

Minutes

MCCVB Finance Committee

Friday January 21, 2022 | 9:30AM – 10:30AM

Zoom Meeting: 899 2515 6687 Passcode: 054473 Conference Call Dial In: 669-900-9128

MEMBERS PRESENT

Stefan Lorch

Carol Chorbajian

Sean Panchal

STAFF PRESENT

Rob O’Keefe

Paul Martin

Edward Isabella

CALL TO ORDER Stefan Lorch called the meeting to order at 9:30AM.

PUBLIC COMMENT: None

ANNOUNCEMENTS: New hires were introduced, and it was stated that the MCCVB was now fully staffed.

CONSENT AGENDA

There was a motion to approve the Minutes of the October 22, 2021 Finance Committee Regular Meeting and the January 5, 2022 Finance Committee Special Meeting. M/S/ Chorbajian/Panchal. The motion passed unanimously.

REGULAR AGENDA

New Business

A. Second Quarter (2021-22) Financial Review

Paul Martin reviewed the market performance on occupancy and mentioned that revenue was helped by both better occupancy than planned and higher ADRs. Paul noted that expense savings were driven by delayed hiring and difficulty in getting full traction on group events and the \$20 per room night Book Now incentive. Carol Chorbajian asked if the Book Now incentive was designed solely for groups that had not yet booked or whether it was available to those that had already booked. Rob O’Keefe explained it was an incentive to book only available to those who had not yet booked. Stefan Lorch mentioned that we may need to rethink the incentive because others were doing the same but even at a higher level. Expense overruns were noted primarily in advertising both on leisure and group where a decision was made to accelerate spring spending to extend and expand on the first half Now is the Moment Campaign. Paul reviewed the solid cash position and resolution of large accounts receivable and a look forward on what hopefully will be favorite outcomes on stimulus funding around the PPP loan forgiveness and employee retention tax credits. A motion was made to recommend the Board of Directors approve the Financial Statements for the six months ending December 31, 2021. M/S/ Panchal/Chorbajian. The motion passed unanimously.

B. Revised 2021-22 Financial Forecast

Paul Martin introduced the forecast by reviewing the market outlook for demand through the end of 2022 with leisure travel at pre-COVID levels, but group business not expected to recover until beyond 2023. Paul explained the outlook would bring the City of Monterey beyond the cap

Big Sur | Carmel-by-the-Sea | Carmel Valley | Del Rey Oaks | Marina | Monterey
Moss Landing | Pacific Grove | Pebble Beach | Salinas | Salinas Valley | Sand City | Seaside

in the new agreement that included a pay as you go investment based on actual TOT and explained the forecast did not assume that was resolved. Rob O'Keefe explained that if it was not resolved it could be an issue with the Board given an uneven contribution compared to benefits received. Paul explained that revenue would be some \$600K favorable based primarily on better occupancy in the first half than planned resulting in higher TID revenue and miscellaneous income from forgiveness of the bulk of the PPP draw 1 loan. Sean Panchal asked if the recovery and performance varied by jurisdiction and Paul explained that at this point it had recovered across the jurisdictions but due to the diverse nature of our jurisdictions it had been uneven throughout the recovery, but that diversification underpinned a relatively lower impact than some less diverse and urban destinations had seen. Paul stated that expenses would be \$500K higher than the budget driven by more advertising. Paul stated the cash position could be \$1M over the required reserve requirement level but that risk around the City of Monterey contract and government stimulus could offset that and recommended that the MCCVB not plan to spend potential excess cash and to renew the line of credit to maintain maximum funding flexibility. Sean Panchal asked what the PPP draw 2 loan forgiveness was based on and Paul explained it was entirely supported by payroll costs. Sean agreed that would likely drive a good outcome for full forgiveness. Paul reviewed potential spending of APRA funds for marketing and explained this was not included in the forecast pending a final agreement with the County. A motion was made to recommend the Board of Directors approve the 2021-22 financial reforecast while holding off paying back PPP loan draw 1 and EIDL remaining balances and proceeding with line of credit renewal (\$200K) until the picture with stimulus and City funds solidifies to maintain maximum funding flexibility. M/S/ Chorbajian/Panchal. The motion passed unanimously.

C. Contract List Review

Paul stated the purpose of reviewing the contract list was to get the committees input on which contracts we should check on to look at potential savings and that in the past this had led to an important review of the Simpleview contract that saved money and allowed the MCCVB to redirect spending to higher value projects. Paul highlighted the new contracts including the new agency contract that goes until 2024, a new email platform, the strategic planning contract with Coraggio, and our new virtual visitor center supplier. Rob stated the virtual visitor center would soft launch February 1. Paul also mentioned the BKP contract supports two more audits with the firm. Sean Panchal asked about a new Comcast contract. Paul explained that was to bring fiber to the building to increase our bandwidth speed. All committee members mentioned they had challenges with bandwidth speeds at their facilities.

GOOD OF THE ORDER**NEXT MEETING**

Friday April 22, 2022

ADJOURN

Stefan Lorch adjourned the meeting at 10:20 AM