



Sioux Falls Convention & Visitors Bureau
BID Board of Directors
Minutes
September 18, 2013

Sioux Falls Convention & Visitors Bureau Board Room

Presiding:	Chrissy Meyer, Chair	
Voting Members Present:	Sara Bogdanov Reid Christopherson Jan Grunewaldt	Karen Masterson Shailesh Patel Mark Wahlstrom
Voting Members Absent:	Lee Howell Mike Miller	
Non-Voting Members Present:	Jim Entenman	Teri Schmidt
Others Present:	Kenny Anderson, Jr. Joan Bartling Tom Bosch Mark Glissendorf Doug Hajek Greg Jamison	Mark Lee Evan Nolte Dave Pfeifle Kathie Puthoff Rex Rolfig Keith Severson

Chrissy Meyer called the meeting to order.

Approval of Regular Agenda

Mark Wahlstrom moved to approve the regular agenda. Second by Reid Christopherson. Unanimous approval.

Minutes

Chrissy Meyer noted that we did not have a quorum present at the June meeting to approve the March 20, 2013 minutes so we would need a motion to approve those as well as the June 19, 2013 Minutes. Sara Bogdanov moved to approve the March 20, 2013 Minutes and the June 19, 2013 Minutes. Second by Jan Grunewaldt. Unanimous approval.

Financial Report

Teri Schmidt reviewed the 7/31/13 financial report provided in today's packet. Teri highlighted line items including Sales Development Advertising – Digital Strategy which includes the social media campaigns as well as the creation of a custom mobile app for groups and conventions to utilize during their stay in Sioux Falls. In

addition, Teri commented on the following line items: Advertising, Trade Publications, Printing, Marketing and Promotion, Trade Show Travel, Sales Blitzes and FAM's. This weekend we hosted both the Rocky Mountain International (RMI) FAM Tour as well as a BRVIP FAM comprised of 60 new prospects. Teri also commented on the following:

- We are trying to focus on reverse trade shows where we have the opportunity to meet with planners one-on-one as opposed to setting up a tradeshow booth and having the planners come to you.
- Sales Development—Bidding/ Incentives, Promotions & Sponsorships—this category includes amounts for Small Market Meetings (per the contract) as well as the South Dakota High School Activities Association (SDHSAA) hosting we did last month, per our discussion at the June board meeting. There were also 14 smaller meetings with 14 different groups.
- Tourism—primarily includes publications which were all budgeted.

The YTD Actual Budget is \$1,611,467 and this 7/31/13 report shows YTD Actual Expenses are \$1,206,545. With additional expenses that have been spent and are not yet reflected on this report, we believe we should come in close to budget.

As of today, we have received approximately \$1.3 million income. Last year at this time we were sitting at approximately \$1.2 million income. We are up \$73,000 as of right now.

Jim Entenman noted that traffic at his business during the Sturgis Rally showed traffic from 45 states and 14 foreign countries. Sales were up.

Mark Wahlstrom stated that giving the assumption that everything stays flat, it looks like budget should still come in at around \$1.61 million.

Mark Wahlstrom moved to approve the financial report. Second by Shailesh Patel. Unanimous. Motion carried.

Funding Request

Rex Roling and Mark Glissendorf spoke on behalf of the Dakota Alliance Soccer Association. Their goal is to bid for the 2016 Midwest Region II Soccer Tournament. Rex noted Sioux Falls' history in hosting this tournament 4 times in the past. Approximately 3500 hotel rooms will be used for this event. Around 200 teams travel from 14 states—14 teams quality from each state for a total of 196 teams. The tournament organizers have taken away some of the money-making aspects, i.e., the local organization is no longer allowed to sell t-shirts. They also require a revenue share—the first \$30,000 of revenue must go to the tournament organization. This is the amount of the funding request that Dakota Alliance Soccer Association and SDSAA is seeking. In return, this tournament is looking at an economic impact of \$10 million. Six days; 10,000 people—players, family, fans, referees, coaches, etc.

Mark Glissendorf reiterated the quality of the traveler. These people are looking to stay at hotels, eat in restaurants, etc. They only play one game per day, so they look forward to getting out in the community.

Teri Schmidt asked if this is up front bidding commitment money? Rex stated that if we are awarded the tournament, this money would go into the budget for 2016 and would be payable immediately following the tournament which will take place June 24-29, 2016. Rex reminded that these teams are committed for 3 nights. They play one game per day during the first 3 days of pool play, and then potentially move on for 2 more nights. They like to bid for this tournament every 6 years. October/November 2014 is the bidding time for this year. We should find out in October or December if we are awarded the tournament.

Sara Bogdanov asked if we are competing with other tournaments at this time. Softball is 2015. Teri stated that we have no other large commitments at this point for 2016...perhaps some very small ones. Reid Christopherson asked if we can make a document available showing future commitments. Teri will bring to the next meeting.

Rex added that he has the official funding request form completed and will hand that in as well.

Reid Christopherson moved to fund the \$30,000 as requested. Karen Masterson seconded. Unanimous approval. Motion carried.

BID Board "101"

Chrissy Meyer stated that this portion of the meeting is what we scheduled at our March meeting and is meant to be an opportunity to review the ordinance and bylaws making sure that we all understand it. Jim Entenman noted that Tom Bosch is also present today, as he was very involved in the creation process of the BID.

Jim Entenman stated he would try to give a brief history of how the BID came about. In the past, the CVB was trying to accomplish all of their initiatives with a much more conservative budget. We knew we needed to capitalize on the visitors. At that time, budget money came from several sources. The Parks & Recreation budget helped fund the Visitor Information Center. John Q. Hammons provided some funding from their management of the Sioux Falls Convention Center. The City provided a baseline budget to the CVB. All of these were in addition to the room tax. Therefore, the CVB budget came from a mix of sources. In looking at the possibility of the BID, we determined the CVB would be able to turn \$550,000 baseline budget back to the city. The BID would give the CVB a more stable stream of funding. Jim stated that some of the hoteliers were supportive of the BID and others said they did not want the BID at all unless it would only be used for marketing. So that was our approach. Jim Entenman, Tom Bosch and Kraig Pomrenke were the team that met with all of the hotel ownership groups to sell the BID. They received approval from 85% of the ownership groups. They believe this has been a very successful venture. This money has allowed Teri and her team to do things they've never been able to do before, including the opportunity to co-op with South Dakota Tourism. It was a lot of hard work, but we are now three years into the BID and it is proving successful.

Doug Hajek noted that City Attorney Dave Pfeifle wished to say a few things regarding the CVB BID. Dave reminded that the CVB BID is one of 45 board of directors advisory to city government. This board was established to follow the Ordinance. Dave noted that he has an advisory role. His office receives 50 emails per person per day. He will give you options in his advisory role. It is obvious today that the only BID role today being advocated is that of being a promotional and marketing role. Over the next 4-5 months he will be meeting with all 45 boards to review bylaws, any ordinance changes, etc. The CVB BID Board will be one of those boards. He is happy to advise, happy to advocate. Dave stated he will never tell you what to spend the money on.

Doug Hajek added that he will try to give perspective from a legal standpoint. When Jim, Tom and Kraig talked to hoteliers to gain their support, they also had them sign petitions in favor of the BID. They then went to the City Council with this information and the petitions, which is very important. When the BID was proposed to the hoteliers, it was proposed as marketing and promotion. It was also determined that the BID would apply to hotels with at least 40 hotel rooms. During the November 15, 2010 Hearing, Ordinance 78-10 was adopted. At the time of its creation there were approximately 4000 hotel rooms participating in the BID. The goal of the ordinance was to try to have unity between what Jim, Tom, and Kraig told the hoteliers and what was written. Therefore the Purpose of District as stated in the Ordinance: The CVB BID is created for the purpose of funding the marketing and promotion of the visitor industry in the city of Sioux Falls and its hotels and motels located within the district through the Sioux Falls Convention & Visitors Bureau. The purpose is for

marketing and promotion in order to sell Sioux Falls. The ordinance also reviews the process of collecting and remitting money. Doug also reviewed the section on the payment of the BID tax proceeds to the CVB. The money is collected by the city and distributed to the CVB. The BID Board must approve the BID Budget before being presented for approval by the City Council. Doug reviewed the Composition and Terms of the Board Members. Terms are currently 3 years at a time and nobody can serve more than 2 consecutive terms. The final page of the ordinance again covers the BID Boards duty to approve the BID Budget.

Doug also reviewed the Bylaws. The Bylaws follow along with the Ordinance regarding Composition of the Board of Directors, Terms, and Appointments. The Board is the initial steward of the money so Doug feels all board members take this position seriously.

Doug stated it is up to the Mayor to make Board appointments. Teri asked if this board should make recommendations to the Mayor? Dave Pfeifle said yes. The Mayor will put out a press release when the time comes seeking interested candidates. This board should also make recommendations.

Board of Director Terms

Chrissy Meyer noted that as things stand now, all of the board members could potentially rotate off the board at the same time. She suggested perhaps we want to appoint 1 person to a 3-year term, 1 to a 2-year term, and 1 to a 1-year term, etc. to stagger terms so everybody doesn't go off the board at the same time. Dave Pfeifle said we can do that. Dave advised that if a person serves a 1-year partial term, it would not count as part of the 2 consecutive terms a person is limited to. Teri Schmidt noted that there should be a correction to the September minutes regarding Terms.

Correction to above paragraph as noted in the December 18, 2013 BID Board Minutes:

At the September 18, 2013 meeting, Dave Pfeifle noted that if a person serves a 1-year partial term, it would not count as part of the 2 consecutive terms a person is limited to. According to the Ordinance 78-10, Section 39-194C (and Bylaws Article IV 4.2):

Terms. All members will be appointed to three year terms, and may not serve more than two consecutive full or partial terms.

Mark Wahlstrom moved to approve the correction to the September 18, 2013 minutes as noted above. Jan Grunewaldt seconded the motion. Unanimous. Motion passed.

Mark Wahlstrom asked if we would need to change the terms section of the ordinance. It currently says 3-year terms...not up to 3 years. Dave Pfeifle stated a board member is up for renewal for a 2nd term, but you are not automatically serving a 2nd term. Chrissy Meyer asked that if we decide we want to change the ordinance, do we have to go back to the hoteliers? Doug Hajek stated that before any changes would be made to the ordinance it could go through by approval of the City Council. Approval by the BID Board is not required. Dave Pfeifle stated that this board is unique. Its own members are the people that are being taxed. So realistically, if the BID Board is not "on-board" with changes, nothing will change.

Jim Entenman said that he would encourage us to review all of this information each year when new board members begin. Teri Schmidt noted that she and Jim had already talked about doing this “101” session each year.

Teri Schmidt noted that when groups are talking to the CVB about assistance, we educate them on what we do and why we do it, and that when they are bidding for their tournaments, conventions, etc., is when the CVB is available to assist.

Kenny Anderson, Jr. commented that he has a friend on the Sports Authority in Rockford, IL. They asked their city for \$20 million to upgrade their facilities. An article written in that community says how they have fallen behind. They mentioned Sioux Falls and all of our facilities in the article. Kenny reminded how all of our facilities will only help attain business.

Discussion followed on Board Terms. Chrissy Meyer asked those present if they would want to remain on the BID Board.

Shailesh Patel, Sara Bogdanov and Jan Grunewaldt all stated yes they would like to stay on the board. Mark Wahlstrom also noted he would like to stay. However, he would be willing to step down if this is a good category in which to help stagger terms. It was agreed that Mike Miller is someone who might be interested in stepping down. Mike is not present today.

Staggering terms needs to be based on the number of hotel room categories, per the ordinance and bylaws.

We drew names to determine the staggering of terms in the “Over 100 Hotel Rooms” category. Terms will be as follows:

- Beginning in 2013,
- 3-year term – Lee Howell
- 2-year term – Jan Grunewaldt
- 1-year term – Karen Masterson

Teri reminded that all suggestions must still be approved by the Mayor.

In the remaining hotel room categories, perhaps Mike Miller will go off the board, in which case we would be replace him with a 3-year term, so names were drawn for the remaining 2 staggered terms.

- 3-year term – Mike Miller’s replacement
- 2-year term – Shailesh Patel
- 1-year term – Sara Bogdanov

Teri confirmed with Doug and Dave if somebody goes off the board, then they have to sit off 1 year before they are eligible to come back as a member and Dave Pfeifle said yes. Karen Masterson asked if it had to be herself that served from her property, or can it be anybody from her facility? It was stated that only Karen

would be term limited from her property. Somebody else from her property would be eligible to serve on the board after she left.

Discussion followed on possible candidates in the "Over 100 Hotel Rooms" category. A representative from one of the Hegg Properties was suggested. Shailesh Patel will contact them for a recommendation.

Sara Bogdanov stated that going forward we should put an emphasis on attendance. Teri Schmidt said we could start an attendance sheet. Dave Pfeifle noted that attendance is usually referenced in the bylaws/ordinance.

Chrissy Meyer added that she will be CVB Advisory Council Chair for 1 more year. And then will rotate off this board as well. The same is true for Sara Bogdanov who currently serves as CVB Advisory Council Secretary. Char Roth, would be incoming CVB Chair at that time. Reid Christopherson also reminded that we pay attention to the required number of Sioux Falls city residents serving on the board. Karen Masterson is currently a non-resident of Sioux Falls.

Reid Christopherson made a motion to approve the recommendation of the following board members and terms to the Mayor:

Chrissy Meyer – CVB Executive Committee
Char Roth – CVB Executive Committee
3-year term – Lee Howell
2-year term – Jan Grunewaldt
1-year term – Karen Masterson
3-year term – Mike Miller's replacement
2-year term – Shailesh Patel
1-year term – Sara Bogdanov
3-year term – Mark Wahlstrom

The motion was seconded by Mark Wahlstrom. Unanimous. Motion passed.

Other Business

Discussion followed on 2014 Meeting Dates.

The next meeting is scheduled for December 18, 2013.

2014 meeting dates were set:

March 19, 2014
June 18, 2014
September 17, 2014
December 17, 2014

All meetings will begin at 7:30AM at the CVB Office.

Mark Wahlstrom asked if we have heard anything from Tracy Turbak regarding when the hotels remit their money, and then the CVB doesn't receive it for a couple months. Although the payments are timely, it's difficult to calculate where we are sitting budget-wise when we don't get the money for a couple months. Even if we don't get the money for a couple months, it would be nice to at least be given the number 45 days before. Teri agreed it is sometimes difficult managing expenditures when we don't know the amount of incoming tax. Mark said even if we don't get the remit for 60 days beyond that, at least we would have an approximate. Teri noted it takes about 3 months to receive the room tax checks and the BID tax checks take about 2 months to receive.

Shailesh Patel asked if there is a provision that would allow us to increase the BID tax from \$2 to \$3 for tournaments? Teri and Chrissy said they believe we would have to go back and redo the entire ordinance for that. Dave Pfeifle said no. Chrissy also commented that the attendees already feel they are being gouged and recommended we not increase the BID for tournaments, etc.

Chrissy thanked everyone for attending.

Meeting adjourned.

Respectfully submitted:

Kathie Puthoff
Name

September 18, 2013
Date