

**ST. JOSEPH COUNTY BOARD OF MANAGERS
FOR HOTEL-MOTEL TAX
WEDNESDAY, JANUARY 25, 2019
8:30 A.M. CENTURY CENTER SUITE 1**

Members Present

John Anthony
Greg Downes
Joseph Kurth
Mark McDonnell
Jenny McNeil
Dan Parker
Gary West

Members Absent

Carmen Piasecki
Victor Ravago
Thomas Walz
Ron Zeltwanger

Others

Rob DeCleene & Staff – VSB/CVB
Leanna Belew & Staff – Century Center
Jeff Jarnecke, VPA

The meeting was called to order by President Anthony at 8:30 a.m. Anthony noted the contributions of Priscilla Phillips for her many years of service as secretary to the board. McDonnell commented that Priscilla served since the beginning of Century Center (over 40 years.) Anthony welcomed Mary Ellen Smith. Smith introduced herself as Operations Manager at the Morris.

ROLL CALL

Roll call was taken with the following members absent: Carmen Piasecki, Victor Ravago, Thomas Walz, Ron Zeltwanger. Anthony welcomed new board member Dan Parker. Parker introduced himself as the new Controller for the City of South Bend for two months. Before coming to the City, he was with Beacon Health System and his undergraduate degree is from Notre Dame.

APPROVAL OF MINUTES

Anthony entertained a motion to approve the minutes of November 2, 2018. McDonnell moved to accept with one correction that member present “John” Kurth should be corrected to “Joseph” Kurth; seconded by Downes, the motion carried.

TREASURER’S REPORT

Since Treasurer Ron Zeltwanger was absent, Anthony reported on the period ending December 31, 2018. The beginning balance from January 1, 2018, was \$5,453,192. Receipts for the year were \$5,679,728 with disbursements of \$5,037,769 resulting in a remaining 12-31-18 balance of \$6,124,258. Anthony commented that this amount is the highest balance that he recalls. The projected 2018 ending balance with what is yet to be disbursed and accounted for is \$5.195 million. \$1.5 million is allocated for future opportunity. The approved budget for 2019 is \$5,859,000, which is \$200,000 more than collected this past year. The reserve is being spent down a little even without the more ambitious projects. The receipts this year were up 8.4% over the previous year. In the last seven years the increase has averaged 6.9% per year. This is on pace to just about double in a couple of years where we were less than 10 years ago. Anthony thanked everyone who is making this happen. Anthony commented that this has been a very nice trajectory since the Great Recession and that expenses have been conservative, especially since the Hall of Fame allocation has passed.

PRESIDENT’S REPORT

Agency Reports

Visit South Bend/Mishawaka: Rob DeCleene announced that Mary Bishop is an official member of the Visit South Bend staff after 30 years at the Chamber. She is now listed on both the Chamber and VSBM websites.

Smith Travel report: December was up 1.5% entirely due to the NHL Winter Classic and its impact on December 31st and the few days leading up to that event. Three of the last five months of the year were up even with the new inventory which is a cautiously optimistic sign. August, October (with only one football game) and December were up. Overall year-to-date for 2018 was down 4.7% which reflects a 10.9% increase year to year because the Holiday Express opened in December 2017. There are currently 4,949 total hotel rooms with 91 rooms under construction at the Springhill Suites in Roseland which will increase inventory to over 5,000 rooms this year. There are no other new hotels on the horizon. The casino has been very vocal about their spaces. The next phase would include an event center and hotel; however, for now nothing has been officially announced.

There were nine total meeting leads sent in Q4 which still pending with a total of 2,670 room nights. There were 38 total meeting leads in 2018 with a total of 15,001 room nights. Top Q4 leads were NASCOE 2021 National Convention with 1,550 hotel rooms, Indiana Environmental Health Association 2019 Fall Conference with 300 room nights, Indiana Arts homecoming & Governor's Arts Awards 2020 with 250 room nights, and Office of Community & Rural Affairs 2019 Conference with 200 room nights. One lead was lost for the Indiana Economic Development Association with no reason given.

Q4 Sales efforts included one trade show – Association Forum's Holiday Showcase which is a Chicagoland tradeshow in December. VSBM co-hosted a reception with Green Bay CVB on the night before the tradeshow. This is an annual event which is very successful for Chicago area meeting planners. VSBM staff also attended MPI Chicago Area Chapter's Signature Luncheon, five sales call trips to Indy, and the ISAE Star Awards. Three site visits included MVPA Board, IEHA, and AIM.

The Top 200 prospects initiative which was implemented in September continues. The promotion started with a Keurig and followed up with a coffee mug and coffee. VSBM continues to get both RFPs and random comments on social media. No conversions yet; however, VSBM is getting attention.

Sports continues to dominate the market with 10 new leads in Q4 with nine events booked and seven pending events with over 10,000 room nights and 21,000 attendees. VSBM has been going after the Minor League Professional Baseball Seminar for years for Century Center and the downtown hotels. DeCleene is convinced that we will get the seminar with the huge reputation of the South Bend Cubs and VSBM offer of assistance. The comment from the meeting planner stated that it was only because she could choose one city a year that South Bend did not get this seminar. VSBM will continue to keep going after that lead. There was encouraging news from the National Solo Dance Finals Figure Skating Competition that the timing was not quite right for them. VSBM will continue to pursue that lead.

VSBM hosted 19 events in Q4 with 11,010 room nights and over 21,484 attendees. There were over 90 events total in 2018 with over 36,000 room nights and 154,555 attendees. VSBM attended the TEAMS Conference in Q4 and had 27 appointments. In 2018 there were 111 appointments total on the sports circuit of trade shows. VSBM is also actively trying to get the sports conference here. Q4 top happenings included the Motocross of Nations October 4-7 with 81,700 attendees representing 30 countries; 13 hockey tournaments October 1 – December 30 with over 13,000 attendees and the American Cornhole Organization November 30 – December 1 at Century Center with 250 people including three of the top 20 players in the world.

The Golden Roamer has been in hibernation since mid-October. The Roamer was at 65 total events in 2018 which is getting close to the goal of 100 events. In Q4 the Golden Roamer was at four events (Football Fridays and MXoN at Redbud.) The Golden Roamer will be rewrapped in 2019.

Leisure marketing efforts included a two-page ad in the Notre Dame Men's Basketball printed programs (10,000 copies.) VSBM also has an ad in the Notre Dame Football program (65,000 printed.) The digital efforts continue with partners Morris Inn, VenueND, SB Cubs and Four Winds Casino. Web sessions have increased 164% year over year. The Google Adwords \$360,000 grant in 2017 continues with \$10,000 per month managed by Pathfinders to buy key words. NHL Winter Classic banners were placed with a partnership with the NHL through the DTSB Banner program. VSBM is planning to expand the banners in 2019 and place on Angela Boulevard. There will be similar banners for the U.S. Senior Open.

The VSBM website showed an 11.2% increase in visits in 2018. Top referral cities included South Bend, Chicago, Granger, Mishawaka and Indianapolis. Top Referral sites included Google, Facebook, Bing, Notre Dame Athletics and Yahoo. Top external links were DTSB Holidays, Morris PAC tickets, SB Civic Theatre, and Four Winds Casino at SB.

The 2019 Visitors Guide (80,000 printed) was distributed to review. The cover is a photo of Notre Dame which is done every other year. DeCleene noted that Indy does not print a leisure marketing visitors' guide and have gone totally digital with a Spring/Summer and Fall/Winter digital guides. VSBM continues to have a strong presence with leisure newsletters going to 21,838 recipients. The Industry Partners newsletter is sent to 588 newly cleaned up list of recipients.

In 2018 Community Tourism Action Plans were completed with North Liberty and New Carlisle. VSBM is seeing increased interactions with town projects. In 2019 VSBM will embark on the same process with Lakeville and downtown Mishawaka working with the Mishawaka Business Association and the Indiana Main Streets Alliance.

The Tourism Capital Development Fund in its second year had 11 applications for 2019. DeCleene, Kurth, McDonnell, and West scored the applications independently and met to review. There is usually \$400,000; however, one project did not come to fruition and so this year there was \$100,000 to encumber for a total of \$500,000. Based on the individual scores and discussion, the recommended recipients of funding include: Ice Box - \$71,500 to get Metronet out to that location for the upcoming first time USA Hockey event in April with 2,500 room nights; St. Joseph County Parks - \$100,000 for a natural playscape at St. Patrick's County Park; VPA Zipline - \$100,000 for a zipline from Century Center to Seitz Park over the St. Joseph River; Potawatomi Zoo - \$50,000 to assist with the new rhino exhibit; SB Airport - \$139,500 to improve the terminal and concourse; Historic New Carlisle - \$15,000 to move the museum to downtown New Carlisle; and The History Museum - \$25,000 to move the Navarre Cabin from Leeper Park to the museum campus grounds. Some requests were fully-funded and some were partially funded. The \$500,000 this year goes toward the total of \$1.4 million investment made in the product in St. Joseph County. Anthony moved to accept the seven recommended recipients; seconded by Kurth; motion carried.

The Tourism Market & Hosting Grant had a record 46 applications. The balance was increased to \$125,000. Carmen Piasecki from this board is on the working committee which meets February 7.

The annual VSBM meeting for Industry Partners with a recap of 2018 is Thursday, February 28, from 11:30 am – 1:00 p.m. at Embassy Suites, Notre Dame.

Century Center:

Jeff Jarnecke reported on 2018 yearend key performance indicators. There were 14,217 room nights contributed to the downtown City of South Bend market largely which equates to a 7% contribution margin which is stronger than in the past. The 2019 goal is 18,000 room nights. Pleased with that number and significant growth with more than 600 hotel rooms downtown. Cost of Goods Sold for MSG/Savor was 27%; contractually obligated to be at 30% or less. This is a strong performance on the part of MSG/Savor with thanks to Leanna, Jake, Kate and the team for their delivery on the work on events.

The 2018 net operating loss was \$1.046 million. The five-year average was \$1,093 million. The low water mark in terms of net operating loss was around \$880,000. That was lifted because of the elections a number of years ago. The 2019 net operating loss goal is \$900,000. Total 2018 income was \$4,437,183; operating expenses \$4,259,948; net profit was \$177,235. The \$192,834 budgeted for building improvements was a rainy-day fund for emergencies and is not in the 2019 budget. That amount was not tapped into because the Capital Improvement Plan which this board approved was tapped into. The significant growth and contribution of the building to especially the downtown hotels started to go up late in 2017. The building is starting to deliver now with the addition of hotel rooms. The number is expected to continue to increase. With the information that the consultant gave the last couple of meetings, the building should be somewhere between 18,000 and 25,000 room nights for a building the size of Century Center; however, 25,000 could be a stretch in terms of the 75,000 square feet that is available to sell.

Leanna Belew reviewed 2018 sales and room nights. Although total revenue was a little short this year from the budget, the growth year over year in 2018 was 12%, just a little over \$200,000 from the previous year which fell just short of the best year in 2016. New contracts issued in 2018 was 433 compared to 406 in 2017, a 7% increase. Estimated rent from new contracts was \$436,932 compared to \$408,307 in 2017, a 7% increase. The number of events in 2018 was 450 compared to 437 in 2017, a 3% increase. Attendance was down just a bit at 184,056 in 2018 compared to 192,105 in 2017. Site visits were 427 in 2018 compared to 424 in 2017.

Actualized room nights increased from 5,530 in 2014 to 14,217 in 2018. There are 8,887 rooms on the books for 2019; 7,599 for 2020; and 6,252 in 2021. The room night increase is attributed to more hotel room inventory downtown and a different focus to book multi-day events.

Net promoter scores hit 75% with the goal of 80%. The return rate was 41% with the goal of 50%. The return rate national average is about 8% rate.

Jacob Hamman, Director of Sales & Marketing attended T.E.A.M.S. 2018 with SMG to meet with rights holders of sports events and eSports. He also attended the Expo Expo with SMG to meet with rights holders of expo events around the country.

Jarnecke reported that all 2018 capital improvement projects are near completion and outside projects will be completed as soon as the work can be done outside – West Race repair, second entrance to Convention Hall is framed in, building improvements (handrails, doors, lift); parking lot and exterior signage, soft-scaping and wayfinding, exterior color changing lights, and new lifts. The 2019 projects of \$1.26 million that the board approved are all underway and many of

the contracts have been awarded – security system update, kitchen and smallwares, update staff offices and breakrooms, storage deck, West Race repairs, upgrade house sound system in key spaces, landscaping including the island, parking lot automation, update passenger elevator and restrooms on the north end of the building. The projects will be done by the end of 2019 so that funds will not need to be encumbered from St. Joseph County as had to be done for 2017 projects.

Jarnecke gave an update on the Feasibility Study from Hunden Partners and noted five different Century Center expansion scenarios with different pricing options. The Civic Center Board is still considering this as well as the City of South Bend leadership. There is an upcoming meeting in two weeks with City department heads to review this information. The anticipated outcome is to engage an architect for specific drawings of an expansion and come up with real numbers to evaluate. The future of the Hall of Fame building which is no longer owned by the City has come into question. The building is now owned by JSK. The Hunden team took an early look at that building. In conversations with the current owners there is interest in exploring what could be there so that building will be included in the next phase. By the next meeting of this board there will be material to share. By the third quarter meeting there should be a decision if the expansion discussion can continue or whether the building will remain as is.

Joseph Kurth noted that the interesting thing for the grant with the public-private partnership for the group doing the zip line is that they came to the table with \$200,000 or \$300,000 of the \$600,000 total. He asked if anyone is the concessionaire that would be an expert in facilities. Jarnecke responded that Venues Parks & Arts included in the master plan \$50 million improvements within the City park system an element around the zip line. Knowing that the grant existed the West Bank, Cascades project, Seitz Park and East side could be completed.

An architectural firm in Kansas City has been engaged to take a look at Bendix Theatre. There are other architectural firms around the country that could be engaged. The decision must be made whether to build and see if they come or to go after the rights holder and those that are playing the sport. There are the leagues – collegiate, scholastic, professional. Marquette is the first Division I institution to formally announce the competitive sport; Ohio State is building an arena on campus; Utah has a varsity program. The conversation is continuing with partners at Notre Dame.

NOMINATING COMMITTEE

Mark McDonnell commented that there are a lot of terms of board members that have expired and need to be renewed. The Nominating Committee met over the phone and confirmed the desire of the following people to continue to serve as officers: President – John Anthony; Vice President – Joseph Kurth; and Secretary/Treasurer – Ron Zeltwanger. Greg Downes motioned for these board members to continue as officers; seconded by Dan Parker; the motion carried.

ADJOURNMENT

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

JA:mes