

HAMILTON COUNTY TOURISM, INC. BOARD OF DIRECTORS
37 E. Main Street, Carmel, Indiana
Minutes of the Annual & February Meetings
February 1, 2019

FEBRUARY 2019 ANNUAL MEETING

*Special Note for the Record: A snowstorm caused some to not be able to attend in person.
A conference call line was established as a result.*

Attending the Meeting in Person: Bob DuBois, Andrew Newport, Jimia Smith, Norman Burns, Mark Truett and Scott Spillman.

Attending the Meeting Via Phone: Judi Johnson, Jeremy Geisendorff, Jeffrey Brown and Al Patterson.

Also attending:

Brenda Myers, President/CEO; Karen Radcliff, Vice President/CSO; Betsy Ekelof, Operations Director; Ashley Ledford, Director of Marketing & Promotions; Sarah Billman, Visitor Experience Manager; Tina Rodgers, Assistant Director of Resources; Carol Sergi, Director of Marketing, Economic Development; Sarah Buckner, Destination Development Manager; Christine Altman, Counsel.

I. Welcome

President Bob DuBois opened the meeting at 8:35 a.m. The minutes of the 2018 Annual Meeting had been approved in March 2018.

II. 2018 KPIs & Year-In Review

B. Myers provided an overview of 2018 KPIs and successes for the year:

2 of 3 Overall Organizational Goals Achieved

1. 92.86% of KPIs Achieved (a chart of those KPIs was provided for study)
2. DMAP Reaccreditation Achieved
3. 7.9% Room Demand Growth (Not achieved – actual was 7.2%)

B. DuBois informed the board that the executive committee questioned whether room demand is an applicable metric. HCT's overall goal is to drive room demand, but whether it can influence to that level of accuracy is debatable. It has been removed as a 2019 goal.

KPIs in particular to celebrate included:

- **Visitor Experience** serviced 81 events against a goal of 50 in its first full year of operation
- **Partnership** renewed 239 gold partners against an annual target of 137
- **Social Marketing** drove 239,419 blog views against a goal of 71,000 and garnered 15,554 Facebook fans against a goal of 13,000
- **Public Relations** earned 224 media hits against a goal of 163
- **Marketing** scored 596,714 visitors to the site against a goal of 500,000
- **Sports** sent 27,446 room nights to hotels against a goal of 25,000
- **Sales** sent 65,303 room nights to hotels from leads and assists against a goal of 42,000

Big wins for the year included:

- Marketing nationally recognized for **GOOGLE TRAVEL** implementation
- **EARNED MEDIA** impressions totaled more than 335,000
- Paid Spring/Fall **MARKETING CAMPAIGNS** generated more than \$300:\$1 ROI
- Operations implemented massive new **CREDIT CARD EXPENSE SYSTEM**
- Operations improved **LODGING TAX REMITTANCE** through diligent follow-up
- Visitor Experience created **AMBASSADOR PROGRAM** to train hospitality volunteers/workers
- Visitor Experience began coordinating and streamlining **IN-HOUSE MANAGEMENT SERVICES** for HCT-hosted events

- Sales & Sports incorporated **RELATIONSHIP BUILDING SALES PROGRAM** into business strategy and grew key contacts list as a result
- Destination Development helped **LAUNCH A TRAIN** with almost 10,000 passengers in three months (thanks to huge support from Marketing)
- Destination Development hosted numerous **WHITE RIVER VISION PLAN** sessions with input from hundreds and completed phases 1 & 2 of the plan
- **VISION 2025 CHECK-IN** drew more than 150 community partners to four meetings throughout the county for conversations and input

2018 in Financial Metrics Review Included:

Lodging Industry

Tax Collections - \$5,231,125.75 Gross
 11% over 2017 & 2% over Appropriations
 Hotel Occupancy – 63.8% 2018 vs. 67.8% 2017
 Hotel RevPAR - \$75.75 2018 vs. \$79.70 2017
 Hotel Room Demand – 7.2% with inventory growth of 14.1%

Financial Review *Estimated Budget vs. Actual*

\$5,084,362 in revenue
 + \$40,893 in receivables (Atlanta USDA Grant/Miscellaneous) not reflected in revenue
 \$5,125,255 in revenue
 \$5,175,555 in actual expenses posted (includes payables)
 + \$70,000 in estimated additional accounts payable not reflected on balance sheet
 = \$5,245,555 in anticipated total year-end 2018 expenses
 \$5,125,255 in revenue - \$5,245,555 in anticipated expenses
 = (\$120,300) over budget
Note: 2019 budget proposes to replace this deficit spending.

Financial Review *Estimated Balance Sheet*

\$784,825 cash on hand as of 12/31/18
 + \$57,893 receivables
 +\$222,613 pre-paid 2019 expenses (spent in 2018/booked in 2019)
 - \$69,636 accounts payable
 = \$995,695 estimated actual current reserves
 + \$120,000 replenish reserves if possible 2019
 = \$1,115,695 reserves goal year-end 2019
**Financial reserves goal is 20% of budget, or \$1,060,000 for 2019, plus debt service reserve build-up to retire bond as soon as possible after 2021 (10-year call on the note).*

III. Election of Board Members & Officers

B. DuBois noted that Angie Smitherman would need to be voted in at the March Board meeting and would replace Todd Burtron, who is moving onto the Tourism Commission as Westfield’s representative. Proposed Board members for the Class of 2019-2020 are:

- Jimia Smith, Jeremy Geisendorff, Bob DuBois, Andrew Newport, Jeffrey Brown and Al Patterson
- Proposed Executive Committee changes also for review included:
 - Jeffrey Brown moves from Director at Large to Vice Chairman through 2019
- B. Dubois remains as Chairman; N. Burns remains as secretary/treasurer A. Newport remains as director at large.
- An additional director at large is needed. Scott Spillman volunteered to serve in that capacity.

There were no other nominations from the floor. M. Truett moved that the slates be approved as presented. J. Johnson seconded. Motion passed.

Discussion took place as to who would be willing to serve as an electronic reviewer of payments (essentially who would agree to be on the bank account to sign electronic and occasional paper checks). B. Dubois is already on the account, as is Norman Burns, but travel schedules sometimes prevent some from participating in this role and a third signer is needed. S. Spillman agreed to serve in that capacity.

There being no further action required of the annual meeting, N. Burns moved that the meeting be adjourned and M. Truett seconded. Motion passed.

FEBRUARY REGULAR BOARD MEETING

- I. **Welcome** – B. DuBois opened the regular meeting of the board of directors for February 2019.
- II. **Review of the Minutes** – The November 2018 minutes of the board meeting were reviewed with no suggested changes. A. Newport moved that the minutes be accepted. N. Burns seconded. Motion passed.
- III. **Financials**
 - A. **2019 Budget** – B. Myers presented the 2019 re-stated budget, which assumes restoration of the requested net \$5.3 million in funding from the Hamilton County Council, for review. She noted that the County Council asked the Board to adopt a fully restored budget and gave a level of confidence about restoration of that budget so long as communications continue to improve between the two entities.

The budget, presented in the board packets, mirrors the one approved in May 2018 for appropriations with a few exceptions:

- Only 2% revenue growth is forecast in 2019 on lodging tax collections, or \$5,076,000, a conservative estimate
- \$234,000 in actual carryover funds from 2017-2018 would then fill in for 2019 appropriations revenue

Other items to note:

- \$120,327 in “replacement/set-aside” or reserves account has been budgeted to make up for deficit spending in 2018 as a result of not being able to pull down the additional appropriations noted above
- Marketing appears to be flat, and essentially is, but there is some freed-up funding as a result of the HCEDC contract allowing us to do our pay-per-click buying in-house for searches
- And, there is a revenue line of \$384,782.79 to cover wages, marketing and miscellaneous as part of our HCEDC contract

A. Newport moved that the budget be approved as presented. N. Burns seconded. Motion passed.

B. 2019 Funding Agreement: Hamilton County Convention and Visitors Commission – Additionally, with the assumption that appropriations will be fully restored, B. Myers presented a revised 2019 funding agreement with a drawdown schedule that would total \$5.3 million, providing funds were available. She noted that the agreement has that caveat in it to protect the Commission. N. Burns moved that the revised funding agreement for \$5.3 million be approved and presented to the Tourism Commission. S. Spillman seconded. Motion passed.

C. Spending Limits Discussion – B. Ekelof presented a plan requesting that the approval requirement of two signatures for checks over \$2,000 be raised to \$5,000. The \$2,000 limit has been in place for over a decade. She data showing of the 1,190 accounts payable transactions in 2018, 269 or 23% were over \$2,000 and only 134 or 11% were over \$5,000. The goal is to reduce stress on the Board which has to approve electronic checks. Conversation took place around the ability of the Board to still see activity, and B. Myers reminded the board that read-only access to the Intacct accounting software is available and B. Ekelof can train anyone interested in reviewing that. Additional explanation occurred over scrutiny of expense reports, and she explained to the board that someone from operations and a manager reviews all credit card expense reports in detail prior to payment. This is especially easy under the new SAP Concur reporting system. N. Burns moved that the spending

level requiring two reviews be moved to \$5,000 and A. Newport seconded. Motion passed. B. Ekelof said she would reach out to the Board about training for Intacct.

IV. Old Business

A. HCT Office Review Team – K. Radcliff explained to the Board that she has established a team comprised of a county council representative, and members from the HCT Board, staff and Tourism Commission (if desired). The team will meet Feb. 26 to 1) review the processes that have been put into place over the past 4 years; 2) review the proposed new location; 3) take a tour of the existing location and a proposed schematic to adapt the existing and rented spaces for the next 6-8 years. This new plan only looks at those spaces within the HCT's current control. C. Altman also mentioned she knew of an organization looking for a building partner and said she would give that information to Karen to review.

B. Destination Development Team – B. Myers talked about an upcoming meeting of the new Destination Development Team, created as a result of a Hamilton County Council request to broaden input on special project investments. That team will meet Feb. 13 and look through a pipeline of ideas in development. Members of that team are Rick McKinney and Brad Beaver from Hamilton County Council, Andrea Huisden and Tiffany Pascoe from the Tourism Commission, John Hughey and Jimia Smith from the HCT Board. She said the desire is to have a hotelier appointed to that team as well.

V. New Business

A. 2019 Sports Support Grants – K. Radcliff presented request for funding of 10 smaller and 3 larger sports clubs for 2019 support. These grants are different than bid fees or efforts to attract a large piece of business and are focused on community. Discussion took place as to what the requirements are for those sports organizations who receive funds. She explained that the three larger gifts are for clubs that directly provide opportunities for tournaments and travel play. The remaining 10 are organizations that lift up sports in the community. The program is very similar to the Tourism Gives grant process but much smaller. Discussion took place as to what Tourism Gives requires, and it was suggested that a clear set of expectations be put into place for these grants. They are: \$500 each to Carmel Swim Club, Hamilton County Tennis Association, Indy Premier Soccer Club, Hamilton Disc Golf Union, Hoosier FC, Noblesville Youth Baseball, Noblesville Girls Softball Association, Noblesville Swim Club and Indiana Fire Juniors. And, \$4,000 each to umbrella clubs of Carmel Dad's Club, S.P.O.R.T.S., an Westfield Youth Sports. M. Truett moved that the sports grants be awarded as proposed. J. Smith seconded. Motion passed with S. Spillman, from S.P.O.R.T.S. abstaining.

B. Sponsorship Valuation Task Force – K. Radcliff presented a proposal from Superlative Group, an organization that did valuations of three sports products in the county for possible naming rights. This would be at least a two-year agreement costing approximately \$50,000-\$60,000 that would support two of the organizations (Grand Park and S.P.O.R.T.S.) in providing sales support for those sponsorship agreements – working to connect local venues/organizations that can prove significant activity to possible regional and national sponsors who might enter into a multi-year agreement. A. Newport discussed that sponsorships are tricky, and expectations are usually higher than deliverables but they are important to support operations. Questions were asked about the return on investment potential, as the proposal as presented would ask that the organization gift 10% of the sponsorship fees (in addition to 20% commission to Superlative Group) back to HCT, Inc. to support future valuation efforts. That idea is being tested with the participating organizations. Radcliff was asked to bring back the ROI analysis at the March meeting for further discussion.

C. Replacement of Auditor and Update on Insurance Renewal – B. Ekelof informed the Board that our auditor, Platinum Accounting, who had taken over from long-time auditor Bastin Accounting, has asked to remove itself from the audit due to it not being an area of specialty for them. Ekelof reached out to the State Board of Accounts for recommendations, as well as others. The firm of Peachin, Schwartz & Weingardt is a Fishers firm, well-known for working with non-profits. A proposal has been submitted by them that is only slightly more than the previous auditor, and Ekelof has met with them and feels they are more than capable of managing the

auditing process as well as filing the organization's 990s. There being no questions, N. Burns recommended the firm be hired to complete the audit and tax filings, and A. Newport seconded. Motion passed.

Ekelof then informed the Board that the current insurance provider has chosen not to continue umbrella or directors & officers coverage for Hamilton County Tourism due to the pending litigation from the Indiana Transportation Museum. Hylant, which serves as HCT's insurance broker, is seeking a firm willing to take HCT for coverage.

D. Other New Business – Atlanta Pacific Railroad, Inc. Request – B. Myers asked the Board to amend the agenda to discuss a request by the Atlanta Pacific Railroad, Inc. (APR) of the Board. By consensus the Board agreed to hear an additional item for review. Myers reminded the Board that in 2018, it had signed as a guarantor to a note with APR for up to \$750,000 that would become active should APR purchase and improve railroad equipment for use by the Nickel Plate Heritage Railroad (NPHRR) to operate the Nickel Plate Express (NPX) but be unable to complete the project by September 2018. The project was launched in late August 2018, so that guarantee was voided. NPHRR now owes funds for acquisition of the cars and restoration of those cars, and for some expenses related to the moving of the cars. The amount is in dispute, but it is somewhere between \$980,000 and \$1,200,000. Those terms are being negotiated between those two parties. There is a desire by APR to have Hamilton County Tourism, Inc. guarantee the new loan once that is resolved. This is a short-term loan, possibly just through 2019 or 2020. Myers noted that NPHRR has every intention of re-bundling both the National Bank of Indianapolis (NBOI) railroad restoration loan of \$550,000 and the equipment loan into a new note by the end of 2019. The goal is to show a healthy Nickel Plate Express operation as quickly as possible to make the ability to seek a non-profit bond or new loan easier to secure. APR entered into the project with the NPHRR with an understanding that it would pay back the loan and seek other options. Costs escalated beyond expectation, however. APR now asks that the HCT Board serve as a guarantor to its loan with the NPHRR, as HCT has with the NBOI on the rail restoration. The HCT Board discussed the request and determined it is not the responsibility of HCT to do this. HCT will continue working to ensure the success of the NPHRR and provide technical assistance to restructure that loan package as HCT is only committed to NBOI payments through 2019 and there is a desire to reduce the 8 percent interest being charged by APR for its loan. The request failed for lack of a motion.

VI. Adjournment – There being no further business, S. Spillman moved that the meeting be adjourned. J. Smith seconded. Motion passed. The meeting was adjourned at 10:30 a.m.