

**MINUTES**  
**IRVING CONVENTION AND VISITORS BUREAU**  
**BOARD OF DIRECTORS – EXECUTIVE COMMITTEE MEETING**  
**IRVING CONVENTION CENTER**  
**Friday, September 23, 2022**

Attendance: Bob Bourgeois – Board Vice Chair; Karen Cooperstein, Greg Malcolm, and Richard Stewart, Jr. – Committee Members; Colvin Gibson, William Mahoney, Joe Philipp, and Sam Reed – Board Members; General Manager Tom Meehan and Assistant General Manager Jeremy Pierce – ASM/ICC; Maura Gast, Carol Boyer, Marianne Lauda, and Susan Rose – ICVB; Councilman Oscar Ward and Mayor Pro Tem Al Zapanta – City Council.

Board Vice Chair Bob Bourgeois 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.

**IRVING HOTEL OUTLOOK PRESENTATION – TOURISM ECONOMICS**

Executive Director Maura Gast introduced Director of Industry Studies for Tourism Economics Aran Ryan. Ryan gave an overview of the Irving Lodging Outlook.

**U.S. Context:**

- U.S. Recovery continuing in September with ADR of 19.0% ahead of 2019 levels, and ahead of CPI growth of 15%.
- Air passenger volumes approaching pre-COVID levels with reduced pilots and number of flights.
- Consumers are spending with confidence. Durable goods are holding steady, and Services are rebuilding.
- Wealth accumulation is shifting toward consumption.
  - Household net worth in general at elevated levels
  - Personal savings rates are open for what will happen in the next year
- Job growth continues to be strong. Unemployment rate recovers from 15% to 3.7% in record time.
- Recovery has been accompanied by inflation and the Federal Reserve responds by raising interest rates.
- We are headed for a mild recession in the first half of 2023. It is expected to be short and mild by historical standards.
- Labor markets will weaken moderately, and employers continue to face challenges in restaffing, while wage rates are rising.
- Intentions to travel remain high.

**Irving Lodging Forecast:**

- Assumptions:
  - U.S. economy experiences a mild recession in first half of 2023.
  - This recession is assumed to slow, but not upend, the travel recovery.
  - Corporate travel normalizes progressively through 2023.
  - Leisure travel continues to be boosted by favorable factors.
  - Group demand improves steadily but remains below 2019 levels.
- Room revenue is expected to be 5.9% above 2019 levels in 2023.
- Lodging demand in Irving has tracked closely with DFW Airport passenger volumes and remains below 2019 levels. It may take until beyond 2024 for RevPAR to recover to its historical average.
- Hotel performance in Irving continues to recover.

In response to a question from Board member Greg Malcolm, Ryan reviewed the submarket ADR performance by segment and replied Las Colinas has had a weaker lodging demand with stronger transient recovery and slower group recovery, which follows the national data.

ACTION ITEM: Gast to send out an additional copy of presentation with submarkets included.

Gast added from a big picture, the Average Daily Rate and Revenue is increasing but not all demand is back. The recession is anticipated and will further extend the return of the business traveler. Mayor Pro Tem Al Zapanta added that 2023 as a whole will not be good. Airlines are reducing flights; companies are rotating staff 30% in the office and 70% remote working. Sales tax is up because everything is costing more. The pressure is on to bring more visitors to Irving and maybe at the expense of services.

ACTION ITEM: Gast to pull information for Ryan on the American Airlines hotel being constructed on the headquarters campus.

ACTION ITEM: Assistant Executive Director Administration/Finance Susan Rose to confirm Source Strategies Deloitte Campus reports on any hotel taxes in Westlake.

Board member Colvin Gibson asked how large the Loews property in Arlington will be and what impact it will have on Irving, and if they will build meeting space to replace convention center space.

ACTION ITEM: Rose to pull report to see Arlington property statistics and add into a chart.

Bourgeois asked for a motion to approve the July 25, 2022, and August 22, 2022, Executive Committee meeting minutes. On a motion from Board member Karen Cooperstein and a second from Board member Richard Stewart, Jr., the motion was unanimously approved.

#### REVISED FY2022-23 BUDGET

Gast noted the City has authorized the ICVB FY2022-23 budget requests for funds and the revisions are reflected in the budget. FY2024-25 ARPA funds have been taken out. There will be a formal action item to approve the revisions at the full ICVB Board meeting on Monday, September 26.

#### ICVB FINANCIAL REPORTS

Director of Accounting Marianne Lauda reported for August 2022:

- General Fund:
  - Ending Fund Balance of \$2,511,763.11.
- ICC Reserve/CIP Fund:
  - No expenditures in August.
  - Fund is 71,48% expended year-to-date.
  - Ending Fund Balance is \$1,184,410.94.
- Check Register:
  - There are a few BizDIP (Business Development Incentive Plan) payments to large groups this month, event sponsorships.
  - Checks to SMG for fire code updates, catering, and network services.
  - Regular payments for media advertising and staff reimbursements.

- Cash Flow Report for Fiscal Year-End September 2022:
  - Not much change in this report with ending cash estimate of \$7,458,216.
  - This report has been steady for the last few months.
  
- Thermometer Chart
  - Goal: have all Reserve funds full and stabilized by 2026 but will be dependent on subsequent ARPA funding. 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 has been repaid.
  - General Fund Balance: Goal \$2,000,000 – Current: \$2,511,763.
  - Catastrophic Reserve: Goal: \$5,000,000 – Current: \$500,710 after transfer of funds.
  - Computer Replacement Fund: Goal: \$500,000 – Current: \$207. No activity
  - ICC Reserve/CIP Fund: Goal: \$3,000,000 – Current - \$1,184,411.

Gast added the funds should be at goal two years ahead of schedule. ARPA funds will continue to be used to fund programming expenses. ARPA funds need to be committed by December 2024 and expended by December 2026.

ACTION ITEM: Lauda to revisit the Thermometer Chart –as there was some confusion regarding overall long-term goals versus the current year-end goals.

Irving Convention Center General Manager Tom Meehan noted ICC Capital Expenses over \$500,000 with shelf life of over one year are funded out of the ICC Reserve/CIP Fund. The importance of the fund is to keep the building safe, efficient and capture any opportunities for new revenue. Gast added Meehan formulates a 20-year plan for the ICC Capital budget which is presented every year with the budget.

Discussion was held on the City Council decision in 2026 for the sunset of the additional \$1.6 million of Hotel Occupancy Tax allocated to the Arts and keeping it on the Board’s radar. Gast and Executive Director of Arts and Culture Todd Hawkins a regularly discuss the issue and timing

Bourgeois asked for a motion to accept the ICVB financial reports for August 2022. On a motion from Board member Karen Cooperstein and a second from Board member Richard Stewart, Jr., the motion passed unanimously.

#### HOTEL OCCUPANCY TAX COLLECTIONS

The Hotel Occupancy Tax Collections reports were reviewed through July 2022. Lauda reported:

- Luxury & Full-Service properties reporting down slightly.
  - Doubletree DFW Airport North has now paid through March 2022, and the Sheraton DFW Airport North is reporting payments through April, but no funds received after that point.
- All Suite / Extended Stay properties have all paid and holding steady.
  - Element Hotel has opened and will now start paying Hotel Occupancy Tax.
- Budget Services properties have all paid.
- Limited-Service properties down slightly.
- There were 52 short-term properties reporting \$4,739.14, down from last month.
- Summary: collected \$241,736.62 for July 2022, up 60.8%.
- For the year, collections are above budget by \$1,931,394.25.

ACTION ITEM: Show Comfort Suites Hotel closed (due to fire) on September report.

#### ICC FINANCIALS

General Manager Tom Meehan reported on the July 2022 financial reports:

- Forecast is reporting \$495,799 to be returned to ICVB at fiscal year-end, which will be transferred into the ICC Reserve/CIP Fund.
- Net Income was \$39,558 better than budget for August 2022.
- Indirect Expenses were \$201,172 over budget.
- Meehan noted this is the 10<sup>th</sup> month out of 11 to make budget.
- Year-to-date showing \$645,110 better than budget for the year with 184 events.
- Rental Income was \$182,225 for the month, which is \$31,106 better than budget.
- Catering reports \$276,609, and \$119,669 better than budget.
- Parking is \$24,136 ahead of budget.
- Adjusted Gross Income is \$249,730 ahead of budget for the month, and \$835,577 for the year.
- Indirect Expenses were \$201,172 over budget. Some of that was in Salaries/Benefits, a F&B adjustment, landscaping projects, \$30,000 in reclassification of digital signage, new F&B supplies and building maintenance and janitorial materials.
- Total Event Income for the year is \$3,577,788.
- Year-over-year comparison reports for August Rental and F&B Catering Income are each higher than the previous five years.
- YTD F&B Catering up significantly from the prior year, but down slightly from previous two to five years.
- Total Event Income is \$4,073,998.

Meehan noted Catering is strong, but the Corporate Meeting market is not back completely yet. When business travel returns, the Catering numbers will increase tremendously. Right now, offsetting the loss in Catering with Rental revenue. Total event revenue income is over \$4 million and remarkably close to 2019 numbers. Adjusting to what is happening in the world with COVID virus strains, war in Ukraine and a recession on the horizon, resulting in giving back almost \$500,000 that has never been done before. Smaller meetings are coming into smaller buildings and the ICC can capitalize on that, which is why the numbers are as strong as they are right now.

In response to a question from Board member Joe Philipp, Meehan reported the ICC event calendar is very full and booking 2-4 years out. Next year is strong already. Large events that are booking are continuing to take up most of the space. Board member Colvin Gibson asked if there are inflation projection clauses in event contracts. Meehan replied if contracts were signed previously there is not an inflation protection clause. However, Rental and F&B minimums have increased, as well as prices. Contracts going forward will protect future years.

Discussion was held on using technology to differentiate the ICC from other convention centers. Assistant General Manager Jeremy Pierce reported \$1 million in ARPA funds was used to change the Wi-Fi in the building to meet evolving standards, however, chip manufacturing is still an issue. The goal is to be better in today's technology and it is up to the event meeting planner how they communicate to their attendees. Meehan noted the ICC in-house audio-visual company can manage most of the needs, however, there are third party companies that can help if the need arises. Virtual meeting set-ups have been discussed, but nothing has been put into place to date. Pierce noted that ICVB Technology Manager Brice Petty brings innovative technology input and has been very instrumental in revisions. Meehan noted Pierce is a key component to the building and will attend

the Executive Committee meetings going forward. Gast added Pierce brings the event perspective to client relationships as the Assistant General Manager and problem solving with Petty is key.

Bourgeois asked for a motion to accept the ICC reports for August 2022. On a motion from Cooperstein, and a second from Stewart the motion was unanimously passed.

#### CITY COUNCIL BUDGET RETREAT UPDATE

Gast reported the Council approved the ICVB revised (minus the ARPA funds for 2024 and beyond) budget as submitted and 2022-23 ARPA fund requests and approved the half-cent tax rate reduction that the City Manager proposed. Councilman Oscar Ward noted it was voted and passed on September 15.

#### BOARD MEETING AGENDA REVIEW

Gast reviewed the September 26 Board agenda and noted:

- Rose will present the recap of the Tourism Economics presentation.
- ASM Global management team – Bob McClintock and Dan Hoffend will be in attendance.
- Approval of the revised FY2022-23 Budget.
- Staff service anniversary award presentations.
- Nominating Committee Taskforce recommendations of Bob Bourgeois for Board Chair and Richard Stewart, Jr. for Board Vice Chair.

#### CITY COUNCIL UPDATES

Ward reported the quarterly Neighborhood Association meeting was held and discussed the City's trash pick-up process and received an explanation of the City's short-term rental policy that is going into effect October 1. It was a very interactive and good discussion.

Gast congratulated Meehan and ICC team for receiving the Global Biorisk Advisory Council STAR Accreditation. It took the better part of two years to process and the purchased equipment from the CARES Act funds went into that process. Huge thanks to ICC Operations Manager Tony Watson for all his hard work.

Board member Bill Mahoney reported on the ICVB awards that were won at the Las Colinas Association Bowl-A-Thon event benefitting the Irving Family Advocacy Center. Two ICVB teams participated and came away with the Most Individual Strikes award, Most Team Strikes award and the Community Partner Award for being the LCA's most supportive Bowl-A-Thon community partner.

Cooperstein commented on the spectacular recent Texas Society of Association Executives (TSAE) event and the building looked beautiful. There was a full building with people having fun. She congratulated the ICVB and ICC teams on the unique use of every inch of the building. Gast thanked all who volunteered for the event.

Bourgeois noted next month is a Special Board meeting on Friday, October 21 for the Executive Director performance evaluation. There will be no Executive Committee meeting in October.

Irving CVB Executive Committee

September 23, 2022

Page 6 of 6

Bourgeois adjourned the meeting at 10:47 a.m.

Respectfully submitted,

A handwritten signature in blue ink that reads "Maura Allen Gast". The signature is written in a cursive, flowing style.

Maura Allen Gast, FCDME  
Executive Director