BAL HARBOUR VILLAGE RESORT TAX COMMITTEE
REGULAR MEETING MINUTES – FEBRUARY 10, 2011

A Regular Meeting of the Bal Harbour Village Resort Tax Committee was held on Thursday, February 10, 2011, 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 9:11 a.m. by Mayor Rosenfield. The following members were present:

Mayor Jean Rosenfield
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
Jay Smith, Director of Human Resources and Community Outreach
Matthew Pearl, Village Attorney
Christopher Wallace, Finance Director
Carolyn Travis, Director of Tourism Marketing
Heidi Barfels, Special Event Production & Promotion Services Consultant
Councilman Martin Packer
Gilberto Garcia-Tunon, ONE Bal Harbour

Absent: John Manrique

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

2. PLEDGE OF ALLEGIANCE: The Pledge was led by Mayor Rosenfield.

3. ACCEPTANCE OF APPOINTMENT AND OATH OF OFFICE: Mrs. Horvath administered the oath of office to the following Committee members: Mayor Jean Rosenfield, Mr. Bruce Gelb, Dr. Michael Krop, Ms. Sandra Lansing, and Mr. Richard Lodes.

4. SELECTION OF CHAIRMAN:

Mr. Lodes nominated Mayor Rosenfield to serve as the Committee Chairman.

There being no additional nominations, the nominations were closed.

It was the consensus of the Committee for Mayor Rosenfield to serve as the Committee Chairman.

5. APPROVAL OF MINUTES: This item was approved later in the meeting.

6. RESORT TAX FINANCIAL UPDATE: Mr. Wallace reviewed his report.

APPROVAL OF MINUTES: ***A motion was offered by Mr. Gelb and seconded by Ms. Lansing to approve the January 13, 2011 Regular Meeting Minutes. The motion carried (5-0).***

RESORT TAX FINANCIAL UPDATE: Dr. Krop questioned if the budget projected interest of $18,000 should be adjusted. Mr. Wallace didn't think that it needed to be adjusted, since the projected interest was still anticipated.

Kristopher Taplin, 10275 Collins Avenue #409, introduced himself as a resident and noted that Councilwoman Patricia Cohen suggested that he get involved with the Committee since he was very involved in the hotel industry (in South Beach). He explained that his grandfather (Sol Taplin) served on the Village Council.

Gilberto Garcia-Tunon, ONE Bal Harbour, introduced himself and noted that he was the Property Resort Director for the ONE Bal Harbour.

Mayor Rosenfield requested that Tab 6 be taken out of order. It was the consensus of the Committee to do so.

DISCUSSION OF DIRECTOR OR TOURISM MARKETING BONUS STRUCTURE: Ms. Travis left the meeting. Mayor Rosenfield explained that the bonus structure was sent back to the Committee by the Council for consideration of a cap and review of the proposed structure. Councilman Packer noted that the 30% amount was also a concern.

Mr. Treppeda explained that the proposed bonus was to be paid on a quarterly basis and would compare the revenue from the current year to the prior year. He added that a negative revenue amount would result in no bonus for that quarter. He noted that the proposal did not include revenue from new hotels and their restaurants, but did include the restaurants at the Shops. He reported that the proposed bonus structure was 30% of increased revenue from the prior year to the current year, figured on a quarterly basis. Mr. Treppeda reviewed the 30% scenario and amounts required to achieve a $10,000-$30,000 bonus, which would be extremely difficult.

Councilman Packer reviewed discussion from the Council meeting. Mr. Lodes thought that the 30% scared people and discussed the need for it to be explained better to the public in real numbers. Mayor Rosenfield reviewed Mr. Treppeda's attempt to do that. Mr. Garcia-Tunon also suggested that it be explained that Ms. Travis' efforts would result in revenue increases for the hotels, etc. Mayor Rosenfield noted that Mr. Treppeda tried to explain both of those, but the public still voiced concern. Mr. Garcia-Tunon noted that 30% was the industry norm for a bonus. Mr. Gelb noted that the 30% amount was agreed to by the Committee for the proposed structure, since it was the industry norm.

The Committee discussed amounts for the cap.

Mr. Treppeda explained the current bonus structure, which was 10%, included the St.

Regis Development Agreement, etc. and that Ms. Travis was in favor of changing it.

Mr. Treppeda explained that under the proposed bonus, there would need to be an increase of $1,700,000 in hotel sales revenue, which would result in $68,000 resort tax revenue ($1,700,000 x 4% bed tax), to reach a $20,000 bonus.

Ms. Lansing suggested that the bonus be based on a year experience for all entities (hotels and restaurants) and not include any new restaurants. Mr. Lodes agreed.

A motion was offered by Mr. Gelb and seconded by Dr. Krop to withdraw the Committee's previous motion from the January meeting regarding the bonus structure. The motion carried (5-0).

The Committee discussed a bonus based on a one year baseline (all new hotels/restaurants would be excluded) for all entities, not including the St. Regis Development Agreement revenue, based on 30% of the revenue increase, and for it to be paid quarterly.

The Committee discussed a quarterly bonus versus an end of the year annual bonus. The main concern was that no money would be taken away if there was a negative amount for the quarter. Mr. Wallace discussed a compromise of paying a percentage (such as 70%) of the bonus on a quarterly basis, holding back a percentage (such as 30%) and then providing a year-end adjustment. He explained that the incentive would then be there for a quarterly bonus, with the adjustment at the end of the year, to make up for any quarters that had a negative amount. The Committee discussed the suggestion and different scenarios.

Mr. Wallace reported that the proposed bonus would not include revenue received from the St. Regis Development Agreement, penalties, or interest.

Mr. Wallace clarified that the proposed bonus would be 30% of the resort tax, not the total revenue. He suggested that the wording be rephrased to be .6% of the food/beverage sales and 1.2% of increased hotels sales (for every dollar of a hotel sale made above the prior year Ms. Travis would get 1.2% of it and for every dollar of restaurant sales above the prior year she would get .6% of it), to be paid quarterly, with a portion withheld to cover for negative sales, and a cap provided.

Ms. Lansing recommended an end of the year flat bonus amount if Ms. Travis reached a certain amount. Mr. Treppeda reported her base salary to be $115,000. Mr. Lodes thought that she was underpaid and as such that a bonus was important. Mr. Treppeda agreed that Ms. Travis needed to be motivated by a bonus.

Mr. Garcia-Tunon discussed positive feedback that he had received regarding Ms. Travis. He explained that the staff at the hotel was awarded for the positive quarters, but money was not taken away for the negative quarters. He added that the bonus was based on a goal, not year over year. The Committee discussed other benefits that Ms. Travis received (pension, insurance, etc.). Mr. Wallace explained that the bonus last year would have been $7,000 (based on the proposed structure) compared to the $5,400 that she received (based on the existing structure), which would be the amount the Committee would be looking at. He didn't think that the bonus amount would reach the $20,000-$30,000 range.

Mayor Rosenfield discussed further study.

Mr. Lodes discussed the need to establish guidelines for a bonus now, but agreed that additional information and study was required. He thinks that the bonus should be evaluated at the end of the year, based on her merit, and be based on the salary instead of revenue increases. He explained that the Shops closing a restaurant at the Shops would affect the numbers drastically, which would have nothing to do with Ms. Travis, but would affect her bonus. Dr. Krop and Ms. Lansing spoke in favor of a bonus based on the salary instead of revenue increases. The Committee agreed that there should be a bonus at the end of the year, to be determined by the Committee.

Mr. Treppeda reported that Ms. Travis was also eligible to receive a merit bonus at the end of the year, as a Department Head, which would be up to 5% of her salary.

Mr. Gelb spoke in favor of the 30% bonus structure, to be based on revenue increase, similar to the hotel business.

Mr. Treppeda clarified that Ms. Travis was eligible to receive the annual 5% merit bonus, in addition to the bonus being discussed. He further explained that if the Committee did nothing, then Ms. Travis was still entitled to the existing 10% bonus (based on revenue) at the end of the year, in addition to the up to 5% merit bonus (based on her salary).

It was the consensus of the Committee to discuss the item again at the March meeting.

Mr. Gelb suggested that the different scenarios with Ms. Travis' pay be presented, along with the different bonus amounts, and the projection of what the bonus (20%, 30%, etc.) would be, prior to the March meeting.

Mr. Smith will survey similar jobs at similar destinations throughout the Country.

7. DIRECTOR OF TOURISM MARKETING REPORT – CAROLYN TRAVIS:

Month Recap/Status/Actions: Ms. Travis distributed the Upcoming Actions summary. She reviewed the Bal Harbour Events.

Ms. Travis requested approval of $6,000.00 for the following item:

TABB – Travel & Leisure Travel Agency Advisory Board (Feb 24 & 25) **$6,000.00**
(for transportation, gifts, and dinner event entertainment)

A motion was offered by Mr. Lodes and seconded by Ms. Lansing to approve $6,000 for the item requested. The motion carried (5-0).

Ms. Travis reviewed Domestic PR, US Sales Actions, and Brazil on the Upcoming Actions summary. She distributed and reviewed the Brazil Ad Value (report from SPOKE), dated January 2011.

Ms. Travis reviewed Argentina and Europe on the Upcoming Actions summary. She

proposed that the GMCVB use the $25,000 from the Village to provide the Village with assistance in Europe (the Village would have use of the GMCVB representatives in Europe, for a certain period of time). She reported that the plan would be presented at the next meeting.

Internal Report: The following items were included in the agenda: Tourism Shuttle, Email Campaign, and Social Media.

Overview of Reports: Reports for the following were included in the agenda: LDPR – National Public Relations, Suzanne Corbo – NE US, Laura Schmidt – European, DLX Argentina, and On Request – Brazil.

8. DISCUSSION OF DIRECTOR OR TOURISM MARKETING BONUS STRUCTURE: This item was discussed earlier in the meeting.

9. OTHER BUSINESS:

Mr. Pearl reported that the Village could not include the revenue amounts for individual business entities in the Committee agenda, since it was not public record, but that Committee members (as an instrument of the Village) could review the information independently through the Finance Director.

Dr. Krop questioned if items/flyers were provided to the buildings in the Village regarding the Village's activities. Ms. Travis explained that every building located in the Village was given material to distribute/post for their residents. She noted that if building managers advised her of specific needs for their building then those materials/items could be provided.

Mr. Treppeda reported that a Council Workshop meeting was scheduled for Monday, March, 7, 2011, at 7:00 p.m., at the Sea View Hotel, for discussion of the proposed expansion of the Bal Harbour Shops.

10. ADJOURN: There being no further business, ***the meeting was adjourned by consensus of the Committee at 10:28 a.m.***

Mayor Jean Rosenfield

Attest:

Ellisa L. Horvath, MMC, Village Clerk