

**ST. JOSEPH COUNTY BOARD OF MANAGERS  
FOR HOTEL-MOTEL TAX  
FRIDAY, APRIL 26, 2019  
8:30 A.M. CENTURY CENTER SUITES 10-11**

**Members Present**

John Anthony  
Greg Downes  
Joseph Kurth  
Mark McDonnell  
Jenny McNeil  
Dan Parker  
Carmen Piasecki  
Gary West  
Ron Zeltwanger

**Members Absent**

Victor Ravago  
Thomas Walz

**Others**

Aaron Perri  
Rob DeCleene & Staff – VSB/CVB  
Leanna Belew & Staff – Century Center  
Jeff Jarnecke, VPA Director of Venues  
Marika Anderson – Morris PAC  
Aladean DeRose

The meeting was called to order by President Anthony at 8:30 a.m.

**ROLL CALL**

Roll call was taken with the following members absent: Victor Ravago and Thomas Walz.

**APPROVAL OF MINUTES**

Anthony entertained a motion to approve the minutes of January 25, 2019. McDonnell moved to accept; seconded by Downes, the motion carried.

**TREASURER'S REPORT**

Ron Zeltwanger reported on the period ending March 31, 2019: the beginning balance from January 1, 2019, was \$6,124,259 in reserved which was a bit inflated because of the almost \$930,000 which was carried over from the 2018 Budget. 2019 Q1 Receipts were \$1,061,766 which is up 14.8% from 2018 Q1 with Disbursements of \$1,722,128 resulting in a remaining balance of \$5,463,897. Receipts for the last three quarters of the fiscal year show growth. Q1 Receipts from the last several years have averaged a 7.5% increase.

**PRESIDENT'S REPORT**

Anthony reported that the Indiana legislature earlier this week passed the State budget which takes 1% from the 6% of Hotel-Motel Tax and bypassed the Hotel-Motel Tax Board to allocate the funds 60% to a new Mishawaka sports complex and 40% to the Potawatomi Zoo. This was first introduced in February. Anthony distributed a letter on behalf of the Hotel-Motel Tax Board to our nine area representatives in the State Legislature and outlined how funds have been spent in the past, programs and priorities for tourism in the area which generate room nights that increase Hotel-Motel Tax funds. The letter highlighted the 56.5% increase in tax revenues over the past seven years from the investments that have been made which show that the investments are driving increased tourism and visitor spending. The letter noted that, perhaps, the Hotel-Motel Tax Board did not communicate with the representatives about the tourism initiatives and where the funding is being planned. An invitation was extended to the nine representatives for conversation; however, no one responded back. Anthony is not aware of any further communication by legislators with the Hotel-Motel Tax Board, local tourism officials or hotels before the law was passed. Rob DeCleene and Visit South Bend Mishawaka were asked to formalize a master plan for tourism for our community and to show the funding priorities. The master plan is being developed and will eventually be socialized so that it is documented.

Discussion followed that the Board is doing more to promote tourism and bring more people to St. Joseph County. That effort has been totally ignored. A sunset of the tax is included. The 60% which is designated for a "Sports Complex Fund" referring to a Mishawaka indoor sports complex will expire July 1, 2024, or the date on which the operation of the indoor sports complex have expired, whichever is later. The 40% called a "Zoo Fund" referring to the Potawatomi Zoo expires on the later of July 1, 2024, or the date on which any bonds, leases or debt obligations that are financed with tax revenue have been expired or have been paid.

Further discussion followed that the effective date is June 30, 2019. The Hotel-Motel Tax Board submitted a budget that has been ratified at the county level and may be certified at the State level. There are many questions to be answered including where do the funds for the Mishawaka sports complex go when currently there is no sports complex. The board has been waiting for an entity to come forth with a plan of the sports complex for the Board to review for funding if it is fiscally responsible to do so. Suggestion was made to seek an accounting opinion and a legal opinion locally from someone familiar with State laws of how the Board should proceed. Another suggestion was made to contact the Hotel Lodging Association to reach out to legislators. Anthony requested volunteers to form a committee and Downes, Parker, McDonnell volunteered. Downes motioned to seek a formal legal opinion on how to proceed prior to the effective date of the law; seconded by McNeil; the motion carried.

Questions and discussion continued on how to pay for the legal opinion, possibly forming a second committee for advocacy to reach out to legislators so not to be caught off guard in the future and so that they are aware of what the Hotel-Motel Tax Board does. As an appointed board, members could contact the local officials regarding how to proceed downstate to present a united front and to reflect the view of the community. Visit South Bend Mishawaka could provide a room night report to have an opportunity to review the zoo room night generation.

Actions Items: Dan Parker will investigate with John Murphy at St. Joseph County and the State to figure out the flow of funds. McDonnell, Parker and Downes volunteered to form a committee for a plan of action prior to July 1 and will look into legal representation. Anthony will be ad hoc. Kurth will contact the Indiana Restaurant & Lodging Association to request contacts for legal representation downstate. Rob DeCleene will be sent copies and be included in information in a manner that would not be perceived as a conflict of interest with funding disbursement to Visit South Bend Mishawaka. A June meeting date will be put on hold until the committee reports. Anthony will email a copy of the letter sent to local state representatives to all Board members. Board members will request meetings with all local officials who appointed them to meet with the Board. The two new entities being funded (Potawatomi Zoo and new Mishawaka sports facility) will be invited to Hotel-Motel Tax Board meetings to present reports on how the funds are being used.

Anthony noted that this is the last meeting that Leanna Belew will attend as she is moving for a job in Tennessee. He thanked Belew for her six years of service as SMG General Manager at Century Center and her work to increase the number of room nights.

Anthony announced that Rob DeCleene, Executive Director of Visit South Bend Mishawaka was named Member of the Year by the Indiana Tourism Association in March. He thanked DeCleene for his hard work and increase in tax revenues that have occurred during his time with VSBM.

## **Agency Reports**

### **Visit South Bend Mishawaka:**

Rob DeCleene reported on 2019 Q1 hotel occupancy. January was up slightly due to the NHL Winter Classic. St. Joseph County has 4,949 rooms which is a 21% increase the last two years. The SpringHill Suites in Roseland is the one new hotel that is currently under construction. Q1 had a total of 4,284 room nights from leads and 944 total room nights room conversions.

In March VSBM rolled out a new multi-year partnership with Visit Evansville, the Evansville Center managed and Century Center both managed by SMG to try to promote to associations to meet outside the Indy circle. Seven trips to Indy were made. The Top 200 Giveaway Keurig coffee theme promotion continues to have great results with conversions coming. Staff are considering a new attention grabbing theme for 2020. VSBM and the Chamber of St. Joseph County have a villa for the whole week of June 24-30 for the U.S. Senior Open with funds by the Hotel-Motel Tax Board. VSBM is hosting the Indiana Society of Association Executives July 15-17 at Century Center and a social event at the Notre Dame stadium. The Liverpool Football Club vs Borussia Dortmund international soccer game is July 19 at Notre Dame. American Youth On Parade starts July 21 at Notre Dame. Liverpool Football Club to host Borussia Dortmund

Sports sales dominated January 1 – April 15 with 18 events, 21,248 room nights, 102,832 attendees and \$17.91 million economic impact. Six leads went definite and six are still pending which is 5,008 room nights combined. Major events included the NHL Winter Classic on January 1, 12 hockey tournaments, 8 Hockey Time Tournaments, and USA Hockey Tier II National Championships April 4-6 held for the first time at Notre Dame Compton Ice and the Ice Box. Confidence is high that similar types of hockey events will be brought back to South Bend on a consistent rotation.

Special projects included: the VSBM Visitor Center at the South Bend Airport was refreshed and has two new volunteers. The Golden Roamer has 116 event days scheduled in 2019. Two Notre Dame campus tours were conducted in Q1 with 10 additional tours scheduled in 2019. VSBM 2019 Visitor Guides were distributed to 10,800 hotels, 10,485 kiosks, groups, venues and farmers market, and 856 welcome bags. The application was submitted March 26 to Destination Marketing Accreditation Program, the governing body for CVBs around the world, for accreditation. Previously VSBM “road the coattails” of the Chamber of St. Joseph County accreditation; however, due to growth of the VSBM budget and staff, it became time to apply for the CVB accreditation with the results coming at the annual conference in July.

Leisure Marketing efforts included prepping for the largest group travel campaign ever, the biggest digital campaign with an agency in Indy which both launched recently. Projects that launched in Q1 included the Golf Now! Chicago co-ops with Blackthorn Gold/Four Winds Casino and Warren Golf Course and the Indiana Golf and Travel Guide which featured the U.S. Senior Open at Warren Gold Course and a cover photo by Ali Lechlitner of VSBM. Also, the popular Visitor Voucher Booklet was printed with 20,000 being distributed throughout the year. The Google Adwords \$3260,000 grant in 2017 continues with \$10,000 per month managed by Pathfinders to buy key words. The DTSB Banner Program continues to be popular with visitors and locals and is very visible in downtown South Bend with banners displayed for USA Hockey, the National Association of Automobile Museums Conference and Les Miserables. The Indiana State Travel Guide included one half-page ad and 20 listings.

The VSBM website in Q1 showed 72,416 website visits, a 14.7% increase; 59,567 Total Unique Visitors, up 15.3%; and 167,665 Total Page Views, up 8.3%. Top referral cities included South Bend Chicago, Mishawaka, Granger and Notre Dame. Top Referral sites included Google, Facebook, Bing

Yahoo and IndianasCoolNorth.com. Top external links were: [downtownsouthbend.com/paddy-party](http://downtownsouthbend.com/paddy-party); [google.com/maps](http://google.com/maps); [milb.com/south-bend/news/all-star-concert-featuring-pitbull](http://milb.com/south-bend/news/all-star-concert-featuring-pitbull); [dtsb.com/things-to-do/st-patricks-day-parade](http://dtsb.com/things-to-do/st-patricks-day-parade); and [eatdrinkdtsb.com/event/winter-restaurant-weeks-2019](http://eatdrinkdtsb.com/event/winter-restaurant-weeks-2019). All the numbers are up as VSBM recently launched a five-month digital campaign for the summer primarily in Chicago and Indy markets.

Newsletters are distributed to 21,955 leisure recipients and 569 newsletters are emailed monthly to industry partners. Three travel writers were hosted including Kevin Raub with Lonely Planet, Sara Broers of Travel with Sara and Melody Pittman with Wherever I May Roam.

The Tourism Marketing & Hosting Grant was increased to \$125,000 this year. There were a record 46 applications and 35 events funded including USA Hockey, Fischhoff, Jr. Irish Soccer, Sunburst and Studebaker Drivers Club. The Capital Development Fund recipients included the Ice Box which received \$71,500 to prepare and improve technology for the USA Hockey Event which was a 300-room event and the St. Joseph County Parks which received \$100,000 for their natural playscape which is the first in the region. SJCP leveraged that first financial assistance to receive additional grants which changed the scope of the project from \$250,000 to \$400,000. These awards are assisting a wide variety of partners and the financial dollars are leveraged to bring in more dollars that helps bring in more investment to St. Joseph County.

DeCleene concluded by inviting everyone to the Tourism Awards Reception to be held May 29 from 4:00 p.m. at Notre Dame Stadium. VSBM partners with Barnes & Thornburg on the Tourism Investment Award which VenueND received in 2018 so they are the host site in 2019.

### **Century Center:**

Jeff Jarnecke reported that 2019 Q1 performance of \$298,302 was incredibly successful driven by consumer events. Century Center is controlling at 21% of budget currently. The Food and Beverage and Cost of Goods Sold is 24% which is under the 30% or less requirement for SMG. Salaries is the majority of the Cost of Goods Sold. Staff are working hard to end the year in the black the same as in 2018. The room night goal for 2019 is 18,000 vs 14,217 actual room nights in 2018.

Leanna Belew reported on 2019 Q1 sales and room nights. Actualized room nights increased 114% from 421 in 2018 to 902 in 2019. There are 13,939 definite and tentative room nights on the books for 2019; 8,184 in 2020; and 6,943 in 2021 compared to 14,217 total room nights in 2018. The number of events increased 25% from 93 in 2018 to 116 in 2019. New contracts signed and returned decreased 27% from 108 in 2018 to 79 in 2019. New contracts issued increased 2% from 139 in 2018 to 142 in 2019. Estimated rent from new contracts decreased 7% from \$114,070 in 2018 to \$105,575 in 2019. Attendance decreased 7% from 64,492 in 2018 to 59,750 in 2019. Site visits increased 2% from 99 in 2018 to 101 in 2019. The Net Promoter Score was 80% with the goal of 80%. The return rate was 42% with the goal of 50%.

Century Center partnered with Visit South Bend Mishawaka for a sales blitz to Indianapolis to roll out the South Bend/Evansville co-op program. Jacob Hamman attended the Indiana Tourism Conference in Noblesville with Visit South Bend Mishawaka. Julie Nowak booked Misty Harbor Boats to help replace the Godfrey Dealers Show.

Jarnecke reported on the \$1.26 million capital improvement projects for the building that have been allocated for 2019 and an additional \$500,000-\$600,000 that were carried over from 2018 and 2017. Projects in progress include landscaping outside the building, storage deck, new signage and graphics.

The South Bend Museum of Art will alter some of the pieces and presentations that are in place in the building. Office renovation will begin in three weeks. The parking lot reconfiguration off of Martin Luther King Jr. Boulevard will be completed by the end of 2019. There will be much more conservative capital improvement projects in the year 2020 and beyond,

Staff have spent time the last eight months with Hunden Strategic Partners and others to share information on what an expanded Century Center would look like at a cost from \$20 million - \$60 million. The direction from the Civic Center Board of Managers was to look at more realistic numbers as well as renderings of the building. At the May 15<sup>th</sup> meeting of the Civic Center Board of Managers there will be a presentation by Ratio Design which is a firm that has been retained by Century Center to look at options on the property. The information will then be shared with the Hotel-Motel Tax Board along with any direction from the Civic Center Board of Managers as to the future of the property. Exciting work is being done from what has been discussed relative to the Hunden Strategic Partners study with what the 42-year-old building was up to this point and what the building could be for the next 42 years.

Ratio Designs will also have renderings available of Bendix Theatre renovated for e-sports into a 100-seat amphitheater. The Civic Center Board of Managers will consider a proposal to take that room from a 700-seat that is utilized frequently, but not the most efficient manner that it could be and turn it into an e-sports arena. The room could be used for other events – a multimedia-friendly church service on Sunday morning, gaming on other nights, or a number of other meetings and events. Renovations include a new seating design and integration of LED boards that will allow for gaming with one person against one person or a team of seven against another team of seven. Conversations continue with Ratio Designs on construction estimate and options for partnerships from local groups that might have interest in being a full-time tenant as well as for special events – University of Notre Dame or two of the collegiate conferences in this region that could play here on a regular basis. A construction packaged and more information will be provided in the future on the economics and return on investment. Pending approval, it is reasonable that the room could be under construction by Q4 of this year.

Jarnecke recognized and thanked Leanna Belew on behalf of Century Center staff and friends. She has the admiration, respect, and deep appreciation for her many contributions. She agreed to stay with Century Center during the busiest week that Century Center has had in a long time. Her last day is Sunday, April 28. She will transition to Knoxville, TN, for a position.

Anthony commented that to look at what we are trying to accomplish, how the room nights have grown and the plans for the future, there is an obvious trajectory in South Bend and the entire community. There is reserve built up that should be deployed as wisely as possible. Aggressive investments can be made to see some of the things that Jeff Jarnecke has brought forth as well as things that Rob DeCleene has been talking about to give a view into the future of the facility, revenue, room nights, and spending in the community.

### **NEW BUSINESS**

Discussion followed regarding room nights during the weekend of Mayor Pete Buttigieg's presidential candidacy announcement. There were several events taking place that weekend including the Tim McGraw concert and Blue Gold Game at Notre Dame which filled rooms to 90% the night of Saturday, April 13. The LaSalle Grille did twice the business on Saturday, April 13, and had people from Canada and England. Peg's had the best day ever for the restaurant and people from at least 26 states by Sunday, April 14.

**ADJOURNMENT**

With no further business, Anthony called for a motion to adjourn. It was moved, seconded, and the motion carried.

JA:mes