

MINUTES
IRVING CONVENTION AND VISITORS BUREAU
BOARD OF DIRECTORS – EXECUTIVE COMMITTEE MEETING
ZOOM VIDEO MEETING
APRIL 13, 2020

Attendance: Rick Lindsey – Board Chair; Karen Cooperstein – Board Vice Chair; Bob Bourgeois, David Cole, Debbi Haacke, Julia Kang, Clem Lear, Greg Malcolm – Committee Members; Bob Bettis, Herb Gears and Joe Philipp- Board member; Maura Gast and Susan Rose - ICVB; Councilman Al Zapanta and Mayor Rick Stopfer – Guests.

Board Chair Rick Lindsey called the meeting to order at 8:45 a.m. and noted this meeting is taking place as a video conference due to the COVID-19 restrictions. He inquired if there were any citizen comments; there were none.

Gast gave a presentation to City Council on March 31 and reviewed current data regarding the impact of COVID-19 and the ICVB response. Key points were:

- Irving Hotel Occupancy has changed dramatically. The week of March 22, Occupancy is 25.5% city-wide. The week of March 29, if lucky, will be in the high teens. San Antonio, Texas is hovering at 10% Occupancy.
- The drops in Occupancy are also seeing parallel drops on Average Daily Rate; our assumptions are based on what data is available as there really are no comparisons for what is now occurring.
- Best Case Scenario – June Recovery, No China Relapse:
 - 10% Occupancy for April and May
 - 25% Occupancy for June
 - 30% Occupancy for July
 - 40% Occupancy for August
 - 55% Occupancy for September
 - 60% Occupancy for October
 - Occupancies restored to typical levels by year-end due to pent-up business demand.
- Average daily rate likely will take 12 months minimum to catch up (recovery may be compressed due to rapid decline of remaining business –rate war timing could potentially be limited).

Cash Flow and Funding Challenges are:

- ICVB:
 - Reserve fund balance is half of what it used to be.
 - \$3 million taken from ICVB in 2010 to fund 1st year debt service shortfall of ICC debt.
 - Have been working to rebuild; current balance at \$1.3 million.
 - Computer Reserve Fund - \$244K.
 - Uncommitted ICC Capital Expenditures - \$358K.
 - HOT funds received quarterly; Jan-Mar funds due mid-May.
 - Not sure what percentage of HOT payments actually will be made.
 - April-June funds due mid-August; Anticipating minimal revenues at best.
 - Jul-Sep funds due mid-November; Anticipating some recovery.

- ICC:
 - Event cancellations, postponements, re-bookings, new bookings.
 - Facility still needs to be maintained & protected.

Three Phases for what we are going through: Response, Recovery and Resilience

- ICVB Response:
 - Assumption that ZERO new HOT revenue will be coming in for the next several months
 - Suspend all travel and training.
 - Stopping all advertising that could be stopped.
 - BizDIP - honoring what has been committed but nothing else.
 - Ad agency projects – finishing what is underway but then nothing else.
 - PR agency –pausing contract/retainer.
 - Halted all pursuit of a TPID.
 - Suspend executive director incentive.
- ICC Response:
 - Suspend all travel and training.
 - Security contract restructured.
 - Elevator, mechanical systems contracts being adjusted.
 - F&B service contracts stopped –Cintas, Linens, etc.
 - Reduced janitorial expenditures.
 - Stopped parking contract.
 - Stopped weekly dumpster pulls.
- Staff Adjustment Response:
 - ICVB Staff reduced by 23% in 2010 (6 positions); only 1 of those since has been replaced.
 - City does not currently have furlough, nor temporary pay reduction policies.
 - Evaluating these as possibilities; need to understand TMRS & SBP impacts.
 - Enactments need to be draconian to provide any significant relief, such as:
 - Furloughs of full staff for a minimum of two months.
 - Furloughs for salaried employees preferred to be in (minimum) one-week increments, and furloughed employees would be eligible for unemployment benefits.
 - 25% temporary pay cuts of full (or all salaried –17 of 21) staff for a minimum of six months.
 - ICC has furloughed approximately 20 FTEs.
- Response - Other Issues:
 - Lingering misperceptions re ICVB pay plan changes of 2018.
 - The total cost to implement the plan was \$95,000, across 21 positions.
 - Biggest single portion of that was to the Exec Director position, @ 15%.
 - Recommendations for adjustments to this position.
 - Eliminate incentive for current year FY2020 and FY2021.
 - Reduce pay by 25% for at least 6 months.
- Recovery: ICVB and ICC:
 - Continue to reduce expenditures everywhere possible.
 - Keep the pump primed on all fronts –sales, marketing.

- Continue to maintain the facility.
- Recognize that every destination is operating as a start-up.
- Travel will be changing – unknown for how long and in what ways.

- Resilience:
 - Comes when we can see daylight with recovery.
 - Reserves will need to be rebuilt.
 - Loans will have to be repaid.
 - ICC will still need a subsidy.
 - Other funding sources (TPID) will still need to be pursued.
 - Travel and group gatherings likely will have fundamentally changed.
 - “Small but Mighty” may still be on our side.
 - Political capital will have to be maintained/rebuilt.
 - The impact of the visitor economy on our community’s quality of life will never be clearer.

Board Vice Chair Karen Cooperstein stated the ICVB team is doing a continuously fabulous job of selling Irving as a destination and planning for the future, while proactive in their role to promote and keep local restaurants open and spreading the word. The Marketing and ICVB staff are doing a great job in staying on top of updates every day. She has not seen any other city doing as much for their communities.

Board member Debbi Haacke requested having a review of current financial statements for complete decision-making. Gast noted that the Hotel Occupancy Tax collections are not in yet and will not show on the current financials; these will be provided in advance of the full board meeting, but it is important to understand that the ICVB financials are not a forecast, and it is the forecast that is the issue.

Mayor Rick Stopfer reported the City is down \$16 million in revenue from Sales Tax projections and the Hotel Occupancy Tax projection is a \$8 million shortfall. He noted it is fortunate that the Westin Irving Convention Center Hotel and the Toyota Music Factory have some reserves to make payments to the debt service. The City is reviewing the furlough process and keeping updated on when the government programs will come into place to actually be able to utilize them. He stated the ICVB is a workhorse for the City and generates business revenue. He appreciates keeping the ICVB team lean but realizes they should not be penalized. There is great dialogue between all entities in the City and everyone is working through the red tape. He is looking at the situation from all sides and angles to keep doing business as close to normal as possible. The City will discuss the best way to recover and what things will look like over the next 90 days. He expressed his appreciation for the ICVB team, Board of Directors and Gast for their commitment.

Councilman Al Zapanta expressed his thanks to Gast for the presentation update she gave to City Council. He stated the country may not bounce back as fast as everyone would like and anticipates 12-18 months realistically for a turn-around, and noted caution is critical. Zapanta suggested that before making decisions specific to the Executive Director salary and incentives, that the Board wait until after the City Council meeting later this week when the Council will receive a report on the city’s Hotel Occupancy Tax financials, sales tax and property tax collections. He noted that the financial situation facing the CVB is where the board will “earn its keep” as it works with the Council to find solutions.

Board member Joe Philipp brought to the Committee's attention the City's Supplemental Benefit Program is not a substitute for social security. It is a supplemental benefit plan, knowing there is no social security from the City. In response to a question from Philipp, Gast reported cash projections for the ICVB assume if there is no revenue collected for January through March 2020, the ICVB can operate through August 2020 using all reserves available. If reserves are not utilized, the ICVB can only operate through May 2020. Philipp added the Board needs to work closely with the City on those projections.

Board member Julia Kang added that she would also like to review the current financials. Board member Bob Bourgeois noted that the staff has done a tremendous job and furloughs are the last thing he would want to see; people are and will be needed to continue doing the work.

Board member Greg Malcolm reported Occupancy may recover by 2022, but Average Daily Rate will not recover until 2023. Malcolm's properties have furloughed most employees and working with skeleton crew at each hotel. The company has seven hotels open and running at 6% Occupancy. He stated he appreciates Gast's recommendations on keeping staff, realizing this is a hard time to receive unemployment for employees. Irving hotels were projected to run in March at 83% occupancy and are actually at 42% - that is how fast the impact of COVID-19 has hit. He further noted if the industry maintains rate integrity there is a better fighting chance to recover quicker. Some smaller properties cannot close due to their debt structure and are open running at 6% or less. Gast noted that Hotel Occupancy Tax payments cannot be deferred, nor penalties waived, as they are tied to the city's debt on the Toyota Music Factory and Westin Irving Convention Center Hotel, as well as the Convention Center.

Board member Herb Gears commended the ICVB team for a great job. He suggested to the Committee that if furloughs should become necessary, that it will be important that communications are structured in the same manner as messages from the City Manager and noted the importance of consistency. It will be important to hear the Council and City Manager discussions this week.

Board Member David Cole added iFratelli is fortunate at this time to be a delivery/pick-up business and has not had to adapt like full-service restaurants. He reported Frontburner Restaurants, owners of Whiskey Cake on Hwy 635, has let almost all their staff go and out of 47 El Fenix restaurants, only 14 are open at this time. The Landry's team has furloughed all hourly staff and managers are working at half salary. This has devastated a lot of restaurants, both big and small. Cool River is closed permanently. Some areas of town may not be able to sustain their restaurants anymore, and it may become even more important to revisit the city's R-A-B restrictions to help restaurants survive. He added that remote meetings and video conferences may take the place of business travel and may start to impact office leasing; the sports world may be the glue to get everyone together again with travel and filling hotel rooms, since those can't be replicated via Zoom. The restaurant community has not had recovery discussions to date, only talking survival.

Gast reviewed the ICVB cash flow and gave a recap of cash/investments, payroll and estimated expenses as well as funds available. Going forward there could be no staff travel, no advertising expenses, etc. and staff will power the programs and plan on zero revenue. Gast reported the government's PPP (Paycheck Protection Program) allows loan amounts to be forgiven, as long as employee and compensation levels are maintained. Based on what the staff has been able to learn thus far, the ICVB would rely on the City's banking relationship with Bank of America to acquire the loan, should they become eligible to pursue this avenue of relief. Currently, since most CVBs are either 501©6 organizations (like Chambers) or government agencies, we remain ineligible for coronavirus relief funding under the PPP. The US Travel

Association is working diligently toward a Phase 3 technical correction or a Phase 4 relief package that would specifically include tourism agencies of any structure.

Lindsey asked for a motion to approve the recommendation of Executive Committee for Budget Adjustments from ICVB Reserve, Computer Reserve and Convention Center Capital Improvement Project Reserve and bring forward to the full Board of Directors. Board member Clem Lear made a motion and a second from Cooperstein to approve. Philipp asked for a roll call vote.

Executive Committee members voted in support of the motion:
Lindsey, Cooperstein, Bourgeois; Cole, Haacke, Kang, Lear, Malcolm.

Others in attendance voiced their support of the action:
Bettis, Gears, Philipp, Mayor Stopfer. (Councilman Al Zapanta – not present at time of vote).

The recommendation of Executive Committee for Budget Adjustments from ICVB Reserve, Computer Reserve and Convention Center Capital Improvement Project Reserve passed unanimously and will come forward to the full Board of Directors for action before coming to the Irving City Council.

Lindsey asked for a motion to approve Recommendations for adjustments to the Executive Director position to include the elimination of incentive for the year FY2020 and FY2021 and a reduction in pay by 25% for at least six months to be reviewed at that time.

Discussion was held and Stopfer noted the City will be reviewing the shortfalls and needs. City staff will be pulling down accounts and looking at the boundaries of bond covenants to keep dollars flowing and maintain the City's Triple A rating. There will also be discussion of personnel with hard conversations. The potential hit from declining sales tax and property tax collections and rates will also be reviewed. Gears asked if the City was comfortable making decisions on property tax adjustments at this time and if an adjustment in rate would make a difference. Stopfer replied a tax adjustment can be made during disaster relief and he commended Gast as a team leader for making hard decisions. He stated funds can be put back into reserves and salaries and bonuses reinstated at a later date. In response to a question from Lear, Gast replied the ICVB and City will be compiling budget numbers for FY2021 in the next few months and she is not comfortable adding the Executive Director incentives in that budget.

Lear made a motion to approve and a second from Malcolm. Executive Committee members voted as follows:

Executive Committee members voted in support of the motion:
Lindsey, Cooperstein, Bourgeois; Cole, Haacke, Kang, Lear, Malcolm.

Others in attendance voiced their support of the action:
Bettis, Gears, Philipp, Mayor Stopfer. (Councilman Al Zapanta – not present at time of vote).

The recommendations for adjustments to the Executive Director position to include the elimination of incentive for the current year FY2020 and FY2021 and a reduction in pay by 25% for at least six months to be reviewed at that time were unanimously approved.

Lindsey asked for a motion to approve the Executive Committee February 21, 2020 meeting minutes. A correction on page 3 of the minutes to state "there are three candidates for Councilman Dennis Webb's position - Place 3."

On a motion from Lear and a second from Bourgeois to approve the corrected Executive Committee minutes of February 21, a roll call vote was as follows:

Executive Committee members voted in support of the motion:
Lindsey, Cooperstein, Bourgeois; Cole, Haacke, Kang, Lear, Malcolm.

Others in attendance voiced their support of the action:
Bettis, Gears, Philipp, Mayor Stopfer. (Councilman Al Zapanta – not present at time of vote).

The corrected minutes were approved unanimously.

Next steps:

After the City Council meeting on Thursday, April 16, Gast will coordinate with Chairman Lindsey to identify time for a condensed full Board meeting this month, in order to make the May 7 City Council agenda. ICVB and ICC financials for February and March 2020 will be provided for that meeting.

Lindsey expressed his thanks for the great group of people assembled on the ICVB Board of Directors and their efforts and commitment to protect the ICVB and ICC moving forward.

The meeting was adjourned at 10:37 a.m.

Respectfully submitted,



Maura Allen Gast, FCDME
Executive Director