

MINUTES
IRVING CONVENTION AND VISITORS BUREAU
BOARD OF DIRECTORS – EXECUTIVE COMMITTEE MEETING
IRVING CONVENTION CENTER – FIRST FLOOR CONFERENCE ROOM
Friday, November 12, 2021

Attendance: Karen Cooperstein – Board Chair; David Cole – Board Vice Chair; Bob Bourgeois, Julia Kang, Clem Lear, Rick Lindsey, and Greg Malcolm – Committee Members; Herb Gears, William Mahoney, Joe Philipp and Richard Stewart, Jr. – Board Members; Tom Meehan and Matt Tungett – ASM/ICC; Maura Gast, Carol Boyer, and Susan Rose – ICVB; Deputy Mayor Pro Tem Al Zapanta – City Council; Guests – Audit Partner Laura Edwards and Audit Manager Mario Castro – Crowe, LLC.

Board Chair Karen Cooperstein called the meeting to order at 9:02 a.m. and inquired if there were any citizens that would like to comment on any subject on the agenda. There were none.

IRVING CONVENTION CENTER AUDIT REPORT FOR FY2020-21

General Manager Tom Meehan introduced Crowe, LLC Audit Partner Laura Edwards, and Audit Manager Mario Castro. Edwards gave a review of the ICC Financial Statements report for September 30, 2020, and 2021.

- The audit is conducted under the current contract financial reporting provisions of the Management Agreement between SMG/ASM and the City of Irving, dated November 12, 2020.
- There were no collection issues found in the Balance Statement.
- The Statement of Revenue and Expenses shows expenses are down.
- Several individual events are under advanced deposit liabilities that have not set new event dates yet.
- Statement of Changes in Equity (Deficit) closes out to zero.
- Allowance of Doubtful Accounts is determined by management based on ICC's historical losses, specific customer circumstances and general economic conditions. There is no allowance for doubtful accounts as of September 30.
- It is noted under Risk and Uncertainties that COVID-19 can change future results that may differ from management's estimates and assumptions.
- The City of Irving will retain the responsibility for capital improvements to the ICC facility, however, the City is under no obligation to make such improvements. SMG/ASM agrees to provide the City with a schedule of items anticipated to be necessary capital expenditures.
- A slight change in Related Party transactions includes "any organization" run by the City.

In response to a question from Board member Rick Lindsey, Edwards replied, a history of the contract between SMG/ASM and the City of Irving is documented on page 7 of the Independent Auditor's Report.

Edwards replied to a question from Deputy Mayor Pro Tem Al Zapanta that the relationship between Crowe, LLC is directed through Executive Director Maura Gast and General Manager Tom Meehan. There is communication before the audit with an Engagement Letter and any issues found during the audit. The report is shared with the ICVB Board of Directors and staff from the City Financial Services Department attends that meeting. In response to another question from Deputy Mayor Pro Tem Zapanta, Edwards

acknowledge that COVID continues to create considerable disruption to the facility's operations, and it is difficult to ascertain how long the financial impact will continue.

Edwards then reviewed the Audit Responsibility Letter

- Overview of planned scope and timing of the audit is disclosed, as well as significant accounting policies.
- A test was run for allowance of doubtful accounts and bad debt expense.
- There were no errors found for Corrected Misstatements.
- There were no issues to report with management providing the documentation requested for other findings. It was again noted that the audit is performed in accordance with the contract between SMG/ASM and the City of Irving.

Audit Manager Mario Castro reviewed the Findings and Control Letter

- Items organization/management can do to improve internal controls:
 - One Significant Deficiency found – Segregation of Duties. This is not unusual for small accounting departments and the challenges of COVID-19. It was suggested to develop a process for electronic document approvals in a timely manner to ensure completeness and accuracy. It was also recommended to assess user roles and segregate the roles into the system to functions that pertain to their duties. It was noted that management is in the process of implementing a new automated electronic approval system.
 - Recommendation for management to compile a list of known Related Party (City of Irving) events and transactions for completeness of related party disclosure in the annual financial statements. Gast noted that the Board receives a financial breakdown of ICVB events at the monthly Executive Committee meeting. She will work with ICC to create a report that captures all the city's events in the facility each month. Gast clarified with the Crowe team's acknowledgement that the only "related party" concerns were strictly about the City of Irving as the facility owner.
 - A correction in the accounts receivable aging report was noted and has been corrected.

Board member Richard Stewart, Jr. requested individual contact information for Crowe, LLC, the Audit Partner (as signing party on the audit) and the Audit Manager be provided to the Board. Discussion was held on the audit fee and new rules to improve transparency by disclosing partner name and information by audit firms. Gast clarified that the ICVB's financials are part of the City's overall audit; the ICC financials are indirectly captured in the ICVB financials through the operating subsidy and the annual management incentive. The ICC audit is not required by the City but is completed as an extra step in transparency.

In response to a question from Board member Julia Kang, Edwards clarified the meaning of "aging buckets." The categories in the audit report for aging is 0-30 days, 31-60 days, 61-90 days and over 120 days. There was a sorting error in the reporting process, which was immediately corrected once it was identified, and now sorting is streamlined into starting at the event date.

With no further discussion, Cooperstein thanked Edwards and Castro for the report and explanations. Cooperstein asked for a motion to accept the ICC Audit Report for FY2020-21. On a motion from Board member Herb Gears and a second from Lindsey, the motion was unanimously approved.

HOTEL OCCUPANCY TAX COLLECTIONS – AUGUST 2021

Assistant Executive Director Administration/Finance Susan Rose reported:

- Luxury and Full Service:
 - Received \$224,524.51 for August 2021, down \$18,779.70 from July.
 - No payment from the Sheraton DFW Airport North nor from Doubletree by Hilton DFW Airport North and no update on their status currently.
- All Suite/Extended Stay:
 - Collections are down \$1,200.00 from July 2021.
 - Hawthorne Suites DFW Airport North is closed temporarily, Homewood Suites by Hilton Las Colinas have not paid since May.
 - Collected \$102,029.30 in August 2021.
- Budget Service:
 - Collections are down \$3,300.00 for the month
 - OYO Hotel DFW Airport North did not pay in August.
- Limited Service:
 - Collected \$114,061.11 in August, down \$14,310.65 from July 2021.
 - Wingate Inn by Wyndham Dallas Las Colinas did not pay in July or August.
- Short Term Rentals
 - Collections in August are down \$2,251.33 from July.
 - There are 39 reporting properties versus 51 properties in June.
- Summary:
 - August 2021 collected \$495,472.05 and a year-to-date difference of \$292,479.54 from budget.
 - City Finance is estimating closing books on November 16. The City will report on HOT Collections for year-end at that time.

Gast stated this is the first year for short-term rental collections and the data is a data point and not an inventory. It does not necessarily show how this category is performing in the market. It was noted the City continues to send out lien letters and payment plans to hotel properties, as well as frequently calling for payments.

ICC FINANCIALS:

Zapanta suggested utilizing ARPA funds to engage an outside contract person to track ARPA expenditures. Discussion was held on the City's ARPA finance categorizing data and how records and documents will be coded and kept; ICVB will follow the City's lead and direction on these processes. Stewart suggested setting expectations from the Board to the audit firm before the next year. Meehan suggested including the Audit Engagement Letter in the Audit report that includes signatures from all parties.

General Manager Tom Meehan reviewed the following financial reports:

- September 2021:
 - There were 20 events in September, which was more than any month for the year.
- Budgeted +\$49,544 and made +\$345,317 |
- YTD:
 - There have been 103 events with a total of 96,956 in attendance
 - Adjusted Gross Income YTD is \$2,560,893.
 - Net Income (Loss) is \$1,813,719.

- F&B Catering for the year is net \$497,601. For the year is \$967,764, and over half of that was in September.
- Total Event Income is \$617,256.
- Other Income from concert, ICC and Westin garage parking, concessions, commission from AV and decorating companies is \$119,363.
- Expenses are in line.
- Five Year Comparison:
 - September could be called the only month in the fiscal year. Projecting in August to be \$1.2 million short of budget, beyond the \$1.395 million and came in only short \$418,000.
 - F&B Catering YTD is \$967,764, compared to last year of \$2,470,393 for half of the year.
 - Indirect Expenses are \$4,374,612 compared to last year of \$5,804,607. Reduction in expenses is primarily for staff and contract renegotiations.
- Forecast:
 - September numbers are phenomenal compared to the rest of the year - currently reporting \$418,712 in ICVB Operating Subsidy.
 - It looked grim in August, but September was very strong.
 - ICC has hired one more person in Accounting Department to address the separation of duties.
 - FY2021-22 is a rebuilding year and is looking promising.

Meehan reported first quarter expectations are slow, due to November and December holidays. Typically, January is strong and right now the ICC is ahead of pace from last year. He noted staff and expenses can only grow as events grow to maintain the budget. There is still some lag in hiring key positions to due labor struggles.

Cooperstein asked for a motion to accept the ICC Financial Reports for September 2021. On a motion from Board member Clem Lear, and a second from Stewart, the motion was approved unanimously.

ICVB FY-2021-26 STRATEGIC PLAN

Gast gave an overview of the five-year Strategic Plan to the Committee.

- It was noted an additional statement was added to the Board Mission statement.
- Gast reviewed the Key Goals and their Objectives.
- Key Goals:
 - Maximize Organizational Sustainability & Growth
 - Increase Community Outreach & Collaboration
 - Advocate for Destination-Enhancing Development
 - Enhance the Visitor Experience
- It was noted the language regarding the Brand Assessment Study will help with the submittal for Accreditation from Destinations International.
- Next Steps:
 - Board takes action to approve the plan at November Board meeting.
 - Highlights are presented to City Council at the next ICVB semi-annual update (date TBD).
 - New Board Chair assigns Goals/Objectives to various Board Committees and assigns Committee Chairs & Vice Chairs.
 - Committees further refine the Objectives, define the tactics and any associated timelines, and report out accordingly.

In response to a question from Board Vice Chair David Cole, Gast replied, the relationship between the ICVB staff and City Parks & Recreation Department is good and staff will continue to build on that relationship.

Cooperstein asked for a motion to accept the Executive Committee meeting minutes of September 24, 2021. On a motion from Board member Kang and a second from Stewart, the motion was unanimously approved.

CHAIR REPORT:

- The November 15 Board meeting agenda was reviewed. The Nominating Task Force will bring forward recommendations for David Cole as Board Chair and Bob Bourgeois as Vice Chair for approval. An overview of the ICC Audit will be presented to approve, and Gast will present the FY2021-26 Strategic Plan overview. The four new Board members appointed last night will be invited to attend the meeting.
- Irving Archives & Museum Grand Opening gala is scheduled for this evening, November 12, with ribbon cutting and community ice cream social on Saturday, November 13.
- City holiday tree lighting and parade is scheduled for December 4. As of this meeting date, ICVB participation in the parade is to be determined.

ACTION ITEM: Gast to reach out to the new Board members with invitation and information to attend the November 15 Board meeting.

CITY COUNCIL UPDATES

Deputy Mayor Pro Tem Zapanta reported City Council approved appointments for City Boards and Commissions and Council also approved City Council redistricting. Due to the population growth and demographic data from the 2020 Census, it will be a challenge with such a diverse community.

Zapanta thanked the Las Colinas Association and ICVB staff for their help with the "Day of the Dead" celebration on the canal. The area is ready for events, and he hopes that can be an item for the ICVB Strategic Plan goals.

Philipp asked if Council is working on the ARPA funding allocations. Zapanta stated the Council is reviewing allocations, but the criteria will need to be consistent and will be a challenge.

Cooperstein thanked the Committee for their support during her leadership as Board Chair and reminded the Committee the next Executive Committee meeting is scheduled for Friday, December 10.

With no further discussion, Cooperstein adjourned the meeting at 10:46 a.m.

Respectfully submitted,



Maura Allen Gast, FCDME
Executive Director