

MINUTES
IRVING CONVENTION AND VISITORS BUREAU
BOARD OF DIRECTORS – EXECUTIVE COMMITTEE MEETING
ZOOM VIDEO MEETING
MAY 15, 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, Jo-Ann Bresowar, Herb Gears and Joe Philipp - Board members; Carol Boyer, Lori Fojtasek, Maura Gast, Marianne Lauda and Susan Rose - ICVB; Tom Meehan, Verenis Pedraza and Matt Tungett – ASM/SMG Global; Councilman Al Zapanta and Senior Assistant City Attorney Christina Weber – Guests.

Board Chair Rick Lindsey called the meeting to order at 9:00 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.

Accounting Director Marianne Lauda reviewed the ICVB financial reports for April 2020.

- Balance Sheet cash position is doing well at this point in the year. Total Assets are \$182,862.73. She noted the monthly financial report is presented in the new software format.
- Revenue includes charges for Services, Investment Income, and Miscellaneous (any revenue for shared sponsorship payments).
- Monthly and YTD Expenditures were reviewed and included Utilities, Outside Services, Marketing Resources (social media efforts), Property Management Services (payments to ASM/SMG).
- Travel will decrease significantly in the coming months, as well as mileage and membership dues.
- Claims and Insurance includes payments to the City for liability insurance.
- Business Development Incentive Program payments will decrease due to the cancellation of events, as well as local program expenses.
- Total Expenditures YTD - \$4,312,887.79; ending balance \$178,295.73 and 45% expended.
- April Fund Balance is normally low as Hotel Taxes are collected in May.
- She noted staff is doing well managing expenses.

In reviewing the Check Register, Lauda noted this report is also in the new format with the descriptions showing in the report. Payments in the month were reviewed, including payment to Irving Convention Center for the Westin Irving Convention Center Hotel garage lease agreement for March/April 2020. Lauda noted the trustee makes a payment to the City, the City wires the payment to the ICVB and ICVB makes payment to ASM/SMG.

Board member Joe Philipp made a motion to accept the ICVB April 2020 Financials and a second from Board member Bob Bourgeois.

Executive Committee members voted in support of the motion:

Lindsey, Cooperstein, Bourgeois; Cole, Haacke, Kang, Lear, Malcolm. The motion was unanimously approved.

Lauda reviewed the Hotel Occupancy Tax Collections for Second Quarter FY 2019-20. She noted the collections will show in the May 2020 financial reports. She noted the Westin Irving Convention Center

Hotel was added as requested to the Luxury and Full-Service Hotels in the report. The hotel pays 9% tax (not included in the report totals), which is applied to bond payments for Headquarter Hotel, and the ICVB does not receive any portion of those collections. It was noted that several hotels have not paid the tax and the report shows a decrease of 38% for the quarter, YTD down 19%. Seven short-term rental locations have now paid tax.

In response to a question from Board member Herb Gears, Lauda noted it is very rare when full-service hotels do not make timely payments. Executive Director Maura Gast noted it is possible one or two occasionally may be late, but not in a very long time. The City Finance Department does reach out for delinquent payments and requests status of payments due. However, state law does not show Hotel Tax collections delinquent until one quarter late. The Irving Ordinance has not been changed to reflect that, however, that is what applies. Once considered delinquent, fees and collection efforts must be enforced, due to the bond covenants in place. City Attorney Christina Weber clarified delinquent/interest does not accrue and penalty cannot be assessed until a quarter late.

Lauda reported \$1,353,785 of Hotel Tax collections allocated to ICVB; \$54,151 paid to the City for administrative costs, and net total received was \$1,299,634. In response to an earlier question regarding if anyone was in frequent touch with the hotels, Gast clarified the City Finance Department is talking to hotel properties regularly regarding payments, ICVB Sales and Services is continuing to speak with hotels for leads and opportunities.

ASM/SMG General Manager Tom Meehan reviewed the ICC Financials for April 2020. He noted the only Revenue for the month was \$2,000 from the Police Exam event. Catering shows adjustments from events in March when the building was shut down in the middle of the month due to COVID-19. Some events received refunds on their events, which creates negative numbers in the financials.

- Other Income – two lease payments for Westin Irving Convention Center Hotel garage.
- Adjusted Gross Income - \$28,293
- Total Indirect Expenses - \$372,444
- Expenses were decreased \$172,107 for the month.
- All vendors and contractors working with ICC were asked for a three-month suspension of either service or monetary adjustments.
- For the month of April, Net Income Loss is \$344,151.

In reviewing the Five-Year Comparison Report, Meehan noted the numbers are skewed with F&B Catering reporting higher for the year with no income this month. This is due to the first six months of the fiscal year when the Catering income was phenomenal.

Meehan reviewed the Forecast and noted May through September numbers are a guess at this point. It is a critical point in the year, but business is starting to cancel because there are no answers for what will happen in the future for events. He noted only a small percentage of the ICC business is large mass gatherings. Most of the booked business is banquets and corporate business. Direction for clients with events later in the summer is needed soon for what can/cannot be done regarding gatherings before more business is lost. He noted that movie theaters have social distancing practices in place and are similar to a meeting room; restaurants have tables a certain distance apart, similar to banquets; grocery stores are similar to trade show aisles with traffic moving one direction. The ICC can abide by social distancing guidelines. He stressed it is important for decision-makers to interpret the guidelines and that information can then be shared with clients. If there are no answers for clients, they will continue to cancel events. Gast noted the client questions are about what the law will allow, not the cleanliness nor safety of the

building. Everyone is lobbying the Governor of Texas for the next steps so we can do the basics. Meehan stated the interpretation may be left to local officials to understand the operations of the ICC are not primarily as a “mass gathering” place. He stressed the decision and communication are needed as soon as possible to move forward with business that remains.

Board Vice Chair Karen Cooperstein made a motion to accept the ICC April 2020 Financials and a second from Board member Debbi Haacke.

Executive Committee members voted in support of the motion:

Lindsey, Cooperstein, Bourgeois; Cole, Haacke, Kang, Lear, Malcolm. The motion was unanimously approved.

Lindsey asked for a motion to approve the ICVB Executive Committee minutes from April 24, 2020. Board Vice Chair Karen Cooperstein made a motion to approve, and a second from Board member Debbi Haacke.

Executive Committee members voted in support of the motion:

Lindsey, Cooperstein, Bourgeois; Cole, Haacke, Kang, Lear, Malcolm. The motion was unanimously approved.

Lindsey reviewed the ICVB Board of Directors agenda for May 18, 2020 and noted the meeting will be held once again by video conference. A COVID-19 Update will be presented, and new Board members Nydia Hoskins and Jason Trujillo will be welcomed. Cooperstein noted a correction to the agenda to add the TIF report from Michael Randall. The correction was noted. The next Executive Committee meeting will be on June 19 and he anticipates the meeting will be a video conference.

Gast reported the ICVB and ICC staffs will stagger shifts for returning to work, once Dallas County gets to “orange” in their new alert system. Protocols and procedures will be put into place. Events in the building will be responsible for communicating their requirements from their attendees, e.g., if masks will be required. Buffets will look different or will be a thing of the past. ASM is introducing a new branded hygiene protocol program, VenueShield. ICVB and ICC are looking into a third-party certification program from Global BioRisk Advisory Council called GBAC STAR Facility Accreditation Program. The program empowers facilities to assure staff, clients, and key stakeholders that proven systems are in place to deliver clean and healthy environments. The ICVB is hoping to partner with Toyota Music Factory/Live Nation in the certification and that ideally, Irving hotels and other venues will pursue the same certification. Visit Dallas has opened the doors with GBAC to the other area CVBs, as well as to the airports, so that a collective DFW message might be pursued.

Meehan reported cleaning and disinfecting supplies are very difficult to come by at this time. The ICC is working with their suppliers for cleaning and sanitizing supplies and equipment, specifically a Clorox 360 misting machine. Lead times for delivery are expected in September through November. Another machine has been ordered to use in the interim. A long-term supply is needed before re-opening the building completely. A plexiglass partition will be installed at concession stands, the café, and the front desk in the office with a pass-through window. Considerations are being discussed on changing the buffet process and looks. All these things will need to be in place before the building re-opens and then will work with the client from there on their individual requirements and needs.

Gast added every hotel chain is putting into place their own sets of standards and we will want to do everything we can, so guests know we are securing their safety.

Gast gave an update on COVID-19 Visitor Economy Situation and Economic Impact.

- Irving Occupancy changes each week, hovering in 23-24% range.
- Average Daily Rate is \$60.
- Council has approved use of ICVB Reserves and now in cash flow.
- April and May Occupancies show 20%; regardless, we are not anticipating much in the way of funding for this current quarter.

Gast reviewed the financial position and noted the need to work with Mayor Stopfer, City Council and City management to find relief to carry through calendar year 2021 and perhaps later and terms that will allow ICVB to start rebuilding its Reserve fund. It is hoped that some consideration in the repayment structure might acknowledge the \$3 million already provided by the ICVB in 2010 in response to first year's debt service shortfall. Gast is working through funding challenges and looking for other avenues of capital resources:

- Not eligible line of credit or bank loan as a government agency.
- Working with ASM/SMG parent company for a longer-term contract in return for significant capital access; not eligible for CARES Act.
- There may be funding available in economic adjustment assistance programs but a finite amount of dollars.
- Maybe an option with Economic Adjustment Assistance Programs (EAA).
- Possible additional legislation for assistance, but questions if it will be in time to help.

Councilman Al Zapanta added there is money coming down to the State of Texas and then to counties. Irving is in discussion to receive some dollars as a city, but County Judge Clay Jenkins has not committed to anything at this point.

Gast stated 30% of her time is chasing dollars right now, and 30% of her time is chasing information.

She shared results of two surveys:

Texas Association of CVBs on staffing adjustments:

- Majority of staff furloughed or laid off are Convention Center or Visitor Center staff. Many of the positions being furlough are not positions the ICVB has.
- Survey did not ask about any salary reductions.

Destinations International survey:

- Reductions in professional development.
- Elimination of positions.
- Staff hours and furloughs.
- Reduced benefits.

Gast reported the ICVB has not reduced cell phone benefit, as all staff is now working remote and using their personal cell phones.

Gast showed a chart that looked at the various personnel/salary adjustment scenarios she has reviewed, and the impacts that result. Payroll runs a little over \$300,000 a month and furloughing entire staff for two months, may buy two-months' time but ultimately does not fix the problem. Gast noted the

difference of a 10% staff salary reductions for six months is \$20,000.00, and ultimately does more morale damage than any budget good.

Recommendation:

Accept the Executive Director's recommendation for a 25% salary reduction for six months and the elimination of incentive compensation for FY20 and FY21.

Gast noted that staff talent is what will carry us through the challenges, financial and otherwise. The ICVB will have to continue to evolve as the circumstances around us evolve. And the Board will have to evolve; in November 2020 we will lose four Board members and in November 2021 lose another three. None of these things matter if there is no funding. She noted the concerns of several Board members on the impact of her recommendation on her retirement benefits and noted that there is very little impact on those calculations, considering her nearly 30 years of service history.

Lindsey stated he has come to realize his responsibility is to create an environment for the Executive Director to do her job and has total confidence and respect for the recommendation offered. He supports the recommendation as stated to create an environment to lead the ICVB team and be prepared when the economy picks back up.

Discussion was held on the possibility of reversing or sustaining the recommendation and the language that should be used to allow the option for the Board to review at any time. It was clarified by Senior Assistant City Attorney Christina Weber the Board has the right to review at any time and a specific time period does not need to be documented in the resolution. Board member David Cole cautioned the Board that supporting the recommendation may cause the Board to do more harm than good in defending the Executive Director position in the future. Further discussion was held on the future adjustment of the recommendation and the upcoming budget. Weber clarified if money isn't allocated in the budget, it would require a budget adjustment; depending on the funding source for that adjustment, it may have to go to City Council, as City Council action is required for any cross-fund adjustments.

Further discussion was held on the prior compensation study done for all the ICVB positions. Cole stated we have someone to fight for and protect that is already underpaid in comparison to similar size cities and it is hard to agree to a reduction now. Board member Jo-Ann Bresowar agreed and noted the Board should be applauded for the previous decisions and integrity to get things right.

Board member Greg Malcolm asked if the reduction in staff salaries makes a big enough reduction in the big picture. Gast responded just another month or two of cash flow. Zapanta added CVB is a money-making business operation and should be treated that way and should be glad to be part of the City organization or it could be detrimental in the next couple of months. It cuts both ways.

Board member Herb Gears noted the ICVB's ability to operate is vulnerable, as Zapanta has stated, and in the larger picture, the working relationship with the City is more critical now. Gast noted Chief Financial Officer Jeff Litchfield believes the City will be able to cover its debt service obligations this year. The reserves on both Toyota Music Factory and Irving Westin Convention Center Hotel debt also will be sufficient. Gears asked if there could be a loan from the City's General Fund? Gast indicated ultimately that is what it could come down to, in the same way the City loaned itself funding to cover the debt service shortfall for the past several years on the Convention Center debt. How a loan from the City to the ICVB would be structured will ultimately come down to a Council decision, and it will be important for the Board

to continue to communicate with the Council about this issue. Gast is projecting that in order for the ICVB to do the fundamentals of its job over the next 2-3 years, and continue to subsidize the convention center, is going to probably take \$2-\$3 million dollars from the City. It is her hope that repayment considerations would first allow for the ICVB finances to be stabilized once again, and to allow the ICVB to rebuild its own reserves while it may also have to pay the City back. But she also is hopeful that the City will take into consideration the \$3 million that was taken from the ICVB in 2010; had those funds not been taken, the CVB would be in a position today to likely not need a loan.

Lindsey asked for a motion to accept the Executive Director's recommendation for a 25% salary reduction for six months and the elimination of incentive compensation for FY20 and FY21. Board member Bob Bourgeois made the motion and Board Vice Chair Karen Cooperstein entered a second.

A roll call vote was as follows:

Voting Committee members – Lindsey, Cooperstein, Bourgeois and Haacke in support; Cole, Kang, Lear and Malcolm were opposed. The motion was a tie.

Non-Committee members – Bettis, Bresowar, Gears, Philipp in support

Weber clarified in event of a tie vote the recommendation would be stopped and the full Board agenda would need to be amended accordingly. Weber reminded that only the voting members of the full Board will vote on the item. It would be noted that the Committee did not come to a unanimous decision.

Gast acknowledged her appreciation and support of all the perspectives and considers it a tremendous luxury that she has the support and concern of the board for this, regardless of the final vote.

Lindsey thanked Committee for tough discussion and thinking things through to hopefully get things right, and service on the Executive Committee.

The meeting was adjourned at 10:58 a.m.

Respectfully submitted,



Maura Allen Gast, FCDME
Executive Director