

BAL HARBOUR VILLAGE RESORT TAX COMMITTEE
REGULAR MEETING MINUTES – DECEMBER 16, 2010

A Regular Meeting of the Bal Harbour Village Resort Tax Committee was held on Thursday, December 16, 2010, in the Conference Room at Bal Harbour Village Hall (655 – 96th Street, Bal Harbour, Florida).

1. CALL TO ORDER/ROLL CALL: The meeting was called to order at 9:05 a.m. by Mayor Rosenfield. The following members were present:

- Mayor Jean Rosenfield
- Florent Gateau¹
- Bruce Gelb
- Michael M. Krop
- Sandra Lansing
- Richard Lodes

Others Present:

- Alfred J. Treppeda, Village Manager
- Ellisa L. Horvath, MMC, Village Clerk
- Andrea Greenblatt, Administrative Assistant
- Matthew Pearl, Village Attorney
- Christopher Wallace, Finance Director
- Carolyn Travis, Director of Tourism Marketing
- Suzanne Corbo, NE Director/Leisure & Corporate Sales
- Councilwoman Patricia Cohen
- Councilman Martin Packer

Absent: John Manrique

As a quorum was determined to be present, the meeting commenced.

2. PLEDGE OF ALLEGIANCE: The Pledge was led by Ms. Travis.

3. APPROVAL OF MINUTES: *A motion was offered by Ms. Lansing and seconded by Mr. Lodes to approve the November 4, 2010 Regular Meeting Minutes. The motion carried (5-0).*

4. RESORT TAX FINANCIAL UPDATE:

Dr. Krop requested an end of the year re-cap. Mr. Wallace expected to have the year-end financial report by the first part of next week. He explained the delay with the audit, due to computer issues.

Councilman Packer and Councilwoman Cohen arrived.

Mr. Wallace reviewed the report. Ms. Travis explained that the October and November figures were missing large tax returns, since money had not been received from one of

¹ Mr. Gateau arrived during the Resort Tax Financial Update discussion.
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entities. She explained that the Village received the figures, but since the check was not received the amounts were not included in the report. She reported that October increased 10% and November increased 12%, if all of that money was received. Mr. Treppeda explained that if the money was not received at 12:00 noon today, then the issue would be placed on the Council agenda for discussion. Dr. Krop questioned if the entity received a penalty. Mr. Treppeda explained that they did. Dr. Krop questioned if the penalties would show at the end of the year. Mr. Treppeda reported that they would. Mr. Wallace explained that it would also show interest and the entity also would not receive the discount for submitting the tax on time.

Dr. Krop discussed Ms. Travis' bonus and noted that it was based on the end of the year. Ms. Travis agreed, but explained that it was based on the fiscal year (October through September), not the calendar year (January through December). Dr. Krop questioned if the Committee had the figures for that at the last meeting. Mr. Wallace explained that the Committee did have the figures. He explained the cash basis for the report, which was a month behind (people staying in October is reported in November). Dr. Krop discussed the increase in the Development Agreement and questioned how that was computed with regards to the bonus. Ms. Travis clarified that the Development Agreement was included in computing the bonus, but explained that the formula would be changed. Dr. Krop noted that Ms. Travis received credit for the increase in the Development Agreement, which he didn't think was correct. Ms. Travis agreed, which is why she was proposing to change that.

Dr. Krop would like the Committee to know that the fund was down from the year before. He discussed the fund balance, which showed almost a \$500,000 difference. Ms. Travis explained that the \$500,000 discrepancy was budget that was allocated for the 2009 fiscal year and was re-allocated to spend for the 2010 fiscal year. Mr. Wallace explained that there was no tourism director for a time and the money was spent mostly on advertising, etc. to kick-start the program when Ms. Travis started. He noted that the Committee and Council both agreed to spend that money.

Mr. Gateau arrived.

Mayor Rosenfield questioned when the members would be given the audit. Mr. Wallace explained that the audited financial statements would be presented to the Council in January. He will provide numbers to the Committee, but he didn't anticipate any substantial changes.

Mr. Treppeda clarified that the Committee was required to have \$1 million in reserves for beach renourishment, but beyond that it was up to the Committee on what the fund balance should be.

5. DIRECTOR OF TOURISM MARKETING REPORT – CAROLYN

TRAVIS: Ms. Travis reported that room revenue for both hotels was up 15% to 30%.

Ms. Travis noted that the increase percentage would be higher, if the Development Agreement was not included in the figures.

Dr. Krop questioned if there were any new restaurants. Mr. Lodes expected the new Starr restaurant to open at the Bal Harbour Shops in March/April, but there weren't any new ones in FY 2009/2010. Dr. Krop clarified that the increase was strictly the same entities,

since no new restaurants, etc. had opened. Ms. Travis spoke in favor of not including new entities anyway, in order to have a good comparison for her production.

Dr. Krop reviewed the figures for 2009 compared to 2010. He reported that the Agreement showed a \$55,000 difference (5%). Ms. Travis discussed backing out the Development Agreement for next year, but noted that the tax returns were private, so any new entities would be backed out and only the total amount would be showed. Mr. Wallace agreed with backing out the St. Regis, but discussed the possibility of including new restaurants, since a new entity would take business from the existing ones. Ms. Travis would include that in the total numbers, but would not use them for revenue comparison for her production. Mr. Wallace explained that it could be broken down by totals, but not by the entity. Dr. Krop would like to see the breakdown for the entities and questioned a legal opinion in not being able to see the figures. Mr. Pearl explained that it was proprietary information exempt from public disclosure, but would review the ruling on that again.

Overview of Reports: Ms. Travis reviewed the report from LDPR, which included media placements, clips, etc. She will be meeting with LDPR to redirect them to new stories/angles.

Ms. Travis reviewed the report from LPA (Laura Schmidt), who has been in the UK and France. Ms. Travis reported that she attended the ILTM with Ms. Schmidt. She noted that Europe continued to be the Village's toughest market to penetrate, for the hotels and restaurants. Ms. Schmidt will be going to Italy again in March.

Dr. Krop requested that the font be larger for the report. Mayor Rosenfield requested better coordination of the tabs for the report.

Latin America – Status: Ms. Travis reviewed the report for DLX (Carmen Florio/DLX Argentina) and reported that Ms. Florio had produced more than anticipated, with a focus on feature stories. She noted that Argentina/Brazil continued to be strong supporters of the Village. Press copies were included. She reported that Ms. Florio did a lot of work with the travel trade and there had been a spike in hotel call volume from Argentina.

Ms. Travis reviewed the report for Marcia Chiota/ON REQUEST Brazil, who was focusing on the travel trade. She noted that PR was hired for Ms. Chiota for six months, to provide releases for her to follow up on. Ms. Travis reported ten hits from the press releases so far.

Suzanne Corbo – Director of Leisure and Corporate Sales, Review of Report: Ms. Corbo reported on targeting the Northeast area and reviewed her report. She noted that the top five New York travel agencies had an increase in bookings for the Village. She discussed the importance of visiting the agencies. Ms. Travis reviewed the strategy for the Seaview (tour operators, sales calls, etc.) and ONE Bal Harbour (larger luxury agencies, corporate accounts, and smaller agencies, etc.). She discussed the LDMH account. Ms. Corbo discussed the Shops and offering high-end items. She reported that the Northeast market loved the Village's cultural events, etc.

Mayor Rosenfield questioned the Mid-west market. Ms. Travis explained that the Mid-west had been cut, since the Northeast was more important and produced the most business. Ms. Corbo reported that the hotels went to those markets. Mayor Rosenfield questioned if the Village still had contacts in the Mid-west. Ms. Corbo reported that it did, especially in

the Chicago suburbs.

Mr. Gelb questioned using a campaign that didn't go through travel agents, such as a Facebook or Google advertising campaign. Ms. Travis will look into a Facebook campaign. Mr. Gelb also suggested looking into Google. Ms. Travis didn't see a good return for Google.

Dr. Krop questioned how the Sea View and ONE Bal Harbour were doing. Ms. Travis reported that they were doing really well, with a revenue increase of 20% to 30% from last year.

Ms. Corbo discussed the problem with the airlines costs that were hurting the Village. Ms. Travis reported that revenue was still up, despite the cost of the airlines.

Internal Report: Mayor Rosenfield suggested that the bus go south of Lincoln Road. Ms. Travis noted that the biggest stop was Lincoln Road, but reported that she would be re-addressing the bus, hotels, and hours. She was not pleased with the number of people using the bus, so she planned to meet with the sales people in the hotels, shops, etc. and work on the schedule.

Ms. Travis reviewed the bus chart, which showed the number of people getting on the bus at each stop. Dr. Krop wasn't sure that the chart showed what the Committee needed to know. Mr. Lodes suggested that it show how many exited the bus at the Shops. Ms. Lansing requested that the chart be more specific, by showing how many were picked up and dropped off at each stop.

Ms. Travis reviewed the cultural series. She reported that approximately 500 people attended art nights, with 250 attending the chat. She explained that the December art night was canceled, since the stores were too busy, but that the next night was scheduled for January 19th. Mayor Rosenfield questioned if the events had a positive impact on the revenue for the restaurants. Dr. Krop discussed the success of the Books and Books events and suggested doing something with them. Ms. Travis will look into that for next year. She reported that 400 attended the Avatar movie on the beach and discussed the positive feedback received. She discussed the holiday emails.

Ms. Travis reported that a newsletter was created this month that would be sent to the travel agent list and would be sent to the consumer list in the future. She reported that the Kids Camp would be open for the holiday. Ms. Travis reported 636 followers on Facebook and 614 followers on Twitter.

Councilman Packer questioned promoting the Quarzo Hotel. Ms. Travis agreed that they would be included in the Village's promotion, once they were ready. Mr. Treppeda reported that the Quarzo General Manager would be attending the Committee meetings. Ms. Travis explained that the property was more of an apartment/hotel. Councilwoman Cohen reported that the rooms were beautiful.

Contract Renewals: *It was the consensus of the Committee to defer the contract renewals for LDPR and Heidi Barfels until next month, when the contracts could be provided for review.*

Lifeguards: Mr. Gelb questioned why there weren't any lifeguards on the beach in

Bal Harbour. Mr. Treppeda reported that the Village had researched the possibility in the past and explained that it was extremely expensive. He noted that the Village had provided life rings on the beach. Mayor Rosenfield reported that the Village had not had many requests for lifeguards and the high cost would include stands, employees, contracts, etc. Councilman Packer pointed out that the life rings had helped to save two people, since they were installed. Mr. Treppeda reported that there were signs indicating that no lifeguards were available and noted that there were also Police call boxes on the beach.

Dina Cellini, 211 Bal Cross Drive, reported that Security District residents with small children didn't go to Bal Harbour's beach, because there weren't any lifeguards. She spoke in favor of the Village looking into lifeguards.

Mr. Treppeda suggested using Resort Tax funds, if lifeguards were provided. Mayor Rosenfield suggested obtaining some figures for the cost. Ms. Corbo discussed the possibility of contracting it out. Mr. Treppeda will obtain prices from the County, etc. Dr. Krop suggested using forfeiture funds to pay for lifeguards. Mr. Pearl reported that forfeiture funds could not be used for that.

Carolyn Travis – Bonus Plan: Ms. Travis distributed and reviewed information for a bonus structure.

Councilwoman Cohen left the meeting.

Ms. Travis explained that the gross revenue included the St. Regis Development Agreement revenue, but the net revenue did not. She noted that the Committee needed to decide what percentage of the increased revenue should be a bonus, not including the St. Regis Development Agreement. Mr. Gelb questioned if the amount spent to achieve that revenue increase should be included. Ms. Travis explained that the amount spent would need to be within budget. She suggested that the bonus be paid quarterly, instead of annually. Ms. Lansing suggested that the bonus be paid at the end of the 4th quarter. Ms. Travis discussed the norm for quarterly bonuses. Mr. Gateau agreed and explained that the hotels provided a quarterly bonus for sales and if there was a decrease in the sales, then there wouldn't be a bonus for that quarter. Ms. Travis suggested using the net revenue (using all of the same entities) and not including the Development Agreement. She proposed including any new property after a year, etc. She noted that the numbers shown for the 2011 first quarter were not accurate, since the figures for the first quarter had not been received yet.

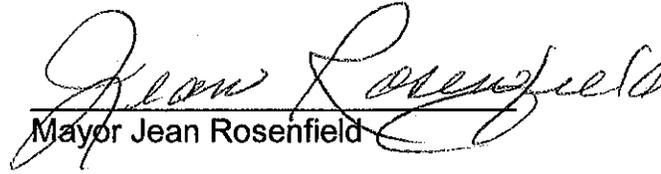
It was the consensus of the Committee for Mr. Treppeda and Mr. Wallace to provide a comparison, showing the old and the new proposed system, at the January meeting.

6. OTHER BUSINESS:

Mrs. Horvath noted that the terms for the Committee members would expire in January and questioned if the members in attendance wished to serve for another year. The members in attendance indicated that they would all like to serve another year term on the Committee.

Mrs. Horvath reported that the next meeting was scheduled for Thursday, January 13, 2011 at 9:00 a.m.

7. ADJOURN: There being no further business; the meeting was adjourned by consensus of the Committee at 10:38 a.m.


Mayor Jean Rosenfield

Attest:


Ellisa L. Horvath, MMC, Village Clerk