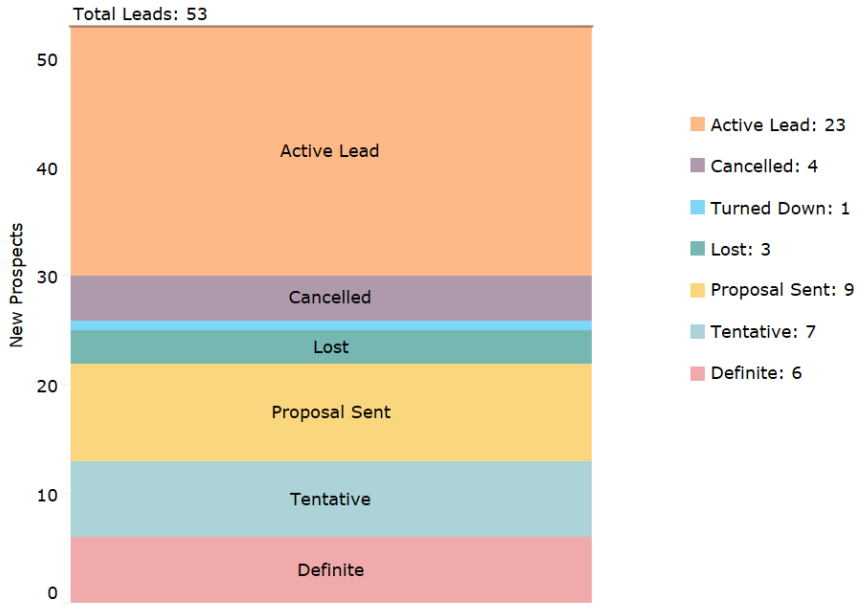
	P 1 / P 2	P 3	P 4	P 5	DMO Self-Contained
Current Active Prospects	9	7	3	9	83

July	P 1 / P 2	P 3	P 4	P 5	DMO Self-Contained
New Prospects	6	6	3	18	20
New Tentatives	3	2	4	21	0
New Definites	0	2	3	9	5

July Prospect Pipeline Status

Flow Breakdown

Lead status as of July 2026



Status Definitions

- **Leads:** Beginning prospective lead status.
- **Proposal Sent:** Proposal has been sent to client.
- **Tentative:** Contract has been sent to client.
- **Definite:** Event has been booked, contract has been signed.
- **Cancelled:** Lead has been cancelled by planner.
- **Lost:** Client has chosen to not pursue contracting with DMO.
- **Turned Down:** DMO has chosen not to pursue.

Source: Discover Santa Clara CRM System

DMO YTD KPI Status Update

Silicon Valley/Santa Clara DMO Inc. Performance Measures	2026/27 Target	YTD	July	August	September	October	November	December	January	February	March	April	May	June
1. Event Mix **(Consumed)**														
Percent of P1 Events	**1.0%**	**0.0%**	0.0%											
Number of P1 Events	**2**	**0**	0											
Percent of P2 Events	**3.0%**	**0.43%**	0.43%											
Number of P2 Events	**7**	**1**	1											
Percent of P3 Events	**8.0%**	**0.00%**	0.00%											
Number of P3 Events	**18**	**0**	0											
2. Number of Definite Events Booked **(Booked in the year for Future Years)**														
Number of P1 Events	**1**	**0**	0											
Number of P2 Events	**8**	**0**	0											
Number of P3 Events	**19**	**0**	0											
3. Convention Center Gross Revenue (P1, P2 & P3)	**$6,951,658**	**$108,500**	$108,500											
4. Number of Room Nights Booked **(For Future Years)**	**9,569**	**0**	0											
5. Number of Room Nights **(Consumed)**	**6,456**	**346**	346											
6. Customer Service Survey Results (Overall satisfaction)	**85%**	-	-											
7. Number of Prospects (Active) (Non-Culmulative P1, P2 & P3)	**25**	**16**	16											
8. Economic Impact **(Consumed P1, P2 & P3 events)**	**$26,472,089**	**$3,947,621**	$3,947,621											

All Definite Bookings DSC/OVG/Levy

# Booked	YTD	July	August	September	October	November	December	January	February	March	April	May	June
P1	**0**	0											
P2	**0**	0											
P3	**1**	1											
P4	**3**	3											
P5	**9**	9											
TOTAL	**13**	**13**											

Definite Bookings DSC

# Booked	YTD	July	August	September	October	November	December	January	February	March	April	May	June
P1	**0**	0											
P2	**0**	0											
P3	**0**	0											
Self Contained	**5**	5											
TOTAL	**5**	**5**											

Discover Santa Clara Dashboard – July 2026

Meeting & Convention Sales

Booked Business	Current Month	Year to Date	Goal	% to Goal
Priority 1 (P1)				
Number of Groups	0	0	1	0%
Priority 2 (P2)				
Number of Groups	0	0	8	0%
Priority 3 (P3)				
Number of Groups	0	0	19	0%

Convention Center Revenue from Bookings	Current Month	Year to Date	Goal	% to Goal
Overall	$108,500	$108,500	$6,951,658	1.56%

Notable P1, P2, & P3 Bookings for July	Projected Building Spend	F&B	Room Nights	Notes
Notable P1, P2, & P3 Lost/Turned Down Leads for July	**Projected Building Spend (Includes Est. F&B Spend)**	**F&B**	**Room Nights**	**Lost Reason**
P1 Weekend (250+ on peak / $250k+)	$135,527	$50,000	800	Client focusing on SF/SJ.
P1 Weekend (250+ on peak / $250k+)	$258,827	$200,000	650	No response from client.
P1 Weekend (250+ on peak / $250k+)	-	-	2,232	Turned down.
P1 Weekend (250+ on peak / $250k+)	-	-	1,167	Turned down.
P2 Mid-Week (350-699 on Peak / $400k - $649k)	$298,642	$200,000	2,175	Stronger financial incentives and profitability potential elsewhere.
P2 Mid-Week (350-699 on Peak / $400k - $649k)	$301,592	$200,000	2,175	See above.

JULY LOST P1, P2, & P3 REVENUE TOTALS	**Lost P1, P2, & P3 Leads = 14**	**Total Lost P1, P2, & P3 Est. Building Spend (Includes Est. F&B Revenue) = $2,316,400**	**Total Lost P1, P2, & P3 Est. F&B Revenue = $1,697,000**	**Total Lost P1, P2, & P3 Est. Room Nights = 14,708**
YTD LOST P1, P2, & P3 REVENUE TOTALS	**Lost P1, P2, & P3 Leads = 14**	**Total Lost P1, P2, & P3 Est. Building Spend (Includes Est. F&B Revenue) = $2,316,400**	**Total Lost P1, P2, & P3 Est. F&B Revenue = $1,697,000**	**Total Lost P1, P2, & P3 Est. Room Nights = 14,702**

DISCOVER SANTA CLARA®

AUGUST 2026
SALES ACTIVITY RECAP

UPDATED: 09-10-2026

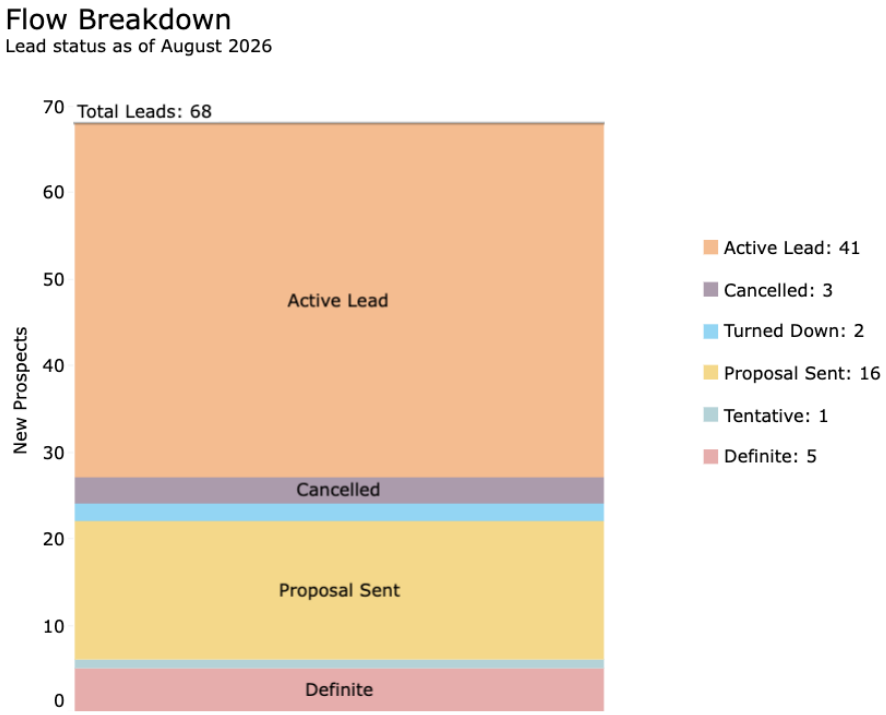


MONTHLY TOTALS BY EVENT PRIORITY TYPE

	P 1 / P 2	P 3	P 4	P 5	DMO Self-Contained
Current Active Prospects	13	8	3	18	85

August	P 1 / P 2	P 3	P 4	P 5	DMO Self-Contained
New Prospects	8	7	4	26	31
New Tentatives	2	5	3	20	2
New Definites	1	7	2	12	0

August Prospect Pipeline Status



Status Definitions

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- **Proposal Sent:** Proposal has been sent to client.
- **Tentative:** Contract has been sent to client.
- **Definite:** Event has been booked, contract has been signed.
- **Cancelled:** Lead has been cancelled by planner.
- **Lost:** Client has chosen to not pursue contracting with DMO.
- **Turned Down:** DMO has chosen not to pursue.

Source: Discover Santa Clara CRM System

DMO YTD KPI Status Update

Silicon Valley/Santa Clara DMO Inc.

Performance Measures

	2026/27 Target	YTD	July	August	September	October	November	December	January	February	March	April	May	June
1. Event Mix **(Consumed)**														
Percent of P1 Events	**1.0%**	**0.0%**	0.0%	0%										
Number of P1 Events	**2**	**0**	0	0										
Percent of P2 Events	**3.0%**	**0.43%**	0.43%	0%										
Number of P2 Events	**7**	**1**	1	0										
Percent of P3 Events	**8.0%**	**0.44%**	0.00%	0.44%										
Number of P3 Events	**18**	**1**	0	1										
2. Number of Definite Events Booked **(Booked in the year for Future Years)**														
Number of P1 Events	**1**	**0**	0	0										
Number of P2 Events	**8**	**1**	0	1										
Number of P3 Events	**19**	**2**	0	2										
3. Convention Center Gross Revenue (P1, P2 & P3)	**$6,951,658**	**$652,748**	$108,500	$544,248										
4. Number of Room Nights Booked **(For Future Years)**	**9,569**	**2300**	0	2,300										
5. Number of Room Nights **(Consumed)**	**6,456**	**763**	346	417										
6. Customer Service Survey Results (Overall satisfaction)	**85%**	-	-	-										
7. Number of Prospects (Active) (Non-Culmulative P1, P2 & P3)	**25**	**19**	16	21										
8. Economic Impact **(Consumed P1, P2 & P3 events)**	**$26,472,089**	**$7,897,594**	$3,947,621	$3,949,973										

All Definite Bookings DSC/OVG/Levy

# Booked	YTD	July	August	September	October	November	December	January	February	March	April	May	June
P1	**0**	0	0										
P2	**1**	0	1										
P3	**8**	1	7										
P4	**5**	3	2										
P5	**21**	9	12										
TOTAL	**35**	**13**	**22**										

Definite Bookings DSC

# Booked	YTD	July	August	September	October	November	December	January	February	March	April	May	June
P1	**0**	0	0										
P2	**1**	0	1										
P3	**2**	0	2										
Self Contained	**5**	5	0										
TOTAL	**8**	**5**	**3**										

Discover Santa Clara Dashboard – August 2026

Meeting & Convention Sales

Booked Business	Current Month	Year to Date	Goal	% to Goal
Priority 1 (P1)				
Number of Groups	0	0	1	0%
Priority 2 (P2)				
Number of Groups	1	1	8	12.5%
Priority 3 (P3)				
Number of Groups	2	2	19	10.5%

Convention Center Revenue from Bookings	Current Month	Year to Date	Goal	% to Goal
Overall	$544,242	$652,742	$6,951,658	9.39%

Notable P1, P2, & P3 Bookings for August	Projected Building Spend	F&B	Room Nights	Notes
P3 Mid-Week (200-349 on Peak / $250k - $399k)	$262,233	$90,000	391	
P2 Mid-Week (350-699 on Peak / $400k - $649k)	$678,694	$350,000	120	
P3 Mid-Week (200-349 on Peak / $250k - $399k)	$355,052	$300,000	-	
Notable P1, P2, & P3 Lost/Turned Down Leads for August	**Projected Building Spend (Includes Est. F&B Spend)**	**F&B**	**Room Nights**	**Lost Reason**
P1 Weekend (250+ on Peak / $250k+)	-	-	1,470	No response from client.
P1 Weekend (250+ on Peak / $250k+)	$285,224	$200,000	2,771	Unable to accommodate room block in 2 hotels.
P2 Mid-Week (350-699 on Peak / $400k - $649k)	$244,562	$200,000	1,962	Alternate city selected.
P2 Mid-Week (350-699 on Peak / $400k - $649k)	$329,509	$275,000	1,343	Alternate city selected.
P2 Mid-Week (350-699 on Peak / $400k - $649k)	$217,579	$175,000	1,228	Better overall financial package.
P2 Mid-Week (350-699 on Peak / $400k - $649k)	$247,584	$200,000	1,580	Alternate city selected.
P2 Mid-Week (350-699 on Peak / $400k - $649k)				

AUGUST LOST P1, P2, & P3 REVENUE TOTALS	**Lost P1, P2, & P3 Leads = 9**	**Total Lost P1, P2, & P3 Est. Building Spend (Includes Est. F&B Revenue) = $1,574,728**	**Total Lost P1, P2, & P3 Est. F&B Revenue = $1,230,000**	**Total Lost P1, P2, & P3 Est. Room Nights = 12,763**
YTD LOST P1, P2, & P3 REVENUE TOTALS	**Lost P1, P2, & P3 Leads = 23**	**Total Lost P1, P2, & P3 Est. Building Spend (Includes Est. F&B Revenue) = $3,891,128**	**Total Lost P1, P2, & P3 Est. F&B Revenue = $2,927,000**	**Total Lost P1, P2, & P3 Est. Room Nights = 27,465**

DISCOVER SANTA CLARA®

SEPTEMBER 2026
SALES ACTIVITY RECAP

UPDATED: 10-14-2026



MONTHLY TOTALS BY EVENT PRIORITY TYPE

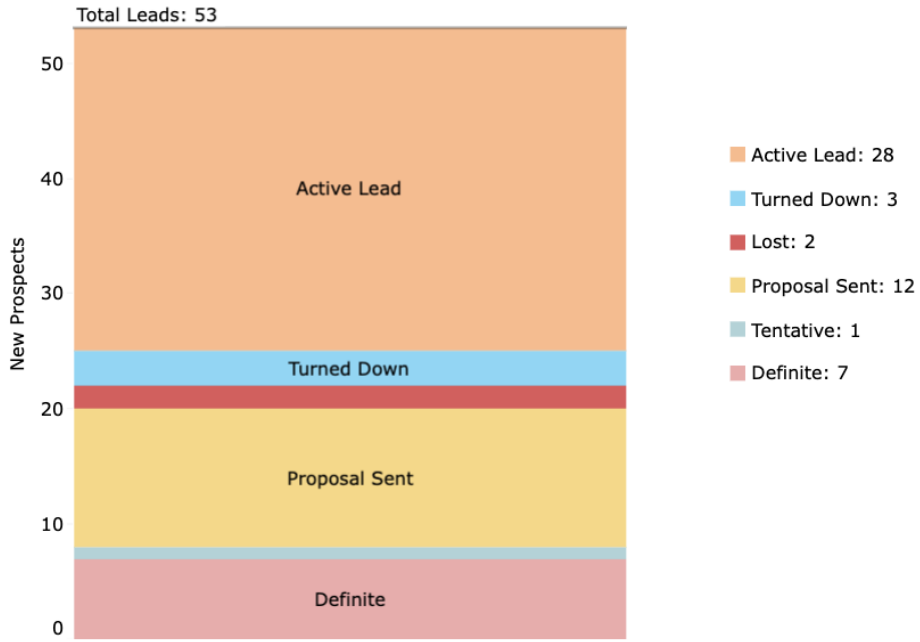
	P 1 / P 2	P 3	P 4	P 5	DMO Self-Contained
Current Active Prospects	10	8	4	20	86

September	P 1 / P 2	P 3	P 4	P 5	DMO Self-Contained
New Prospects	8	4	5	20	18
New Tentatives	5	3	5	18	0
New Definites	0	0	4	8	1

September Prospect Pipeline Status

Flow Breakdown

Lead status as of September 2026



Status Definitions

- **Leads:** Beginning prospective lead status.
- **Proposal Sent:** Proposal has been sent to client.
- **Tentative:** Contract has been sent to client.
- **Definite:** Event has been booked, contract has been signed.
- **Cancelled:** Lead has been cancelled by planner.
- **Lost:** Client has chosen to not pursue contracting with DMO.
- **Turned Down:** DMO has chosen not to pursue.

Source: Discover Santa Clara CRM System

DMO YTD KPI Status Update

Silicon Valley/Santa Clara DMO Inc.														
Performance Measures														
	2026/27 Target	YTD	July	August	September	October	November	December	January	February	March	April	May	June
1. Event Mix **(Consumed)**														
Percent of P1 Events	**1.0%**	**0.0%**	0.0%	0%	0%									
Number of P1 Events	**2**	**0**	0	0	0									
Percent of P2 Events	**3.0%**	**0.86%**	0.43%	0%	0.43%									
Number of P2 Events	**7**	**2**	1	0	1									
Percent of P3 Events	**8.0%**	**1.78%**	0.00%	0.44%	1.33%									
Number of P3 Events	**18**	**4**	0	1	3									
2. Number of Definite Events Booked **(Booked in the year for Future Years)**														
Number of P1 Events	**1**	**0**	0	0	0									
Number of P2 Events	**8**	**1**	0	1	0									
Number of P3 Events	**19**	**2**	0	2	0									
3. Convention Center Gross Revenue (P1, P2 & P3)	**$6,951,658**	**$1,550,587**	$108,500	$544,248	$897,839									
4. Number of Room Nights Booked **(For Future Years)**	**9,569**	**2300**	0	2,300	0									
5. Number of Room Nights **(Consumed)**	**6,456**	**1536**	346	417	773									
6. Customer Service Survey Results (Overall satisfaction)	**85%**	-	-	-	-									
7. Number of Prospects (Active) (Non-Culmulative P1, P2 & P3)	**25**	**18**	16	21	18									
8. Economic Impact **(Consumed P1, P2 & P3 events)**	**$26,472,089**	**$11,875,401**	$3,947,621	$3,949,973	$3,977,807									

All Definite Bookings DSC/OVG/Levy

# Booked	YTD	July	August	September	October	November	December	January	February	March	April	May	June
P1	**0**	0	0	0									
P2	**1**	0	1	0									
P3	**8**	1	7	0									
P4	**9**	3	2	4									
P5	**29**	9	12	8									
TOTAL	**47**	**13**	**22**	**12**									

Definite Bookings DSC

# Booked	YTD	July	August	September	October	November	December	January	February	March	April	May	June
P1	**0**	0	0	0									
P2	**1**	0	1	0									
P3	**2**	0	2	0									
Self Contained	**6**	5	0	1									
TOTAL	**9**	**5**	**3**	**1**									

Discover Santa Clara Dashboard – September 2026

Meeting & Convention Sales

Booked Business	Current Month	Year to Date	Goal	% to Goal
Priority 1 (P1)				
Number of Groups	0	0	1	0%
Priority 2 (P2)				
Number of Groups	0	1	8	12.5%
Priority 3 (P3)				
Number of Groups	0	2	19	10.5%

Convention Center Revenue from Bookings	Current Month	Year to Date	Goal	% to Goal
Overall	$897,839	$1,550,587	$6,951,658	22.3%

Notable P1, P2, & P3 Bookings for September	Projected Building Spend	F&B	Room Nights	Notes
Notable P1, P2, & P3 Lost/Turned Down Leads for September	**Projected Building Spend (Includes Est. F&B Spend)**	**F&B**	**Room Nights**	**Lost Reason**
P1 Mid-Week (700+ on Peak / $650k+)	-	-	6,855	Better overall financial package.
P1 Mid-Week (700+ on Peak / $650k+)	-	-	5,917	Turned down due to size.
P1 Mid-Week (700+ on Peak / $650k+)	-	-	5,917	Turned down due to size.
P1 Weekend (250+ on Peak / $250k+)	-	-	1,700	Turned down due to booking policy.
P3 Weekend (50-149 on Peak / $50k - $100k)	$82,000	$50,000	463	Alternate city selected.

SEPTEMBER LOST P1, P2, & P3 REVENUE TOTALS	**Lost P1, P2, & P3 Leads = 5**	**Total Lost P1, P2, & P3 Est. Building Spend (Includes Est. F&B Revenue) = $82,000**	**Total Lost P1, P2, & P3 Est. F&B Revenue = $50,000**	**Total Lost P1, P2, & P3 Est. Room Nights = 20,852**
YTD LOST P1, P2, & P3 REVENUE TOTALS	**Lost P1, P2, & P3 Leads = 28**	**Total Lost P1, P2, & P3 Est. Building Spend (Includes Est. F&B Revenue) = $3,972,128**	**Total Lost P1, P2, & P3 Est. F&B Revenue = $2,977,000**	**Total Lost P1, P2, & P3 Est. Room Nights = 48,317**

DISCOVER SANTA CLARA®

OCTOBER 2026
SALES ACTIVITY RECAP

UPDATED: 11-04-2026

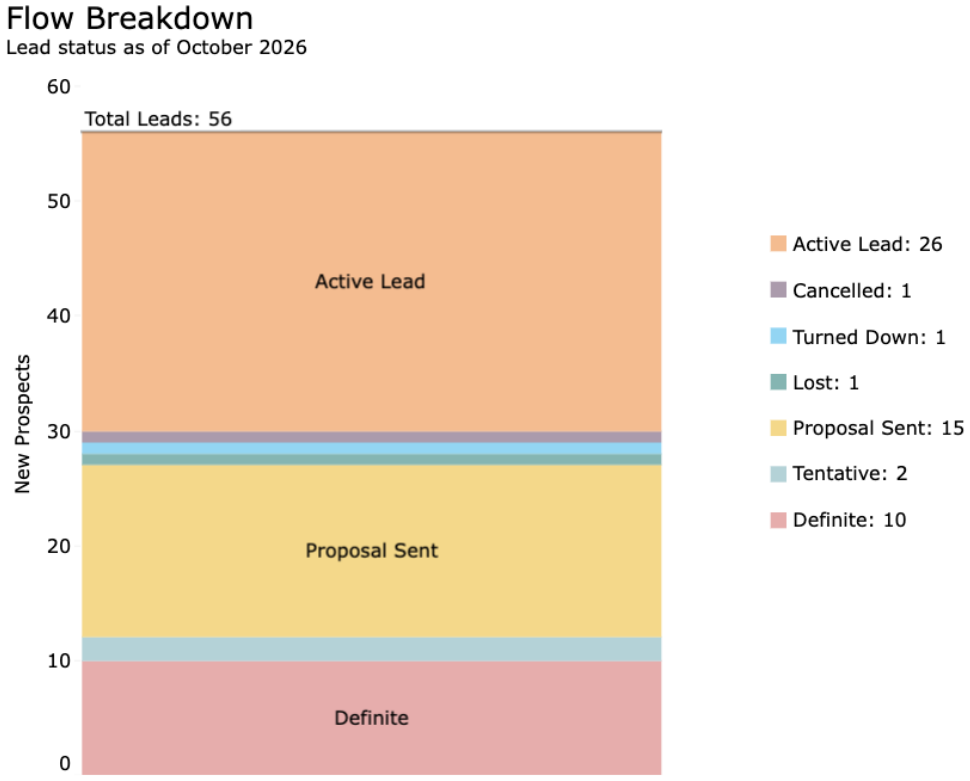


MONTHLY TOTALS BY EVENT PRIORITY TYPE

	P 1 / P 2	P 3	P 4	P 5	DMO Self-Contained
Current Active Prospects	14	7	5	17	75

October	P 1 / P 2	P 3	P 4	P 5	DMO Self-Contained
New Prospects	11	5	8	21	13
New Tentatives	2	6	8	23	2
New Definites	0	0	1	14	3

October Prospect Pipeline Status



Status Definitions

- **Leads:** Beginning prospective lead status.
- **Proposal Sent:** Proposal has been sent to client.
- **Tentative:** Contract has been sent to client.
- **Definite:** Event has been booked, contract has been signed.
- **Cancelled:** Lead has been cancelled by planner.
- **Lost:** Client has chosen to not pursue contracting with DMO.
- **Turned Down:** DMO has chosen not to pursue.

Source: Discover Santa Clara CRM System

DMO YTD KPI Status Update

Silicon Valley/Santa Clara DMO Inc.														
Performance Measures														
	2026/27 Target	YTD Achievement	July	August	September	October	November	December	January	February	March	April	May	June
1. Event Mix **(Consumed)**														
Percent of P1 Events	**1.0%**	**0%**	0.0%	0%	0%	0%								
Number of P1 Events	**2**	**0**	0	0	0	0								
Percent of P2 Events	**3.0%**	**1.29%**	0.43%	0%	0.43%	0.43%								
Number of P2 Events	**7**	**3**	1	0	1	1								
Percent of P3 Events	**8.0%**	**3.11%**	0.00%	0.44%	1.33%	1.33%								
Number of P3 Events	**18**	**7**	0	1	3	3								
2. Number of Definite Events Booked **(Booked in the year for Future Years)**														
Number of P1 Events	**1**	**0**	0	0	0	0								
Number of P2 Events	**8**	**1**	0	1	0	0								
Number of P3 Events	**19**	**2**	0	2	0	0								
3. Convention Center Gross Revenue (P1, P2 & P3)	**$6,951,658**	**$2,041,842**	$108,500	$544,248	$897,839	$491,255								
4. Number of Room Nights Booked **(For Future Years)**	**9,569**	**2,300**	0	2,300	0	0								
5. Number of Room Nights **(Consumed)**	**6,456**	**2,592**	346	417	733	1,096								
6. Customer Service Survey Results (Overall satisfaction)	**85%**	-	-	-	-	-								
7. Number of Prospects (Active) (Non-Culmulative P1, P2 & P3)	**25**	**17**	16	21	18	14								
8. Economic Impact **(Consumed P1, P2 & P3 events)**	**$26,472,089**	**$18,299,174**	$3,947,621	$3,949,973	$3,977,807	$6,423,774								

	All Definite Bookings DSC/OVG/Levy												
# Booked	YTD	July	August	September	October	November	December	January	February	March	April	May	June
P1	**0**	0	0	0	0								
P2	**1**	0	1	0	0								
P3	**8**	1	7	0	0								
P4	**10**	3	2	4	1								
P5	**43**	9	12	8	14								
TOTAL	**62**	**13**	**22**	**12**	**15**								

	Definite Bookings DSC												
# Booked	YTD	July	August	September	October	November	December	January	February	March	April	May	June
P1	**0**	0	0	0	0								
P2	**1**	0	1	0	0								
P3	**2**	0	2	0	0								
Self Contained	**9**	5	0	1	3								
TOTAL	**12**	**5**	**3**	**1**	**3**								

Discover Santa Clara Dashboard – October 2026

Meeting & Convention Sales

Booked Business	Current Month	Year to Date	Goal	% to Goal
Priority 1 (P1)				
Number of Groups	0	0	1	0%
Priority 2 (P2)				
Number of Groups	0	1	8	12.5%
Priority 3 (P3)				
Number of Groups	0	2	19	10.5%

Convention Center Revenue from Bookings	Current Month	Year to Date	Goal	% to Goal
Overall	$491,225	$2,041,812	$6,951,658	29.4%

Notable P1, P2, & P3 Bookings for October	Projected Building Spend	F&B	Room Nights	Notes
Notable P1, P2, & P3 Lost/Turned Down Leads for October	**Projected Building Spend (Includes Est. F&B Spend)**	**F&B**	**Room Nights**	**Lost Reason**
P1 Mid-Week (700+ on Peak / $650k+)	$125,000	$85,000	3,294	Can't fit under one roof.
P1 Mid-Week (700+ on Peak / $650k+)	-	-	5,880	Alternate city selected.
P1 Mid-Week (700+ on Peak / $650k+)	-	-	3,690	Turned down.
P1 Weekend (250+ on Peak / $250k+)	$120,506	$80,000	858	Alternate city selected.
P2 Mid-Week (350-699 on Peak / $400k - $649k)	-	-	1,030	Program size reduced.
P3 Mid-Week (200-349 on Peak / $250k - $399k)	$237,771	$200,000	700	Alternate city selected.
P3 Mid-Week (200-349 on Peak / $250k - $399k)	-	-	1,650	Turned down.

OCTOBER LOST P1, P2, & P3 REVENUE TOTALS	**Lost P1, P2, & P3 Leads = 7**	**Total Lost P1, P2, & P3 Est. Building Spend (Includes Est. F&B Revenue) = $483,277**	**Total Lost P1, P2, & P3 Est. F&B Revenue = $365,000**	**Total Lost P1, P2, & P3 Est. Room Nights = 17,102**
YTD LOST P1, P2, & P3 REVENUE TOTALS	**Lost P1, P2, & P3 Leads = 35**	**Total Lost P1, P2, & P3 Est. Building Spend (Includes Est. F&B Revenue) = $4,465,405**	**Total Lost P1, P2, & P3 Est. F&B Revenue = $3,342,000**	**Total Lost P1, P2, & P3 Est. Room Nights = 65,419**

REPORT TO THE BOARD OF DIRECTORS

DATE: **November 19, 2026**

TO: **Discover Santa Clara® Board of Directors**

FROM: **Christine Lawson, President & CEO**

SUBJECT: **Temporary Payment Authorization Policy**

BACKGROUND

For the past five years, the City of Santa Clara has served as the fiscal sponsor for Silicon Valley/Santa Clara DMO, Inc., dba Discover Santa Clara® (DMO). Under this structure, the City has collected monthly Santa Clara Tourism Improvement District (SCTID) assessments from assessed lodging businesses, held those funds in a City account, and processed payment of DMO invoices.

As part of the renewed Agreement to Administer (ATA), this fiscal sponsorship structure is transitioning. Effective January 1, 2027, the City will no longer serve as the DMO's fiscal sponsor and will transfer the applicable balance of SCTID assessment funds to the DMO on December 31, 2026. Beginning January 1, 2027, the DMO will have direct custody of its funds and will assume responsibility for directly paying its business obligations.

The DMO's current Financial Policies were approved by the Board of Directors in January 2024 and were developed under the existing fiscal sponsorship and operating structure. The policies establish important controls related to safeguarding assets, segregation of duties, appropriate approvals, proper documentation, and financial oversight. They also reflect an operating model in which disbursements are processed by the Accounting Agency, the CEO approves invoices, and the CEO or Finance Manager reviews and approves the check run.

The existing Accounts Payable provisions similarly contemplate a process whereby Accounts Payable is managed by the Administrative Services Manager (now Director of Business Operations) in collaboration with the Accounting Agency. To maintain appropriate segregation of duties, invoices resulting from purchases initiated by the CEO require approval by a Board Officer, while other invoices are approved by the CEO.

On October 15, 2026, the Board approved an engagement with **CFO by Design** to conduct a comprehensive financial assessment of the DMO and review its financial governance framework.

The scope of this work includes reviewing the January 2024 Financial Policies; assessing the DMO's financial structure, processes, and internal controls; aligning updated policies with the DMO's draft Financial Procedures and the ATA with the City of Santa Clara; and establishing appropriate processes and controls for the organization's current operating environment and financial tools, including Ramp.

CFO by Design is scheduled to present its findings and recommended updated Financial Policies and Procedures to the DMO and Board of Directors on **January 28, 2027**.

DISCUSSION + PROCESS

The transition from City fiscal sponsorship to direct custody of SCTID funds creates a short but important operational gap.

Beginning January 1, 2027, the DMO will be responsible for paying vendors directly. However, the comprehensive financial assessment and updated Financial Policies and Procedures being developed with CFO by Design will not be presented to the Board until January 28, 2027.

The January 2024 Financial Policies do not fully reflect the DMO's new operating structure or current payment environment. Specifically:

- The existing Responsibility Matrix assigns **processing of disbursements to the Accounting Agency**, rather than authorizing the CEO to directly issue payments.
- The Accounts Payable provisions were developed around an Administrative Services Manager (now Director of Business Operations) and Accounting Agency workflow that will not represent the DMO's complete payment process once the organization assumes custody of its funds.
- The current policies do not provide a general mechanism authorizing the CEO to directly issue vendor payments by DMO check.
- The policies predate the DMO's implementation of **Ramp** and therefore do not address Ramp as an option for electronic invoice-management and payment platform which is currently being reviewed.
- The existing corporate credit card provisions are not intended to serve as a substitute for a comprehensive accounts-payable process. The current policy also restricts the use of corporate credit cards for certain categories of expenses, including consultant and professional services.

Without temporary authorization, the DMO could face an unnecessary interruption in its ability to timely pay vendors and meet normal business obligations immediately following the transition of funds.

To address this gap, staff is recommending adoption of a **Temporary Payment Authorization Policy** that provides a controlled and time-limited framework for processing vendor payments while the DMO works with CFO by Design to establish its longer-term financial processes and controls.

The proposed Temporary Payment Authorization Policy would authorize the President & CEO to issue vendor payments from the Discover Santa Clara® checking account by **check, ACH, wire transfer, or electronic payment platform, including but not limited to Ramp**, subject to defined approval thresholds and documentation requirements.

The proposed controls include:

- **Budgeted payments, including payments exceeding $10,000**, may be issued with the CEO's signature or documented electronic approval alone, following required invoice approval. A second signature or payment approval is not required solely because a budgeted payment exceeds $10,000.

- **Payments for expenses not included in the approved budget, regardless of amount,** require the CEO's approval and a second signature or documented approval from one of the Board members who is an authorized bank signer. For electronic payments, the required second approval must be documented before the payment is released.
- **Unbudgeted expenses paid from SCTID assessments** continue to require prior Board approval when required under the ATA.
- **Invoices resulting from purchases initiated by the CEO** continue to require approval by a Board Officer, consistent with the existing Financial Policies.
- Every payment must be supported by an invoice or equivalent documentation, with evidence of all required approvals retained.
- Payments may not be split to avoid established approval requirements.

The intent of the temporary policy is not to reduce financial oversight or remove existing internal controls. Rather, it is to provide the DMO with the authority required to operate under its new financial structure while preserving appropriate approval, documentation, segregation of duties, budget compliance, and Board oversight.

Temporary Policy vs. January 2024 Financial Policies
The Temporary Payment Authorization Policy is intentionally narrow in scope and does **not** replace the DMO's broader Financial Policies.

The principal change is the authority and mechanism by which approved payments may be issued.

Under the January 2024 Financial Policies:
- The **Accounting Agency processes disbursements**.
- The **CEO approves invoices**.
- The **CEO or Finance Manager reviews and approves the check run**.
- Accounts Payable is processed through the Administrative Services Manager (now Director of Business Operations) in collaboration with the Accounting Agency.

Under the proposed Temporary Payment Authorization Policy:
- The **CEO may directly issue approved vendor payments** from DMO accounts.
- Authorized payment methods include **check, ACH, wire transfer, and electronic payment platforms such as Ramp**.
- Defined thresholds establish when a second authorized Board signer or documented Board approval is required.
- Existing controls related to invoice documentation, Board Officer approval of CEO-initiated purchases, budget authority, and applicable SCTID restrictions remain in effect.

During its effective period, the temporary policy would supersede only those disbursement, check-signing, and payment-approval provisions of the January 2024 Financial Policies that conflict with the temporary authorization. All other existing Financial Policy requirements would remain in effect.

Projected Timeline for Temporary Payment Authorization Policy:

The Temporary Payment Authorization Policy would become effective **January 1, 2027**, immediately following the transition from City fiscal sponsorship to direct DMO custody of its funds.

The anticipated transition is as follows:

- **December 31, 2026:** City fiscal sponsorship ends and applicable SCTID assessment funds transition to DMO custody.
- **January 1, 2027:** Temporary Payment Authorization Policy becomes effective.
- **January 2027:** DMO continues working with CFO by Design to assess financial controls, payment processes, Ramp functionality, Financial Policies, and Financial Procedures.
- **January 28, 2027:** CFO by Design presents its financial assessment and recommended updated Financial Policies and Procedures to the DMO and Board of Directors.
- **Following Board approval:** Updated Financial Policies and Procedures replace the temporary authorization framework.

The Temporary Payment Authorization Policy **expires upon the effective date of replacement Financial Policies approved by the Board or March 31, 2027, whichever occurs first**. Any extension would require Board approval.

This interim approach provides the DMO with the flexibility necessary to **maintain uninterrupted operations** while ensuring that the organization's permanent financial framework is developed thoughtfully, with appropriate controls and Board oversight.

FINANCIAL IMPACT

Approval of the Temporary Payment Authorization Policy does not create any new financial obligation or increase the DMO's approved operating budget. The policy establishes an interim process for the payment of existing, authorized business expenses following the transition of SCTID assessment funds to DMO custody.

All payments made under the temporary policy will remain subject to the DMO's Board approved FY 2026/27 budget, applicable approval requirements, supporting documentation, and restrictions contained in the Agreement to Administer. Any unbudgeted expenditure requiring Board approval will continue to be presented to the Board in accordance with existing requirements.

CONCLUSION

The transition from **City fiscal sponsorship to direct DMO custody of SCTID funds represents a significant operational change** and requires a clear, controlled payment process beginning January 1, 2027. The proposed **Temporary Payment Authorization Policy provides a limited and time-bound framework** that will allow the DMO to meet its financial obligations without interruption while preserving appropriate approval, documentation, segregation of duties, budget compliance, and Board oversight.

This interim authorization will remain in place only until the updated Financial Policies and Procedures being developed with CFO by Design are presented to and approved by the Board, or March 31, 2027, whichever occurs first.

RECOMMENDED ACTIONS

1. **Approve the Temporary Payment Authorization Policy**, effective January 1, 2027, authorizing the President & CEO to issue vendor payments from Discover Santa Clara® checking account in accordance with the approval thresholds, documentation requirements, and internal controls outlined in the policy.
2. **Authorize the Temporary Payment Authorization Policy to supersede only those conflicting disbursement, check-signing, and payment-approval provisions of the January 2024 Financial Policies** during its effective period, with all other existing Financial Policy requirements remaining in effect.
3. **Authorize the Temporary Payment Authorization Policy to remain in effect until replacement Financial Policies are approved by the Board or March 31, 2027, whichever occurs first**, with any extension requiring additional Board approval.

Attachments:

1. Discover Santa Clara - Temporary Payment Authorization Policy
2. Discover Santa Clara® Financial Policies approved by the Board of Directors in January 2024.

Discover Santa Clara - Temporary Payment Authorization Policy

Board Approval Date:

Effective Date: January 1, 2027

Purpose
To support Discover Santa Clara's transition to paying vendors directly, the Board authorizes the following temporary payment procedures until which time updated financial policies and procedures are developed in alignment with the City of Santa Clara Administration Agreement.

Payment Authority and Approvals
The Chief Executive Officer (CEO) is authorized to issue vendor payments from Discover Santa Clara's accounts by check, ACH, wire transfer, or electronic payment platform, including but not limited to Ramp, subject to the following:

- Budgeted payments, including payments exceeding $10,000, may be issued with the CEO's signature or documented electronic approval alone, following required invoice approval. A second signature or payment approval is not required solely because a budgeted payment exceeds $10,000.
- Payments for expenses not included in the approved budget, regardless of amount, require the CEO's approval and a second signature or documented approval from one of the Board members who is an authorized bank signer. For electronic payments, the second approval must be documented before payment is released.
- Unbudgeted expenses paid from Santa Clara Tourism Improvement District (SCTID) assessments also require prior Board approval, as required by the City Administration Agreement.
- Invoices arising from purchases initiated by the CEO require approval by a Board officer consistent with the existing financial policies.
- Each payment must be supported by an invoice or equivalent documentation and retained evidence of the required approvals. Payments may not be split to avoid approval requirements.

All payments remain subject to the City Administration Agreement and applicable funding restrictions.

Temporary Supersession
During its effective period, this policy supersedes conflicting disbursement, check-signing, and payment-approval provisions in the existing financial policies, including the

responsibility matrix's assignment of payment processing to the Accounting Agency. The CEO may issue payments directly without the Accounting Agency serving as the disbursing party. All other existing policy requirements remain in effect.

Expiration

This policy expires upon the effective date of replacement financial policies approved by the Board, or March 31, 2027, whichever occurs first. Any extension requires Board approval.

Approved by the Board of Directors on:

Board Chair Signature: _____

Silicon Valley/Santa Clara DMO, Inc.
Discover Santa Clara®
Financial Policies

January 2024

CONTACT INFORMATION

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1. INTRODUCTION

1.1 GENERAL INFORMATION

Silicon Valley/Santa Clara DMO, Inc. dba Discover Santa Clara® (DMO) is the official destination marketing organization for Santa Clara, responsible for promoting and selling the City of Santa Clara (City) and the Santa Clara Convention Center (SCCC) as the go-to destination for national, regional, and local organizations. The organization strives to increase exposure and overnight visitation to the Santa Clara Tourism District (SCTID) hotels and partner destinations. The DMO also works to generate new conventions, meetings, and citywide business by offering a competitive citywide package featuring Santa Clara hotels and the Convention Center.

Specifically, the DMO aims to achieve the following objectives:

- Raise awareness about Santa Clara, California as a Silicon Valley, Bay Area, and Northern California destination to drive economic impact for the SCCC, our hotel/venue partners, and the City.
- Increase overnight visitation to the SCTID hotels and destinations.
- Offer a competitive citywide package featuring Santa Clara hotels and the SCCC to attract new conventions, meetings, and citywide business.
- Connect with meeting/event planners and influential travel buyers to cultivate potential opportunities for expanding our business.

The DMO serves as the Owners' Association for the SCTID, is fully funded by the SCTID, and is governed by a Board of Directors with diverse backgrounds and expertise.

1.2 FOCUS

The accompanying policies are critical to the success of the DMO. They aim to manage the finances and safeguard the assets of the DMO. Furthermore, they are designed to ensure compliance with all requirements of the operating and legal agreements. However, these policies are not designed to be a technical manual for the use of accounting software, or any other software used by the DMO.

It is important that standard finance policies be documented, so that they may be used as a reference by the DMO staff. There are three goals of the finance function that encompass these policies:

1. Timely and accurate financial reporting.
2. Safeguarding of assets and minimizing risk.
3. Proper management of cash receipts and disbursements.

1.3 SAFEGUARDING OF ASSETS AND MINIMIZING RISK

The American Institute of Certified Public Accountants' (AICPA's) Auditing Standard AU-C §315.04 defines internal control based on the definition and description contained in Internal Control – Integrated Framework, published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) as follows:

> *A process effected by those charged with governance, management, and other personnel that is designed to provide reasonable assurance about the achievement of the entity's objectives with regard to the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. Internal control over safeguarding of assets against unauthorized acquisition, use or disposition may include controls relating to financial reporting and operations objectives.*

Internal control is comprised of five components working together in an integrated framework:

1. **Control Environment**: Control environment is the set of standards, processes, and structures that provide the basis for conducting internal control across the entity. The governing board and management establish the "tone at the top" regarding the importance of internal control, including expected standards of conduct, which then cascade down throughout the various levels of the organization and have a pervasive effect on the overall system of internal control.

2. **Risk Assessment**: Risk assessment process includes how management identifies risks (including fraud risk) relevant to the preparation and fair presentation of financial statements in accordance with the local government's applicable financial reporting framework, estimates the significance of each risk, assesses the likelihood of the occurrence, and decides upon actions to respond to and manage them and the results thereof. Risks relevant to reliable financial reporting include external and internal events, as well as transactions or circumstances that may occur and adversely affect an organization's ability to initiate, authorize, record, process, and report financial data consistent with the assertions of management.

3. **Control Activities**: An organization should establish policies and procedures to implement control activities that achieve management directives and respond to identified risks in the internal control system.

4. **Information and Communication:** Information is necessary for an entity to fulfill internal control responsibilities to support the achievement of its objectives. Management obtains or generates and uses relevant and quality information from both internal and external sources to support the functioning of other components of internal control. Communication is the continual, iterative process of providing, sharing, and obtaining necessary information.

Internal communication serves as the vital conduit for distributing information within an organization, facilitating the seamless flow of data in various directions—upward, downward, and across the entire entity. It enables personnel to receive a clear message from management that control responsibilities must be taken seriously. External communication is twofold as it enables inbound communication of relevant external information and provides information to external parties in response to requirements and expectations.

5. **Monitoring Activities**: Monitoring involves evaluating the effectiveness of controls on an on-going basis and taking remedial actions when necessary. On-going monitoring activities often are built into the normal recurring activities of an organization and include regular management and supervisory activities. Management's monitoring of controls includes considering whether they are operating as intended and that they are modified as appropriate for changes in conditions.

1.4 PROPER MANAGEMENT OF CASH RECEIPTS AND DISBURSEMENTS

To maintain the integrity of all the financial reporting, it is imperative that the source data is properly recorded. This encompasses every instance of revenue received and each corresponding invoice within the context of financial transactions.

Regarding revenue, procedures are put into place that allow revenues to be received and recorded in accordance with the various agreements. Our procedures are designed to ensure that each revenue stream is properly recorded.

Regarding expenses, it is necessary that we spend within the parameters of the approved budget. In the budgetary process, we have the opportunity to outline the approved annual expenditures. Whether utilizing purchase orders or check requests, it is crucial to secure the appropriate approvals for each expenditure.

One of the largest expenses for the DMO is payroll and personnel costs. Our procedures outline the process by which an employee is added to the payroll system and submits time records, if applicable. It is also necessary to set forth procedures regarding pay rates and administration of salary adjustments. In addition, payroll maintenance includes maintaining the necessary payroll reporting throughout the fiscal year and at year-end.

1.5 CONCLUSION

The accompanying policies encompass the keys to a successful finance operation at the DMO. They serve to provide the key factors in managing transactions, safeguarding assets, and reporting accurate financial results. By implementing these policies, we believe that the goals of the finance department will be achieved.

2. RESPONSIBILITY MATRIX

A key to sound internal controls is a separation of duties. By having several assigned individuals involved in the process, it allows for discrepancies to be identified immediately and lessens the likelihood that an employee will attempt to redirect funds. The following Matrix aims to provide segregation of duties.

FUNCTIONAL AREAS	OWNER	RESPONSIBILITIES
Bank reconciliation	Accounting Agency	Prepare bank reconciliations
Review bank reconciliations	Finance Manager or Administrative Service Manager	Review and approve bank reconciliations
Journal entries	Accounting Agency staff	Prepare journal entries
Approve journal entries	Accounting Agency supervisor	Review and approve journal entries
Month-end close	Accounting Agency	Perform month-end close
Billing preparation	Administrative Services Manager	Prepare billing (currently not applicable)
Billing review	Chief Executive Officer or Finance Manager	Review billing (currently not applicable)
Delinquent receivables	Chief Executive Officer	Write off approval (currently not applicable)
Disbursements	Accounting Agency	Process payments
Invoice approval	Chief Executive Officer	Approve invoices
Check run	Chief Executive Officer or Finance Manager	Review and approve check run
Purchase order	Administrative Services Manager	Initiate purchase orders (currently not used)
Approve purchase orders	Finance Manager	Approve purchase orders (currently not used)
Corporate credit cards	Corporate credit card holder	Perform monthly statements reconciliations
Monthly statement reconciliations	Administrative Services Manager	Review and approve monthly statements reconciliations
DMO credit card management	Chief Executive Officer	Approve new card holders and increase credit card limits

Recording of transactions		Accounting Agency		Record the transactions into QuickBooks
Petty Cash		Chief Executive Officer		Approve of establishment of funds
Custodian of Petty Cash		Finance Manager or his/her designee		Custodian of Petty Cash
Employee reimbursement		Chief Executive Officer		Approve employee reimbursement
Petty Cash replenishment		Chief Executive Officer		Approve Petty Cash replenishment
Payroll changes		Administrative Services Manager		Make payroll changes in system
Payroll changes approval		Chief Executive Officer		Approve payroll changes
Input timesheets		Employee		Input timesheets
Payroll approval		Chief Executive Officer		Approve payroll registers/timesheets
Processing of payroll		Finance Manager or Administrative Services Manager		Process payroll
Capital assets acquisition		Board of Directors/Chief Executive Officer, depending on dollar threshold		Approve acquisitions
Capital assets record maintenance		Administrative Services Manager		Maintain records
Capital assets disposal approval		Chief Executive Officer		Approve disposal
Financial reporting		Accounting Agency		Generate Monthly, Quarterly and Annual Reports
Review of annual reports		Finance Manager or Administrative Services Manager		Review Monthly, Quarterly and Annual Reports
Closing		Accounting Agency		Year-end close
Audit coordination		Accounting Agency		Audit coordination
Audit oversight		Audit Committee		Oversees selection of audit firm and audit process

3. FINANCIAL POLICIES

3.1 SECTION 1: CASH CONTROL & MANAGEMENT

3.1.1 Overview

The DMO has a total of four bank accounts, one Operating account, one Reserve account, one Business Development Fund account and one Unrestricted Fund Account. Bank Statements are received by the Finance Manager or Administrative Services Manager. Bank reconciliations are prepared and reviewed by the DMO's third-party consultant, the Accounting Agency. A final review and approval of the bank reconciliation will be done by the DMO's Finance Manager or Administrative Services Manager.

The DMO is contracted with the Accounting Agency to manage the organization's QuickBooks transactions. Any transaction that needs to be recorded is prepared by the Accounting Agency at the end of the month, the DMO will review the monthly transactions for accuracy.

3.1.2 Bank Account Requirements

This section describes the requirements for managing the DMO's bank accounts. The nature and purpose of each of the required accounts are explained below.

Operating Account

1. The Operating Account is the DMO's main bank account.
2. For each Operating Year, the Operating Account is equal to the Operating Budget as approved by the Board of Directors.
3. All cash receipts should be deposited in this bank account.
4. All disbursements through the Accounts Payable system and Payroll are paid from this account.

Reserve Account

1. The Reserve Account maintains a balance equivalent to an amount budgeted and approved by the Board of Directors annually. This amount is equal to 40% of the current year's Operating Budget. The reserve amount is reset annually by the Board as part of the budget process. If additional amounts are required to reach the reserve requirement, monies will be transferred from the Unrestricted Fund Account to the Reserve Account. Contrary, amounts in excess of the reserve requirement will be transferred from the Reserve Account to the Unrestricted Fund Account.
2. All disbursements from this account are only to be used for large-scale unexpected expenses or emergencies and only upon Board of Directors approval.

Business Development Fund Account

1. The Business Development Fund Account is used to hold funds approved for use in future years. Upon approval, these funds are transferred from the Operating Account.
2. The Business Development Fund Account is used to secure potential bookings per the Business Development Fund Policy.
3. During the fiscal year budgeting procedure, funds are designated and endorsed by the Board of Directors as a segment of the sanctioned budget. To ensure the smooth operation of the business, these funds will receive approval from both the Chief Executive Officer of the Destination Marketing Organization (DMO), and the General Manager of the Convention Center as needed to secure business.

Unrestricted Fund Account

1. The Unrestricted Fund Account is where remaining unallocated DMO funds are held and is also where in-the-year assessments are collected and held.
2. The DMO staff monitors the balance of this account throughout the year. The Unrestricted Fund Account balance and any proposed spending are communicated to the Board of Directors as part of the annual budget process.
3. Disbursements from this account are primarily for funding the approved annual budget and mid-year budget amendments.
4. If the DMO requires extra funds for unforeseen or unbudgeted necessities, the Chief Executive Officer will approach the Board of Directors to seek approval for additional funds.
5. All disbursements from this account are subject to the Board of Directors' approval.

3.2 SECTION 2: REVENUE AND ACCOUNTS RECEIVABLE CONTROLS

3.2.1 Revenue Recognition

Revenue will be recorded in accordance with Generally Accepted Accounting Principles (GAAP). Under the current accounting standards, revenues are classified into the following two categories:

Nonreciprocal Transactions: For SCTID Funds, revenue should be recognized when its right is established (i.e., collected by the hotels) and measurable (i.e., when amount is known). Other nonreciprocal transactions such as unconditional contributions and donations, should be recorded as revenue in the period received at fair value.

Reciprocal Transactions: Reciprocal transactions should be recorded as revenue upon completion of the performance obligation of the DMO.

3.2.2 Accounts Receivable (Currently Not Applicable)

3.3 SECTION 3: EXPENSE AND ACCOUNTS PAYABLE CONTROLS

3.3.1 Overview

Responsibility for the purchasing function will be assigned to individuals in accordance with DMO's Purchasing Policy. Proper procedures must be followed in documenting all purchasing and receiving transactions. All approvals must be in writing.

The DMO will follow all the criteria set forth in the DMO's Purchasing Policy (see separate document). All approved purchases of goods and services will be processed in accordance with the guidelines from the Board of Directors approved purchasing policy. The Vendor Database is updated in QuickBooks Online by the Accounting Agency upon request from the Administrative Services Manager. The Chief Executive Officer is responsible for reviewing the Vendor Database audit log quarterly to ensure accuracy.

The DMO currently does not require a purchase order for purchasing a good or service. The DMO tracks its purchases through the approved budget. Budget and expenditure tracking are monitored to ensure that the DMO has enough funding to pay each vendor. The DMO is in the process of creating procedures for processing purchase orders.

Corporate credit cards are assigned to employees by the Chief Executive Officer and cardholders must sign a corporate credit card agreement with the DMO (see attachment). Corporate credit cards are used to procure low value items, typically up to $5,000. It may be used for higher value purchases on an approved basis. The cardholder is responsible for proper use of the corporate credit card. All designated spending limits and types of authorized purchases are set forth in the purchasing policy.

3.3.2 Corporate Credit Card Policy

All employees of the DMO that are assigned a corporate credit card are responsible for adhering to the purchasing requirements that are set forth in the purchasing policy and corporate credit card policy for all card transactions.

Obtaining A Credit Card

Corporate credit cards and assigned spending limits shall only be provided to DMO employees with the approval of the Chief Executive Officer.

Purchasing Guidelines

The Corporate credit card of the DMO may be used for the purchase of emergency or non-recurring business expenses. The maximum dollar amount allowable per transaction/month/credit card statement cycle are as follows and may be increased in case of an emergency:

Corporate Credit Card Limits by Position	
Position	**Amount**
Chief Executive Officer	$25,000
Director of Sales	$11,000
Director of Marketing	$11,000
Sales Manager #1	$5,000
Marketing Manager	$5,000
Manager, Data & Strategy	$3,000

Purchases may not be split to avoid these spending requirements. Employees that are found to be knowingly violating the limitation requirements will have card privileges revoked indefinitely. A monthly transaction limit for each employee holding a DMO corporate credit card will be assigned by the Chief Executive Officer and the Treasurer.

Corporate credit card purchases may be used for the following transactions noted below:

- Purchase of necessary goods, materials, and supplies.
- Authorized classes and training.
- Authorized travel expenses such as conferences, seminar reservations, travel costs, hotel, and rental car expenses. (For more information regarding this type of expense see the DMO "Travel and Entertainment Policy").

Corporate credit cards cannot be used to purchase or pay for the following transactions noted below:

- Goods and services for personal use.
- Consultant, professional, and temporary employee services.
- Equipment or asset purchases.
- Unauthorized classes or training.
- Unauthorized travel expenses.
- Cash advances.
- Personal expenses.
- Toll or HOV violations, parking tickets, traffic fines, and court costs.
- Unauthorized trips, entertainment, gifts, or donations.
- Interest charges or annual credit card charges on personal credit cards, including late charges.
- Loss of travel funds.
- Excess baggage (unless due to a business need) or lost luggage (a claim must be filed with the airline).
- Doctor bills, prescriptions, over-the-counter medications, or medical services incurred while traveling.
- Pet boarding charges.
- Late credit card or interest fees.
- Tobacco or cannabis products.
- Gift cards, excluding DMO marketing promotions approved by the CEO.

Limitation of Credit Card Use

The DMO's corporate credit card may not be used for personal expenses or for expenses that are not related to the DMO's business. The cardholder must ensure that all charges are legitimate and directly related to the DMO's business activities. Absent a legitimate reason (such as expenses that cannot be paid by credit card, the corporate card was declined, etc.), failure to use the corporate credit card as required may result in disciplinary action up to and including termination. Issuance of corporate cards is determined by business needs and will be approved by the Chief Executive Officer.

Consequences of Violations

Employees who fail to adhere to this policy, as well as managers who fail to enforce this policy, may be subject to disciplinary actions up to and including termination of employment.

3.3.3 Employee Reimbursements

Allowable employee purchases that meet the criteria described in the Purchasing Policy and the Travel and Entertainment Policy may be reimbursed by the DMO.

3.3.4 Travel and Entertainment Expenses

See Separate Board-Approved Travel and Entertainment Policy.

3.3.5 Accounts Payable

Accounts Payable is processed by the Administrative Services Manager in collaboration with DMO's Accounting Agency. Upon receipt of an invoice from a vendor, the Administrative Services Manager routes the invoice to the appropriate party for approval. Approval of payment for an invoice should be performed by an employee who did not initiate the purchase. Invoices, as a result of purchases initiated by the Chief Executive Officer, should be approved by an Officer of the Board, preferably the Treasurer, Chair, or Vice-Chair. Other invoices should be approved by the Chief Executive Officer.

Purchase and approval limits are detailed in the DMO's Purchasing Policy, adopted by the Board of Directors.

3.4 SECTION 4. CAPITAL ASSETS

3.4.1 Overview

The DMO's operations require the purchase of certain assets that are used over a long-term period. These assets are classified as "capital assets" on the DMO's financial statements and include any tangible good with an acquisition cost of $5,000 or more and an estimated useful life greater than two (2) years.

The capital assets detail records are maintained by the Administrative Services Manager. Based on dollar thresholds stated in DMO's adopted Purchasing Policy, the Board of Directors and the Chief Executive Officer have the authority to approve capital assets acquisitions. Capital asset disposals are approved by the Chief Executive Officer.

3.4.2 Acquisitions

The acquisition of capital assets is programmed in the DMO's budget on an annual basis. Capital assets of the same categories (e.g., vehicles, equipment, etc.) are budgeted in a lump sum. The acquisition of capital assets is managed by the Administrative Services Manager.

3.4.3 Accounting

All capital assets are posted to a distinct object code in QuickBooks, which is managed by the DMO's Accounting Agency.

3.4.4 Tracking

The DMO's Accounting Agency maintains a register of capital assets that is in conformance with generally accepted accounting principles and this policy. The register records the asset's identification (e.g., name, vehicle identification, etc.), year of acquisition, acquisition cost, and useful life. The Administrative Services Manager performs an annual audit of capital assets. The register shall also serve as the basis for preparation of DMO's financial statements.

3.4.5 Disposal of Capitals Assets

At the discretion of the Chief Executive Officer, a capital asset may be disposed of at any time. The Administrative Services Manager will inform the Accounting Agency of such disposal.

3.4.6 Depreciation

Capital assets are categorized into one of several categories, each with estimated useful lives. The Administrative Services Manager determines the useful life of each item based on historical practice and industry knowledge. The following are the DMO's estimated useful lives:

Vehicles	5 years
Property and Equipment	2 to 10 years

Depreciation is provided using the straight-line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated.

3.5 SECTION 5: PAYROLL ACCOUNTING & CONTROLS

3.5.1 Overview

Payroll is processed using the DMO's online ADP Payroll Software. Data is entered into the module by each employee and then processed by the Finance Manager or Administrative Services Manager. The DMO processes payroll on a biweekly basis and has 26-pay periods in a fiscal year. All employees are required to input their timesheets into ADP by the assigned dates provided by the Finance Manager or Administrative Services Manager. Payroll registers are reviewed and approved by the Chief Executive Officer before finalizing in ADP. Payroll reports are then generated and provided to the Accounting Agency to enter the data into QuickBooks.

Any payroll changes (e.g., new employee set-up, pay rate changes, removal of a departed employee, etc.) must be approved by the Chief Executive Officer before any data is updated in ADP. After the changes are made in ADP by the Administrative Services Manager, the Chief Executive Officer reviews a report generated in ADP to verify the accuracy of the changes.

3.6 SECTION 6. RESERVE POLICY

To ensure the stability of the mission, programs, employment, and ongoing operations of the organization and to provide a source of internal funds for organizational priorities, the Reserve Policy will be implemented in concert with the other governance and financial policies of the DMO and is intended to support the goals and strategies contained in these related policies and in strategic and operational plans.

3.6.1 Reserve Account

The Reserve Account is intended to provide an internal source of funds for situations such as a sudden increase in expenses, one-time unbudgeted expenses, unanticipated loss in funding, or uninsured losses. The Reserve Account is not intended to replace a permanent loss of funds or eliminate an ongoing budget gap. Rather, it is intended to protect the DMO's essential operation during periods of economic downturn or other unforeseen catastrophic events. It is the intention of the DMO for the Reserve Account to be used and replenished within a reasonably brief period of time. The Reserve Account is defined as a designated fund set aside by action of the Board of Directors.

The amount of the Reserve Account target minimum is calculated each year in concert with the approval of the annual budget, reported to the Board of Directors, and included in the regular financial reports. The target minimum of the Reserve Account is equal to 40% of the current year's Operating Budget. The reserve amount

is reset annually by the Board of Directors as part of the budget process. If additional amounts are required to reach the reserve requirement, monies will be transferred from the Unrestricted Fund Account to the Reserve Account. Contrary, amounts in excess of the reserve requirement will be transferred from the Reserve Account to the Unrestricted Fund Account. If the Operating Reserve is projected to fall below, or unexpectedly fall below the minimum level set by this policy, the DMO shall include within its annual budget a plan to restore reserves to the minimum level within 12 months.

3.6.2 Accounting for Reserve Account Funds

Funds in the Reserve Account will be recorded in the financial records as Board-Designated Reserves. The Reserve Account will be funded and available in cash or cash equivalent funds. Funds in the Reserve Account will be with the investment accounts of the DMO.

3.6.3 Use of Reserve Account Funds

Use of the Reserve Account requires three steps:

1. **Identification of appropriate use of Reserve Account funds.**
   The Chief Executive Officer and staff will identify the need for access the Reserve Account and confirm that the use is consistent with the purpose of the reserves as described in this Policy. This step requires analysis of the reason for the shortfall, the availability of any other sources of funds before using reserves, and evaluation of the time period that the funds will be needed and replenished.

2. **Authority to use the Reserve Account.**

   The Chief Executive Officer will submit a request to use Reserve Account to the Board of Directors. The request will include the analysis and determination of the use of funds and plans for replenishment. The goal is to replenish the funds used within 12 months to restore the Reserve Account to the target minimum amount.

   If the use of Reserve Account takes longer than 12 months to replenish, the request will be scrutinized more carefully. The Board of Directors will approve or modify the request and authorize transfer from the fund.

3. **Reporting and monitoring**

   The Chief Executive Officer is responsible for ensuring that the Reserve Account is maintained and used only as described in this Policy. Upon approval for the use of Reserve Account, the Chief Executive Officer will maintain records of the use of funds and plan for replenishment, if required. The Chief Executive Officer will provide regular reports to the Board of Directors on progress to restore the Reserve Account to the target minimum amount, if required.

3.7 SECTION 7: FINANCIAL REPORTING

The DMO is mandated by the SCTID Management District Plan to submit an Annual Report to the City Council of the City of Santa Clara. This report must include details regarding the current fiscal year's accomplishments as well as proposed objectives and strategies for the subsequent fiscal year. The Annual Report is prepared in accordance with the Property and Business Improvement District Law of 1994, Streets and Highway Code Section 36650 etc. seq. DMO.

The DMO is committed to establishing procedures that safeguard assets and minimize the risk of misappropriation. To ensure proper management of funds, the following procedures are in place:

1. A monthly close is conducted within 15 calendar days after month-end.
2. Bank statements are opened and reviewed in a timely manner, and a bank reconciliation is prepared and reviewed within 15 calendar days of the close of the month.
3. Monthly financial reports are prepared and reviewed internally within 20 calendar days following the close of each month.
4. Monthly financial reports shall be submitted to the City within 45 calendar days following the close of each month.
5. Quarterly activity reports for the first three quarters of the fiscal year shall be submitted to the City of Santa Clara (City) within 45 calendar days after the quarter month end.
6. The preliminary quarterly activity reports for the fourth quarter of the fiscal year shall be incorporated in the Annual Report and submitted to the City within 45 calendar days after the Operating Year end.
7. A financial audit is due to the City, copies of the Audited Financial Statement and Required Communications With Those Charged With Governance should be provided to the City within 90 calendar days after the end of each Operating Year.
8. Sufficient internal control should be maintained in the DMO's operations.
9. All supporting documents for invoices and receipts are filed and retained by the DMO.
10. Financial policies are reviewed and approved by the Board of Directors.

The DMO is accounted for as a full accrual fund which means it uses a set of self-balancing accounts including assets, liabilities, revenues, and expenses. The organization follows the accrual basis of accounting where revenues are recognized when earned, and expenses are recognized when incurred. To ensure accurate financial reporting and overall fiscal responsibility of the DMO, the DMO follows Generally Accepted Accounting Principles (GAAP).

The DMO prepares financial reports on a regular basis. All monthly and quarterly reports are finalized and submitted to the Board of Directors no later than 55 calendar days after the close of the prior period. The presentation of the Financial Statements shall follow the current standards issued by the Financial Accounting Standards Board (FASB) and Governmental Accounting Standards Board (GASB). The financial statements of the DMO must include all information required by GAAP or required by applicable specialized accounting and reporting principles and practices, unless specifically exempt from providing that information.

3.7.1 Chart of Accounts

The Chart of Accounts encompasses all the general ledger accounts; allows for detailed event reporting; and is an important component of the structure of the financial reports.

The Administrative Services Manager and/or Finance Manager are responsible for updating the chart of accounts to meet changing needs. Chart of Accounts formatting, or structure is not to be altered without Chief Executive Officer approval.

3.7.2 Audits

Financial Statement Audit

The DMO annual audit requirements are set forth as part of the Agreement with the City for the Administration of the SCTID and should be followed in accordance with the contract guidelines.

Annual financial statements should be subject to an audit by a qualified Certified Public Accountant for the following main purposes:

1. To ensure compliance with laws and regulations.
2. To provide reasonable assurance that the financial statements are free of material misstatement.
3. To assess the effectiveness of internal controls.
4. To provide constructive recommendations for improving the organization's operations.

The independent audit is to be conducted at the end of each Operating year by a Certified Public Accountant appointed by the Audit Committee and approved by the City. It is important to have proper communication between the Chief Executive Officer, Finance Manager, Administrative Services Manager, and the Accounting Agency regarding these audits.

Annually, the Board of Directors appoints an Audit Committee consisting of no fewer than three Board members to provide oversight of the financial reporting and external audit process. The functions of the committee include:

1. Make recommendations to the full Board of Directors on the hiring and firing of an independent certified accountant.
2. Negotiate the independent certified accountant's compensation.
3. Confer with the independent certified accountant to become satisfied that the financial affairs of the Corporation are in order.
4. Review the independent audit report.
5. Approve any non-audit services provided by the independent certified accountant.
6. Meet with external auditors to:
    a. Review proposed audit approach.
    b. Discuss matters that are significant to the audit.
7. Oversee the work of the external auditors.
8. Review the results of the audit with management and external auditors, including matters required to be communicated with those charged with governance under the Generally Accepted Auditing Standards.

Upon review and approval by the audit committee, the following reports should be forwarded to the Board of Directors and the City:

1. Audited financial statements.
2. Auditor's letter containing matters required to be communicated with those charged with governance.

Agreed Upon Procedure Report

Annually, the DMO's external auditors should conduct an Agreed Upon Procedure (AUP) to validate the hotels' SCTID assessment collection amount, calculation, and timely remittance to the City. The AUP report, prepared by the external auditors, should be submitted to the City within 90 calendar days after the end of each fiscal year.

Performance Audit

The City may also require, at its own expense, a performance audit. This audit will be conducted by a performance auditor or by the City Auditor. The purpose of the performance audit is to assess the DMO's performance during the previous fiscal year using the performance measures specified in the management agreement between the City and DMO.

Sales Audit

At its own expense, the City may also conduct a sales audit to validate the "status" and documentation of customer bookings and interactions as documented in the DMO's Simpleview CRM.

The frequency of the sales audit shall be agreed upon by both the City and the DMO. This audit is designed to confirm the accuracy of the numbers reported related to sales performance and data that is calculated to determine incentive plan expenditures.

3.8 SECTION 8: BUDGET DEVELOPMENT

Budget development requires a great deal of fact-gathering, analysis, and judgment. It should be outlined, categorized, and detailed in the same manner as the financial reports in which it will be used for comparisons to actual results throughout the year.

The Chief Executive Officer, Finance Manager, and Administrative Services Manager are responsible for completing and submitting the annual budget in the required form, in accordance with all requirements. Sufficient time must be allowed for proper review by the Chief Executive Officer, Finance Manager, and Administrative Services Manager.

3.8.1 Budget Development Process

With the support of the Finance Manager and the Administrative Services Manager, the Chief Executive Officer prepares the annual Operating Budget:

1. In April of each year, the proposed budget for the following fiscal year is presented to the Board of Directors with a budget memo detailing the research and reasoning for the proposed budget.

2. By the end of June of each year, the Board of Directors approves the budget by achieving at least 75% approval from the Board.

3. Once the budget is approved, the SCTID is provided with an overview of the approved budget, the budget memo, and the approved budget in July of each year.

4. A copy of the approved budget is submitted to the City of Santa Clara Contract Administrator within 45 calendar days after the end of the Operating Year.

3.9 SECTION 9: RISK MANAGEMENT

3.9.1 Defalcation

Defalcation is defined as the act or an instance of embezzling/misappropriating funds. This definition is being established to ensure that actions in the event of a financial irregularity do not jeopardize the ability to recover from insurance carriers and do not subject the company to litigation arising out of false arrest or harassment charges. The DMO has created policies to mitigate the risk of financial mismanagement and will maintain appropriate management liability insurance. The DMO encourages its employees to report improper activities in the workplace and will protect employees from retaliation for making any such report in good faith.