

**MINUTES
IRVING CONVENTION AND VISITORS BUREAU
EXECUTIVE COMMITTEE
IRVING CONVENTION CENTER
Friday, March 22, 2024**

Attendance: Richard Stewart, Jr. – Board Chair, Board Vice Chair Herb Gears; David Cole, Colvin Gibson, Julia Kang, Greg Malcolm, and Sam Reed - Committee Members; William Mahoney, and Joe Philipp – Board Members; Tom Meehan and Jeremy Pierce – ASM/ICC; Councilman Al Zapanta – City of Irving; Maura Gast, Carol Boyer, Marianne Lauda, Brice Petty, and Susan Rose – ICVB

Board Chair Richard Stewart, Jr. called the meeting to order at 9:00 a.m. There were no citizen comments.

IRVING HOTEL OUTLOOK PRESENTATION – TOURISM ECONOMICS QUARTERLY UPDATE

Assistant Executive Director Administration and Finance Susan Rose introduced Director of Industry Studies Aran Ryan. Ryan reviewed the U.S. Context and Irving Lodging Outlook for the group with data provided by Oxford Economics team:

- U.S. Context
 - The U.S. economy is expected to slow down in 2024.
 - The result of higher interest rates is not felt yet and spenders are being cautious.
 - Curtailed spending will mildly impact travel.
 - Excess savings are now largely exhausted and more concentrated among the wealthiest households.
 - Debt has risen in some important categories and credit card debt is coming back at higher interest rates.
 - Delinquency rates are rising with borrowing costs surging.
 - Room demand will continue to normalize in 2024. International and group demand have room to grow, and U.S. demand has essentially recovered to 2019 levels and is expected to normalize.
- Irving Lodging Forecast
 - Room revenue is expected to be 8.5% above 2019 levels in 2024, while operating and labor costs have risen 25%.
 - Forecast summary shows a 5% weaker RevPAR than anticipated.
 - It may take beyond 2026 for real RevPAR to recover to its historical average.
 - Hotel performance in Irving continues to recover.
 - Consumer spending and the normalization of room demand will both play a role. Urban destination trends are growing year-over-year, while all other market types are flat or declining.

Executive Director Maura Gast inquired about the trend of independent business travelers in other markets. Ryan replied it is not fully back and 2024 will be a tough year. Discussion was held on operating performance across the country and the impact on development pipelines. It was noted that banks that opened lending lines on smaller hotel properties and some projects that started well ahead of time may make sense to continue to build. In response to a comment from Board member Joe Philipp, Gast noted the geo-political state is one reason international travel has not returned. Councilman Al Zapanta noted the Dallas Federal Reserve gave a presentation showing over 50% of exports is energy and agreed it will be a difficult year.

ACTION ITEM: Gast to distribute copies or link of the [Dallas Federal Reserve presentation](#).

Stewart asked for a motion to approve the Executive Committee meeting minutes of February 23, 2024. On a motion from Board Vice Chair Herb Gears, and a second from Board member Julia Kang, the motion was approved unanimously.

ACCEPTING THE ICVB FINANCIAL REPORTS

Accounting and Budget Director Marianne Lauda reviewed the ICVB February 2024 financials. February was a slow month; the Bureau continues to stay within budget.

General Fund:

- Expenditures are down.
- Revenue received was from Hotel Occupancy Tax, penalties, and interest. The same two hotels remain consistently behind.
- After five months into the fiscal year, 25% expended.
- Ending Fund Balance is \$3,538,020.90.

ICC CIP Fund:

- Revenue from Investment Interest and Irving Convention Center Westin Hotel parking garage.
- Expenditures were checks to SMG that accrued from the prior month.
- Ending Fund Balance is \$2,440,743.75.

Check Register:

- Checks to SMG for Fired-Up! Training, Board meeting catering and logistics, and CIP projects.
- Tourism Economics check for \$94,000 is for Symphony analytics software.
- Currently paying 93.3% of expenses from Hotel Occupancy Tax and 6.7% from ARPA funds.

Cash Flow:

- Spikes in March, June and September are for anticipated transfers in funds.
- The anticipated ending balance for September 2024 is currently \$7,461,011.

Fund Balance Chart:

- General Fund is over 100% of goal.
- Reserved is also over 100% of goal.
- Technology Fund is showing 51%; however, a transfer of funds currently budgeted for August will allow us to meet the current goal.
- ICC CIP Fund is showing 81% of goal and is in an advantageous position to meet the \$2,440,743 goal at the end of the year.

Board member Colvin Gibson inquired about the \$50,000 sponsorship check in the Check Register. Lauda noted the check is for the Invited Golf Tournament sponsorship.

Gast replied to an inquiry concerning Business Development Incentive Payments for the two delinquent hotels. She confirmed payments are going directly to the organizer of the group and not the hotel.

Stewart asked for a motion to approve the ICVB February 2024 financial reports. On a motion from Board member David Cole, and a second from Gears, the motion unanimously was approved.

REVIEW OF HOTEL OCCUPANCY TAX COLLECTIONS

Lauda reviewed the report for December 2023:

- Luxury & Full Service:
 - Gast reported she had received notice the court hearing date for the delinquent hotels has been delayed until November 7.

- Both hotels are still delinquent – Doubletree by Hilton DFW Airport North and the Sheraton DFW Airport Hotel. Outstanding balance plus penalties and interest are due.
- All Suite / Extended Stay:
 - Extended Stay America Dallas Las Colinas did not pay in November and December.
 - Staybridge Suites DFW Airport North did not pay in December.
 - Overall, this category is down in collections.
- Budget Service:
 - Two OYO Hotels - DFW Airport North and South did not pay in December.
 - Overall, the category is down slightly from the previous month.
- Limited Service:
 - All properties have paid; however, the category is down from the previous two months.
- Short-Term Rentals:
 - There are 25 properties reported in December, down from 34 in November.
 - This category is performing below previous two months.
- Summary:
 - December collected \$567,501.64, Budgeted \$558,854.00.
 - Cumulative Year-to-Date Actual for December is \$2,110,044.29, up 5.0% from Budget.

Lauda confirmed the reported amount is the ICVB portion of the Hotel Occupancy Tax for Irving.

In response to a question from Philipp, Gast reported the impact on business travelers in the DFW area the first year after COVID saw some hybrid conventions, but most have backed off from that platform now due to the expense. In some cases, there is a hybrid keynote speaker or attendees can register for specific pieces of a conference online and recordings can be available for a price. Most data points toward getting people back face-to-face, which is different from data with people returning to the office. Meetings and conferences are happening, just differently post-COVID. Board member William Mahoney noted corporations are cracking down on coffee-badging with people clocking in at the office, but then leaving to work remote. Large corporations will start to take action on habitual use.

ACCEPTING THE ICC FINANCIAL REPORT

General Manager Tom Meehan reported on the February 2024 financial reports:

Highlights:

- There were 19 events, and 41 event days with 31,945 in attendance.
- Budgeted to make \$68,107 and current actual is \$365,309, or \$297,202 better than budget.
- Year-to-Date there were 67 events, and 96,029 in attendance. Prior year had 85 events and 71,007 in attendance. Meehan pointed out this year has bigger and longer events.
- Adjusted Gross Income is \$3,584,249, and \$244,602 ahead of budget, which is well ahead of last year's record-setting pace.

Team is doing well containing expenses as best as possible.

Income Statement:

- Rental Income is \$192,724 for the month, and \$660,368 for the year, below budget.
- F&B Catering is \$582,199 for the month. The gross F&B Catering number is over \$1 million in the month alone. Year to date actual is \$2.2 million, and last year was \$1.7 million.
- Meehan noted Rental number is offset with Catering and considered in contract negotiations.

- Parking is \$85,000 for the month (not including concert parking), \$252,000 for the year and \$211,000 last year.
- Electrical services income is \$98,700 year-to-date.
- Internet Services income is \$23,209 year-to-date.
- Total Event Income is reporting \$851,925 for the month, and \$2,935,553 for the year, \$131,741 ahead of budget.
- Total Operating Income includes AV services, Decorating, and parking and reporting \$648,000 for the year, and \$430,971 last year.
- Adjusted Gross Income is well above budget by \$244,602.
- Indirect Expenses are 3,351,489 for the year, slightly more than the prior year.
- Net Income is currently \$424,389 better than budget and well ahead of last year's pace.

Year-over-Year Comparison

- Current Month:
 - Rental Income – well above previous four years.
 - F&B Catering and Concessions – well above previous four years.
 - Total Event Income – well above previous four years.
 - Indirect Expenses are slightly higher than previous four years.
- Year-to-Date:
 - Rental Income is \$15,057 below 2022-23, but well above the previous three years.
 - F&B Catering is \$2,208,365 this year and remarkably close to 2019-20 record-breaking year.
 - Expenses are up due to labor, salaries and food supply costs going up.
- Overall, this is becoming a phenomenal year.

Meehan noted the success this year comes from being creative in sales and upselling catering. The budget projection is solid, but the team creates more demand with fewer shows and longer event days. Philipp noted the success is also a result of good management from the ICC team. Meehan added since COVID each year has been met with different challenges and changes. The strategy is to continue to look at each year and make changes to ensure the revenue is there. Gast noted that in next month's financials it will be evident when the shut-down occurred in March 2020, which was on track for a record year, and to date this year's financials are showing a similar pattern.

In reviewing the Forecast Report, Meehan is projecting to date to return \$179,080 to the subsidy, and he noted this number will continue to grow. Last year the forecast showed \$60,000 in this month, which points toward beating last year's record-setting year.

Board member Sam Reed congratulated Meehan and noted the work of the team is remarkable. Meehan noted unless some unforeseen catastrophe happens, this year will be the best yet. Pierce noted that the ICC pricing is 5-10% lower than larger competitors and makes this building attractive. Reed added the leadership of the ICC and ICVB teams is a great factor.

Meehan reported on an item that was requested in a previous Committee meeting regarding staff incentives. He noted the incentive program has been finalized and approved by ASM Global, and Gast. The staff performance bonus will be awarded at the end of the fiscal year for any employee employed over six months and in good standing and employed on the date of the bonus distribution. There are three parts that must be met: Returning \$500,000 back into the subsidy, meeting the Adjusted Gross Income target of 7% of the

bonus, and achieving the Customer Service target score of the year. The Bonus is tiered: \$500,00-\$600,000 subsidy return, each employee receives \$1,000; \$650,000-\$700,000, each employee receives \$1,500; and over \$750,000, each employee receives \$2,000. To date the team is 90% on target for Customer Service score, the Adjusted Gross Income target has already been met, and on target to return at least \$500,000 to the subsidy. The employees are thrilled and most appreciative of the opportunity. The bonus will be paid after the audit is finalized and approved. Reed congratulated the excellent job on tying the bonus to the financial game. Pierce added they have comprised committees and employees have a voice in decisions on expenses, etc. It has boosted the team to become invested in the ICC and their performance.

Stewart asked for a motion to approve the ICC February 2024 financial reports. On a motion from Reed, and a second from Gears, the motion unanimously was approved.

BOARD AGENDA REVIEW

- Rose will give a recap of the Tourism Economics presentation.
- The new General Manager of the Toyota Music Factory Eric Albert will give an update on the renovations.
- ICVB team will share a video from the Raleigh Underground event.

ACTION ITEM: Gast to request a site map of the Toyota Music Factory updates and distribute at Board meeting.

CITY COUNCIL UPDATE

Councilman Al Zapanta:

- Council reviewed report from Irving Library Director in Executive Session on library collections but did not take a vote. It is a work in progress.
- The May 6 elections will be an indicator to where people stand on the City Hall administration building project.
- Also discussing the adjustment of facilities from warehouse to data centers and the impact it has on building capacities. A change will require a new Ordinance. Looking at the impact of employees returning or not returning to the office.
- There are a lot of moving pieces to the master plan for the Exxon Mobil building. The City, DCURD and Las Colinas Association are all key players.
- The PUD-6 development is another major topic. The TxDOT lease expires January 2025 and things will start moving on development of the area. Decisions are being made by the Planning and Zoning Commission.
- The Conflans road extension project will have a significant impact on the ability to have a large pipe and the cost of the project is skyrocketing.
- The Raleigh Underground event and the space was beautiful. Zapanta congratulated the team.

CHAIRMAN/EXECUTIVE DIRECTOR REPORTS

Stewart reminded the Committee to complete the required Board member training required by the State of Texas and the City.

With no further comments or discussion, the meeting was adjourned at 10:16 a.m.

Irving CVB Executive Committee

March 22, 2024

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Respectfully submitted,

A handwritten signature in blue ink that reads "Maura Allen Gast". The signature is written in a cursive style and is positioned to the left of a vertical line.

Maura Allen Gast, FCDME
Executive Director