

**ST. JOSEPH COUNTY HOTEL MOTEL TAX BOARD**  
**WEDNESDAY, JULY 15, 2020**  
**Century Center - Bendix Arena**  
**8:30 A.M.**

**Members Present**

John Anthony  
Greg Downes  
Joe Kurth  
Jenny McNeil  
Dan Parker  
Paul Pfair  
Carmen Piasecki  
Gary West  
Ron Zeltwanger

**Members Absent**

Mark McDonnell  
Tom Walz

The meeting was called to order at 8:30 a.m. by President Anthony. Jeff Jarnecke conducted roll call of board members. Approval of the consent agenda, including the minutes from the January 22, 2020 Hotel Motel Tax Board meeting, was moved by Greg Downes, seconded by Jenny McNeil, and motion carried.

**FINANCIAL REPORT**

Mr. Anthony provided an overview of the current financial environment. For the period ending June 30, 2020, \$1,577,041 had been collected with a current cash balance of \$4,272,963. He did note the balance was overstated by \$165,000 due to the lag in reporting. Mr. Anthony noted the FY20 budget was \$6,152,942 with \$2.588M being disbursed to date.

**PRESIDENT'S REPORT**

Mr. Anthony noted the challenging times we all are facing due to the pandemic and appreciated the commitment and continued hard work from the teams at Visit South Bend Mishawaka and the Century Center.

**AGENCY REPORTS**

**Century Center**

Mr. Jarnecke reported on the current financial position of the Century Center. He noted the original budget included only a \$67,000 anticipated deficit; however, now with the pandemic and potential decrease in Hotel Motel Tax Board funding, the deficit could grow to \$250,000 to \$500,000 depending on how the event calendar comes together for the balance of the year. Mr. Jarnecke informed the of the Century Center's cash operation, which included nearly \$1M in capital reserves along with more than \$1.4M in cash. Solvency for the future remains a large concern and while the building could likely handle a deficit operation in FY20, a second deficit in FY21 would be a greater challenge and likely require more participation from the County and/or City in the future. Mr. Jarnecke also noted the majority of the staff have been furloughed since May and appreciated their patience and professionalism in handling the difficult news. He also noted the general manager position remains vacant by design, which results in more than \$130,000 saved each year. The team continues to work to identify other efficiencies and economies of scale to help minimize the deficit.

Mr. Jarnecke reminded the board of the importance of the esports initiative and the potential impact on revenue diversification on the operation going forward. He requested the funding of the LAN

Gaming Center project, which totals \$350,000, along with the repair of the North elevator for \$170,000.

#### Visit South Bend Mishawaka

Rob DeClene presented an update to the board, which included the unfortunate reduction of force of two positions within the South Bend Mishawaka team. He did note some bright spots of increases in hotel occupancy in the 5,100 rooms in the county along with increases in RevPar and ADR. He also shared the county is generally following the same trend line as the national trends, which continue to improve month-over-month. Mr. DeClene provided an update on upcoming meetings, events and bids out for business and specifically cited the continued importance of sports in our county and communities. He also noted the important working relationship with the Century Center and the sales operating model going forward for bringing events to the Bendix. He closed by offering updates on the "Basement Campaign" along with web data.

#### **ALLOCATION COMMITTEE REPORT**

Ron Zeltwanger provided an update to the FY20 budget and allocation to the respective agencies. Due to the pandemic and resulting decrease in anticipated revenues, the allocation committee recommended a 25% reduction to both Visit South Bend Mishawaka and the Century Center on select accounts. It is anticipated the second half of 2020 will realize \$1.25M in receipts, which would bring the reserve to \$1.958M if adjustments were not made. By making the adjustments, it is believed the reserve will decrease to \$3.6M, which is still a healthy position. A handout was provided that cited the changes and discussion ensued.

It was moved by Mr. Joe Kurth and seconded Ms. Carmen Piasecki to reduce the funding of Visit South Bend Mishawaka by 25% as well as reduce the funding of the Century Center's \$1.275M by 25% along with awarding \$350,000 for the esports initiative along with \$170,000 for the elevator repair. The motion carried.

It was noted the debt service accounts for the Century Center and the legislated one percent to the Potawatomi Zoo and Mishawaka Sports Complex were not changed.

#### **OLD BUSINESS**

There was no old business.

#### **NEW BUSINESS**

Mr. Anthony noted the next meeting is August 21, 2020 but that there would likely be a meeting in the interim to discuss the FY21 budget. It is expected that the Zoo and Mishawaka would present updates during the August 21 meeting.

#### **ADJOURNMENT**

With no further business, Mr. Anthony entertained a motion to adjourn. It was moved by Mr. Kurth, seconded by Ms. Piasecki, and the motion carried. The meeting adjourned at 9:30 a.m.

JA: jsj