

MINUTES
IRVING CONVENTION AND VISITORS BUREAU
BOARD OF DIRECTORS – EXECUTIVE COMMITTEE MEETING
IRVING CONVENTION CENTER
Friday, June 24, 2022

Attendance: David Cole – Board Chair; Karen Cooperstein – Committee Members; Julia Kang, Colvin Gibson, Joe Philipp, and Sam Reed – Board Members; Jeremy Pierce – ASM/ICC; Maura Gast, Carol Boyer, Marianne Lauda, Brice Petty, and Susan Rose – ICVB; Councilman Oscar Ward, Deputy Mayor Pro Tem Al Zapanta, and Councilman Mark Zeske – City Council. Guests: Accounting Manager Andrew Sherwood and Chief Financial Officer Bret Starr – City of Irving.

Board Chair David Cole called the meeting to order at 9:01 a.m. and inquired if there were any citizens that would like to comment on any subject on the agenda. There were none.

City of Irving Delinquent Hotel Tax Collections Process Discussion

Executive Director Maura Gast introduced Chief Financial Officer Bret Starr and Accounting Manager Andrew Sherwood.

OVERVIEW

- The City is working on a formalized policy process and procedure.
- Currently, there are two hotel properties behind in collections and the City has sent certified letters outlining payment terms. Staff is hesitant to use a tax attorney for collections and would rather collect the payments in full with penalty.
- Properties must report monthly occupancy data to the City, with or without payment of HOT revenue, or be considered delinquent and subject to the full range of enforcement actions available.
- The formal policy will outline filing liens, lawsuits, and any other legal measure on a case-by-case basis.
- Penalties and interest on delinquent HOT revenues owed to the City cannot be waived due to the bond covenants of various debt issued by the City which is backed by HOT revenues.

PROCEDURES

- On a monthly basis, Accounting personnel will receive, review, submit for deposit and record hotel occupancy tax (HOT) reports and payments submitted to the city.
- In the case of payment delinquency, information obtained from reports will be entered into the Hotel Occupancy Tax Tracking System (HTS) to track delinquent taxes and calculate interest and penalty amounts due, as applicable.
- Periodically and as necessary, Accounting personnel will contact each delinquent hotel to provide current balances for tax, interest and penalty amounts due, obtain plans/updates on resolution of delinquency, and other related information.
- Following multiple failures to pay HOT amounts due (no later than two municipal fiscal quarters), Accounting personnel will forward delinquent balances to the chief financial officer for evaluation and consideration of collection methods including liens or other remedies allowed under law.

- Decisions to move forward with legal proceedings and other enforcement options against a hotel will be based on facts and circumstances including tax payment history, information received from hotel communications, results of any recalculations, analysis, or audits conducted, impact or significant economic events and other information and factors as available.

Discussion was held and it was noted the City cannot use HOT revenue for collection agency fees. Collectively, it was agreed to move forward with a more heavy-handed approach as these are funds the hotels have already collected but not remitted. It sends the wrong message to the other hotels in Irving to allow consistent delinquency. It is a serious matter, and the City should be consistent, fair, and clear in demanding payments.

Sherwood noted the total due is \$458,000 and \$11,000 in penalties, and \$8,600 in interest for a total of \$470,000. It was noted the Sheraton is working aggressively to bring in more revenue and appears to be in a better position to pay their past due amount. Starr added Finance is working with the City Attorney's Office and City Manager on solutions and procedures. Starr will keep the Committee updated on the communication and status of payments.

Cole asked for a motion to approve the ICVB Executive Committee meeting minutes of May 23, 2022. On a motion from Board member Karen Cooperstein and a second from Board member Julia Kang, the motion was unanimously approved.

ICVB FINANCIAL REPORTS

Director of Accounting Marianne Lauda reported for May 2022:

- General Fund:
 - Ending Fund Balance of \$535,461.74.
 - Six months into the budget and 43% expended, which is a good sign.
 - Staff is traveling more but team continues to keep an eye on expenses.
- ICC Reserve/CIP Fund:
 - Fund is 62.4% expended year-to-date.
 - Ending Fund Balance is -\$107,886.56.
 - Will be transferring funds from General Fund into this fund in June.
- Check Register:
 - It was noted 89.1% of checks were ARPA fund-related programs and promotions and 10.9% were from Hotel Occupancy Tax.
 - Checks to SMG for APC radio battery backups, print server software, May Westin garage rental, conference registration, building maintenance for parking garage stairway painting.
 - Regular payments to media advertising, Business Incentive Development (BizDIP) payments and staff reimbursements.
- Cash Flow Report for Fiscal Year-End September 2021:
 - Currently, preparing next year's budget and hope to get final ARPA funding confirmed from the City before finalizing the budget.
 - Gast added Hotel Occupancy Tax is used to cover salaries and ICVB Reserve fund transfers and ARPA funds are for programs.

- Thermometer Chart
 - Goal: have all Reserve funds full and stabilized by 2026 but will be dependent on subsequent ARPA funds. The goal is attainable if we can make the best use of the resources available to us, such as the ARPA funds.
 - Repayment of FY21 Loan: Goal: \$500,000 – Current: \$500,000.
 - General Fund Balance: Goal \$2,000,000 – Current: \$535,462. Lauda confident goal can be reached.
 - Catastrophic Reserve: Goal: \$5,000,000 – Current: \$710. Lauda confident 2026 goal can be reached assuming future ARPA funds are received and the reallocation of the excess \$1.6 million at that time.
 - Computer Fund – Goal: \$500,000 – Current: \$207. Computers for staff have been replaced and not anticipating needing significant funds in the short-term. The proposed budget would have this fund replenished in FY 2023.
 - ICC Reserve/CIP Fund: Goal: \$3,000,000 – Current --\$107,886 and FY22 Year End Goal of \$1,000,000.

Cole asked for a motion to accept the ICVB financial reports for May 2022. On a motion from Cooperstein, and a second from Kang, the motion was unanimously passed.

HOTEL OCCUPANCY TAX COLLECTIONS

The May Hotel Occupancy Tax Collections report will be included in July's meeting packet for review.

ICC FINANCIALS

Gast introduced Assistant General Manager Jeremy Pierce, reporting on the May 2022 financial reports:

- There were six events budgeted and the actual was 22.
- Year-to-date showing \$506,629 better than budget for the year with 140 events.
- Rental Income was \$156,425 for the month, which is \$13,819 above budget.
- Catering and Concessions are higher as the months go on. Currently \$180,000 better than budget and will continue to climb.
- Indirect Expenses are steady.
- Year-over-year comparison reports Rental Income higher than last year and significantly higher prior two years. Catering is steadily improving but not matching the prior years yet.
- There are more events, which drives expenses. Total Indirect Expenses are balancing out to what they were but will continue to climb.

Gast noted F&B Catering is \$1,427,702 YTD versus \$164,612 the prior year, but still way off from \$2.3 - \$2.4 million prior to that. Corporate events have not returned which drove the Catering numbers. The ICC has taken on Cheer and Dance events and public shows that have good Concessions and Parking revenue but are labor-intensive. Pierce noted that ICC and ICVB office staffs are filling in when needed and supplemented with outside labor. A Human Resources Manager has been hired and will be on staff soon.

In response to a question from Kang, Pierce noted most Corporate events are moving forward to another fiscal year, but some have cancelled; however, holiday parties are picking up and that is a good sign.

Cole asked for a motion to accept the ICC reports for May 2022. On a motion from Cooperstein and a second from Kang, the motion was unanimously passed.

OVERVIEW OF BUDGET AND MARKETING PLAN

Gast gave an overview of the FY2022-23 Marketing Plan & Operating Budget. She noted that a printed copy of the complete document will be distributed at the June 27 Board meeting and posted on the Board portal.

Budget & Plan Development Priorities include:

- Minimize programming use of Hotel Occupancy Tax funds to rebuild reserves.
- Utilize ARPA funding for programming and Convention Center operations and capital needs.
- Keep building pipelines and awareness, focusing on Needs Analysis priorities and market successes.
- Utilize all data resources available to further refine targets and messages.
- The five-year path to financial stability includes rebuilding all ICVB funds and building the pipeline for the future.

Gast reviewed ICVB Specific Data:

- Citywide HOT collection history.
- ICVB Reserve Fund and Net Operating Expenditure history.
- COVID impact to data on ICVB bookings.
- ARPA lost revenue estimates.
- Hotel Needs/Analysis outlook.
- Operating budget assumptions and proposed budget.
- ICC budget forecast.

Discussion was held on the Exxon Mobil building sale. The City is wanting to keep the property zoned for commercial and drive demand, bring business travel and room nights to the area.

In response to a question from Cooperstein, Gast noted the timing for receipt of ARPA funds will come down to the Council Budget Retreat in August. It was noted that succession planning for ICVB is not just staff retiring, but experienced Board members expiring service terms. Gast noted the ICVB has no other source for funds.

PROPOSED CHANGES TO THE RESERVE FUND POLICY

A copy of the proposed changes to the Reserve Fund Policy was distributed and reviewed. The policy will be presented to the full Board on June 27 for approval.

PROPOSED CHANGES TO THE BUSINESS DEVELOPMENT INCENTIVE PROGRAM (BIZDIP)

Gast reported staff is responding to questions from the City Attorney Office on proposed changes to the program. The changes noted were to pay BizDIP payments directly to the client rather than the hotel when a hotel is delinquent in its Hotel Occupancy Tax remittance. The item will go before the full Board on June 27 for approval.

BOARD MEETING AGENDA REVIEW

In reviewing the June 27, 2022, Board Agenda, Gast will present the FY2022-23 Marketing Plan & Operating Budget and several Individual Consideration items will be presented for approval. The Board meeting will be held in the Convention Center Exhibit Hall this month as all other meeting rooms are occupied.

CITY COUNCIL UPDATE

Councilman Oscar Ward reported short-term rental collections policy has been in effect since October 1, 2021. This information will be presented at the next neighborhood association meeting, which are held quarterly. An update on the item is listed on the Audit and Finance Committee June 30 agenda. Gast noted the agreement between the City and LODGINGRevs is important and allows data from individual addresses, versus the aggregate data provided in agreements with the STR agencies such as Air BNB and VRBO.

Councilman Mark Zeske reported he was pleased seeing the large crowd at the Convention Center and Toyota Music Factory for the Akon Convention. The Fourth of July event will be busy and a draw for visitors to Irving.

Board member Sam Reed thanked the Council members on behalf of the Board for their attendance and participation in the meeting. The Board and staff appreciate the ARPA funds and the Council's support. He asked if there is anything Council needed from the Board. Ward commented the Budget presentation with details, history and defining needs is exactly what is needed and Gast has done a tremendous job in presenting those facts. Zeske noted that succession planning is so important, and the turnover of experienced staff and Board will be felt but having a plan in place is a good start. Ward and Zeske thanked the Board for all their challenging work.

Kang asked for information on staff succession plans. Gast noted that not everyone has made public their retirement dates. with the current year budget includes ARPA funds for a contract sales position, which will be used to bring in a successor to the SMERF position a few months early to tag team with Katherine DiPietro prior to her retirement. The Social, Military, Educational, Religious and Fraternal (SMERF) market is made up of personal connections and those personal connections via Katherine will be important. The position has been posted. Also, the Senior Marketing and Communications Coordinator is retiring at the end of August. The Visitor Services Coordinator has left for another position. Working with ICC for the best solution to fill the position.

Gast thanked Accounting and Budget Director Marianne Lauda for her excellent work on the budget.

With no further discussion, Cole adjourned the meeting at 10:20 a.m.

Respectfully submitted,



Maura Allen Gast, FCDME
Executive Director