

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

A Regular Meeting of the Bal Harbour Village Resort Tax Committee was held on Thursday, November 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 8:55 a.m. by Mayor Rosenfield. The following members were present:

Mayor Jean Rosenfield
Bruce Gelb
Michael M. Krop¹
Sandra Lansing
Richard Lodes

Others Present:

Councilman Martin Packer
Alfred J. Treppeda, Village Manager
Ellisa L. Horvath, MMC, Village Clerk
Matthew Pearl, Village Attorney
Christopher Wallace, Finance Director
Carolyn Travis, Director of Tourism Marketing

Absent:

Gilberto Garcia-Tunon
John Manrique

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

2. PLEDGE OF ALLEGIANCE: The Pledge was led by the Committee.

3. APPROVAL OF MINUTES:

Dr. Krop was not clear on the entire budget discussion from the previous meeting, since he was not in attendance and all of the comments were not included in the minutes. Mrs. Horvath explained that an audio of the meetings were available, if members missed a meeting and wanted to hear the full discussion. She noted that the minutes were a summary of what happened at the meetings and did not include all of the comments. Dr. Krop agreed that would be acceptable.

A motion was offered by Mr. Gelb and seconded by Dr. Krop to approve the September 8, 2011 Regular Meeting Minutes. The motion carried (5-0).

4. DISCUSSION OF DIRECTOR OF TOURISM MARKETING

BONUS: This item was discussed later in the meeting.

5. RESORT TAX FINANCIAL UPDATE: Mr. Wallace distributed and

¹ Dr. Krop left during discussion of the Director of Tourism Marketing Bonus.

reviewed an updated report, since there was an error in the spreadsheet provided in the agenda.

Ms. Travis questioned why the amount for the Developer's Agreement (St. Regis) was \$893,950.00. Mr. Wallace explained that the amount was for five months and since the Beautification & Maintenance fund was moved back into the Tourism Fund, from the General Fund, the Tourism Fund was now receiving the total resort tax revenue amount from the Developer's Agreement, instead of sharing 50% of it with the General Fund. He explained that seven months of resort tax revenue was estimated for the St. Regis (the resort tax revenue from the Developer's Agreement would end when the St. Regis opened).

Mr. Wallace explained that Tourism Maintenance (for maintenance on Collins Avenue and the beach) had been moved back to the Tourism fund, from the General fund, but explained that it was something that was not under the purview of the Committee for review. Mr. Gelb questioned if the Committee would be responsible to make recommendations on the landscaping, since those funds were now in the Tourism fund. Mr. Treppeda explained that the Committee would not be responsible, but could discuss and make recommendations to the Council. Mr. Wallace explained that it was ultimately the Council's responsibility. Mayor Rosenfield explained that it was in the Tourism fund, but was for the purpose of beautification. Ms. Travis suggested that an itemized budget for the Tourism Maintenance be provided, to show the Committee the items that were included in it. Mr. Treppeda discussed the history of the line item and explained that any large items (Date palm trees, etc.) would go through the Committee, for a recommendation, before it went to the Council. He added that any smaller routine replacements, etc. would just go before the Council.

Dr. Krop discussed concerns regarding mistakes found in the budget. He questioned where the \$500,000.00 was for the beach renourishment. Mr. Wallace reported that money was earmarked for beach renourishment, but wasn't all spent, so the remainder was in the Resort Tax unreserved balance. He explained that the money would then be re-appropriated for the remainder of the project. Dr. Krop suggested that it be in a designated fund for beach renourishment, since it was already approved for that. Mr. Wallace will check the budget for mistakes.

Dr. Krop reviewed the beginning Fund Balance of \$3,140,949 and noted that it was off by \$36,000.00. Mr. Wallace explained that he wouldn't know the actual amount of the fund balance, until the audit was done. Dr. Krop will review the item with Mr. Wallace.

Dr. Krop reported that the average percentage increase of \$191,000.00 per month for September was incorrect. He noted that it was off by \$18,000.00 per month on average, so the percentage increase was incorrect and was less than that. He discussed the Total Revenue for FY 2011 of \$2,104,630. Mr. Wallace apologized for a transcription error.

Dr. Krop discussed the estimate for the hotel taxes of \$1,384,942.00. Mr. Wallace explained that the St. Regis provided Ms. Travis with their best estimate for the resort taxes, which was approximately \$780,000.00. Dr. Krop discussed the Council being conservative regarding the resort taxes for that property. Ms. Travis noted that they also underestimated their budget, to be conservative. Mr. Dye agreed. He discussed a scheduled opening of January 19, 2012, with an annual occupancy of 60% and an average rate range of \$550-\$600. Mr. Gelb questioned if the number represented a 60% occupancy

rate at that figure. Ms. Travis explained that it did. Mr. Wallace explained that the number was an estimate, based on the amount given by Starwood, the property owners. He suggested that the Committee keep an eye on the amounts monthly, since there was no historical collection data to use.

Dr. Krop requested that Mr. Wallace ensure that no mistakes would be in individual columns, etc. in the report. Mr. Wallace noted that he could ensure that there would not be any transcription errors. Dr. Krop discussed the need for somebody to review the report for errors.

Dr. Krop thought that the Committee members should be able to see the figures from the individual properties. Mr. Pearl explained that those figures were not available as a public record so they could not be included in the agendas, but that the members could meet with Mr. Wallace individually to review them. Dr. Krop agreed.

Mr. Wallace requested direction from the Committee on the format for the report. Dr. Krop requested that the report remain the same, but would like the fund balance to be easier to understand.

Dr. Krop questioned if the money for the beach renourishment was in the fund balance. Mr. Wallace explained that it was not, but that if more expenditures for the sand transfer station project were needed, then the money would need to be re-appropriated.

Mayor Rosenfield reported that the Council was still waiting on engineer reports for the sand transfer project. Mr. Treppeda reported that an update would be provided at the Council meeting. Dr. Krop questioned if money was put aside for that. Mr. Wallace explained that the \$500,000.00 that was put aside went back into the unreserved fund balance, so the Council would have to make a decision to re-appropriate that. Mr. Treppeda explained that the hope was to get funding for the project (from the State, County, etc.). Dr. Krop discussed the amount of approximately \$1.7 million that had been in the beach renourishment fund at some point. Mr. Wallace explained that some of the money had been used for beach renourishment/sand transfer station. Mr. Treppeda reported that the Code required that \$1 million be provided in a fund for beach renourishment, which was being met.

Mr. Gelb discussed the maintenance inside the gated community and questioned if the tourism fund was used for that. Mr. Wallace explained that it was not and that would need to be paid for by the property owners in that area. He explained that resort tax funds were restricted to specific areas.

Mayor Rosenfield invited residents to come to the budget meetings.

Mr. Wallace reported that the Council did not take money out of the Tourism fund for FY 2012, for the Park/Recreation Department and that Department had been moved back to the General fund. Mayor Rosenfield noted that some residents had requested that improvements be made to the Park, which would be discussed at a later date.

Dr. Krop noted that the beginning fund balance for September 30, 2011 was less than the prior year. Mr. Wallace agreed and explained that not as much reserves were used because the revenue was better, but the expenditures could have been more. Dr. Krop questioned why that didn't impact Ms. Travis' bonus. Mr. Wallace explained that that Ms.

Travis' bonus was based on revenue, not expenditures. Dr. Krop clarified that her bonus was tied to gross, not net. Ms. Travis agreed, but noted that it still would have increased if it was based on net, because she did not spend as much fund balance as expected.

DISCUSSION OF DIRECTOR OF TOURISM MARKETING

BONUS: Mr. Treppeda requested direction on a revenue bonus for Ms. Travis, for the third and fourth quarters of 2011. He distributed and reviewed an updated bonus calculation. Mr. Treppeda and Mr. Wallace explained Ms. Travis' salary, benefit package, and up to a 5% performance bonus, which was in addition to the revenue bonus being discussed. Mr. Treppeda explained that since Ms. Travis had reached the \$15,000.00 cap for the revenue bonus, Committee approval was needed for any additional revenue bonus. He explained that to date, Ms. Travis had received a \$16,517.82 revenue bonus, based on increases for the first two quarters (Committee approval was given for the amount over the \$15,000.00 cap). He noted that 30% of the increases for the third and fourth quarters would be an additional \$38,141.70.

The Committee and Mr. Dye discussed the possibility of increasing the base salary, basing the bonus on net versus gross, and whether or not to have a cap.

Mr. Gelb discussed the importance of the revenue amounts being correct, since the bonus was based on that.

Mr. Wallace reported that the bonus amount could be charged to the 2010/2011 budget, if a decision was made at the meeting.

Mr. Wallace reported that the bonus could be changed for Fiscal Year 2012, but that under the current agreement for Fiscal Year 2011 the Committee could extend a bonus beyond the amount that Ms. Travis had already received.

Dr. Krop left the meeting.

A motion was offered by Ms. Lansing and seconded by Mr. Lodes to approve an additional bonus of 10% of \$38,141.70 for Ms. Travis. The motion carried (4-0).

Mr. Treppeda requested input from Mr. Dye, to create a new bonus format.

6. DIRECTOR OF TOURISM MARKETING REPORT – CAROLYN

TRAVIS: Ms. Travis reviewed the report provided in the agenda.

Ms. Travis distributed and reviewed the Greater Miami Convention and Visitor's Bureau report and noted that the Village had revenue increases greater than the GMCVB.

Ms. Travis distributed and reviewed an advertising worksheet. She discussed the 24-page Bal Harbour Village insert in the New York Times magazine, with overprints to be used as brochures. She requested approval of \$199,400.00 for the additional advertising as outlined.

A motion was offered by Mr. Gelb and seconded by Ms. Lansing to approve \$199,400.00 for additional advertising. The motion carried (4-0).

Ms. Travis reviewed and requested approval of \$24,560.00 for the Mexico Action Plan (Mara Franco) included in the agenda.

A motion was offered by Mr. Lodes and seconded by Mr. Gelb to approve \$24,560.00 for the Mexico Action Plan. The motion carried (4-0).

Ms. Travis requested approval of \$3,500.00 to purchase a table at the Project Newborn event. *A motion was offered by Mr. Lodes and seconded by Ms. Lansing to approve \$3,500.00 for a table at Project Newborn event. The motion carried (4-0).*

Ms. Travis reviewed the in-market Bal Harbour activities.

Mayor Rosenfield suggested that the Village inserts be used for high end cruise ships, for pre and post cruise stays. Ms. Travis will look into the Silver Seas, etc. Mr. Lodes discussed the possibility of sending the tourism bus to the ship. Mr. Dye explained that the ships normally needed large blocks of rooms and explained that if all of the hotels in the Village were involved then the Village would be able to accommodate them.

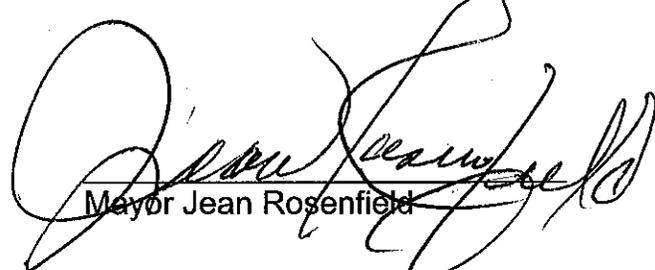
Ms. Travis displayed the new advertisement for the Village.

7. OTHER BUSINESS: Mrs. Horvath reported that the next meeting was scheduled for December 15, 2011, at 9:00 a.m.

8. ADJOURN: There being no further business, *the meeting was adjourned by consensus of the Committee at 10:32 a.m.*

Attest:


Ellisa L. Horvath, MMC, Village Clerk


Mayor Jean Rosenfield