

BAL HARBOUR VILLAGE RESORT TAX COMMITTEE
REGULAR MEETING MINUTES – MAY 10, 2012

A Regular Meeting of the Bal Harbour Village Resort Tax Committee was held on Thursday, May 10, 2012, in the Conference Room at Bal Harbour Village Hall (655 – 96th Street, Bal Harbour, Florida).

The meeting was called to order at 9:02 a.m. by Mayor Rosenfield.

1. CALL TO ORDER/ROLL CALL: The following members were present:

Mayor Jean Rosenfield
Brian Dye
Gilberto Garcia-Tunon¹
Bruce Gelb
Michael M. Krop
Sandra Lansing
Richard Lodes

Others Present:

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

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

2. PLEDGE OF ALLEGIANCE: The Pledge was led by Mr. Pearl.

3. APPROVAL OF MINUTES: *A motion was offered by Ms. Lansing and seconded by Mr. Gelb to approve the April 12, 2012 Regular Meeting Minutes. The motion carried (6-0).*

4. RESORT TAX FINANCIAL UPDATE Dr. Krop noted that the Variance to Total Budget column (third page) needed to be recalculated. Mr. Wallace distributed a revised third page, which addressed that.

Mr. Garcia-Tunon arrived.

Mr. Wallace reported that they were pleased with the revenue performance and that Ms. Travis would recommend cuts or use fund balance, if needed, as a budget revision in July. Mayor Rosenfield questioned why cuts would be necessary. Mr. Wallace reported that the St. Regis Development Agreement did not last as long as originally anticipated, since the hotel opened early. He explained that they were concerned with the lack of historical information for the property, since there wasn't anything to base revenue anticipation on. He noted that the fund had substantial reserves that could be used.

¹ Mr. Garcia-Tunon arrived during the Resort Tax Financial Update.

Mr. Dye explained that the St. Regis was stabilizing during the first month. He expressed concern for June, since it was traditionally a slow period, but expected an increase in July and August. He reported that the St. Regis was doing everything in their power, domestically and internationally, to increase business.

Mr. Wallace questioned if the revenue was short, if the Committee would want to reduce expenditures or continue the expenditures and use additional reserves. Mr. Gelb questioned the amount of the variable difference. Ms. Travis anticipated it to be between a \$75,000.00 to \$150,000.00 deficit. She explained that items had been earmarked that could be cut.

Mr. Gelb noted that the report had shown increasing revenue and, although the summer may be slower, there should be extra funds. Ms. Travis explained that the deficit was due to the money from the Development Agreement ending earlier than anticipated. Mr. Wallace clarified that the revenue sales had increased, but those increases had been budgeted. Ms. Travis further clarified that the Village didn't know if the revenue would equal what was lost from the Development Agreement ending early. She noted that they wanted to be prepared, if the revenue didn't come in that was anticipated.

Ms. Travis reported that the hotels were concerned with business for May, June, and July. She noted that the representatives had developed full strategies in response to that.

Ms. Travis explained that she would be recommending a supplemental budget, for advertising, which would use some of the \$150,000.00 that had been earmarked, if cuts would be necessary.

Ms. Lansing spoke in favor of a program that would initiate sales.

Ms. Travis discussed new staff at the ONE Bal Harbour.

Ms. Travis reported that Suzanne Corbo, Village Representative, was in town to stimulate drive business for May, June, and July. She was confident that July and August would be very strong, due to Latin American business, and that the shoulder period prior to that time would be difficult.

Mr. Wallace discussed the requirement to do supplemental appropriations by ordinance, which required two hearings. He requested that the Committee begin thinking about what it wanted to do, since an amendment to the budget would require the ordinance process to be put in place.

Dr. Krop wasn't sure that he agreed with any of it. He didn't think there would be any bearing on this year's budget (revenue), if no additional money was spent from now to the end of the year. He clarified that if the properties stayed in business, then the revenue would still come in. He discussed the need to take in over \$200,000.00 per month, to meet the budget. Dr. Krop discussed the \$800,000.00 to \$900,000.00 shortage for the rest of the year. Mr. Wallace clarified that approximately \$665,000.00 in revenue remained to be received. Dr. Krop thought that figure was wrong and requested that it be looked at again. Mr. Wallace explained that \$3.3 million was budgeted and \$1 million had been received. Dr. Krop thought that the amount should be \$2.2 million, not \$665,000.00. Mr. Wallace explained that part of the income was not reflected in the report. He clarified that he needed to bring in the income from the maintenance portion also. He still requested that

the Committee decide what it wanted to do, if the revenue came up short.

Dr. Krop questioned if there was a relationship between revenue and marketing. Mr. Dye discussed what the St. Regis was doing for marketing efforts and in collaboration with Ms. Travis to drive business into Bal Harbour. Ms. Travis discussed the increase in business, in direct correlation to the Village's marketing efforts. Mr. Dye agreed and discussed the major revenue increase, as a result of marketing efforts. Mr. Garcia-Tunon agreed that the Village's marketing efforts had a direct impact on the ONE's revenue. He discussed the turnaround in the ONE sales staff and the constant that was provided by the Village. He reported a large spike, in direct correlation to the Village's efforts. He noted that the Quarzo had also reported the spikes.

Dr. Krop discussed the need to make up the budgeted difference in the remaining five months. He noted that there would already be a deficit from the St. Regis Development Agreement, but the Committee wouldn't know what the amount would be since it didn't know what the revenue amounts would be from the St. Regis.

Mr. Garcia-Tunon discussed the need for a push, for drive business, for the first part of the summer. He spoke in favor of spending advertising dollars, since other destinations would be decreasing their plans. Mr. Dye discussed the tactical aspects.

Ms. Travis reported that the Sea View hotel had been up 10% consistently. She noted that the ONE Bal Harbour and the St. Regis were the unknown variables, so she would be proposing a tactical plan.

Ms. Travis distributed and reviewed an advertising proposal totaling \$49,763.00. She explained that the St. Regis and ONE Bal Harbour were contributing dollars to do alternating advertising, in the same publications, in the same target areas.

Mr. Gelb spoke in favor of "staycations" (going on vacation at home). Ms. Travis discussed supplemental efforts.

A motion was offered by Ms. Lansing and seconded by Mr. Gelb to approve \$49,763.00 for the advertising requested.

Ms. Travis reported that the amount would be taken out of the advertising budget. She clarified that she may not be able to cut \$150,000.00, if necessary, from the entire budget and may need to use some money from fund balance.

The motion carried (7-0).

Dr. Krop questioned if the St. Regis provided any specials for Bal Harbour residents. Mr. Dye reported that the St. Regis had special offers for Florida residents and could work on something for Bal Harbour residents.

Mr. Wallace reported that three venues would be audited this month, for resort tax compliance, which should be completed by the end of July.

5. DIRECTOR OF TOURISM MARKETING REPORT – CAROLYN

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

Mayor Rosenfield questioned the press from the St. Regis opening events. Mr. Dye reported that would be evaluated, once the events were done. Mayor Rosenfield suggested that a book be provided showing the results, at the next meeting, to compare what the St. Regis and ONE were doing to what the Village was doing. Mr. Dye explained that it was a collaborative effort with the Village and the hotels. Mayor Rosenfield noted that residents were always asking why the hotels/shops weren't spending their own money to attract tourists. Mr. Dye reported that they were. Ms. Lansing clarified that resort tax funds were being used, not taxpayer dollars, for the Village's tourism efforts. Ms. Travis suggested that the properties provide an overall budget, showing what they spent on advertising, etc. Mr. Dye discussed what Starwood was doing daily, to promote Bal Harbour. He will provide a page fact sheet, on the St. Regis. Mayor Rosenfield believed in what the Committee was doing, but would like to substantiate it.

Mayor Rosenfield discussed the tax relief approvals that may have some affect on the budget.

Mr. Gelb thought that the residents wanted to know the goal of the Committee and why they (the residents) weren't benefitting more from the resort tax dollars. Ms. Lansing discussed the movies, bus, etc. that had been done. Mayor Rosenfield suggested that a line be added at the events that they were paid for with resort tax funds. She wanted to make it clear that tourism dollars were being used to promote tourism, as well as providing benefits to the residents. She encouraged the Committee to spread the word.

Dr. Krop discussed the Village maintenance that was paid for, with resort tax funds. Mr. Gelb also suggested that the residents be informed that resort tax funds could only be used for limited items.

The Committee discussed putting signs up at events that were paid for with resort tax funds. Ms. Travis will put money in next year's budget, to pay for the signs.

Ms. Travis reviewed the upcoming sales calls.

6. OTHER BUSINESS:

Mr. Gelb questioned if there was any update on the Bal Harbour Club property. Mayor Rosenfield reported that she met with someone who was interested in buying the property, who discussed plans for condominiums at the site. Councilman Packer reported a rumor that the final contract would be signed this week, for 300-350 condominiums. Mayor Rosenfield explained that the item had not come before the Council yet. She reported that the property was zoned Oceanfront and that the marina property was separate.

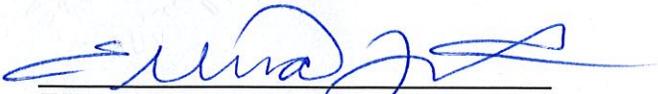
Mr. Gelb discussed problems with residents being able to access the beach. Councilman Packer discussed the pedestrian path, next to the Bal Harbour Club. Mr. Gelb noted that the path was too far for residents to walk to, from the gated area, and that no beach services were provided there, etc.

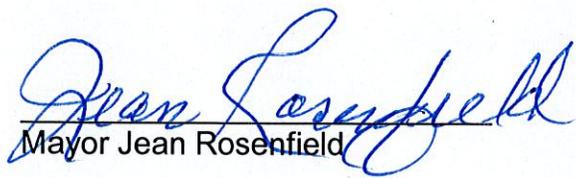
Mrs. Horvath noted that the next meeting was scheduled for June 14, 2012, at 9:00 a.m.

7. ADJOURN: There being no further business, the meeting was adjourned by consensus of the Committee at 9:59 a.m.

Attest:




Ellisa L. Horvath, MMC, Village Clerk


Mayor Jean Rosenfield