Thea Miller Ryan called the meeting to order. Enclosures for today’s meeting are provided on the back counter for public review.

**Approval of Agenda**

Mark Wahlstrom motioned to approve the agenda. Second by Char Roth. Unanimous. Motion passed.

**2014 – 2015 Supplemental Budget**

Teri Schmidt noted that a CVB Business Plan has been included in the binders.

Teri reminded that the 2014 – 2015 Supplemental Budget had already been approved at the June 10, 2015 BID Board Meeting, however, the Administrative Fee had not been included on that copy. We have now moved $20,000 from the CVB Budget to BID side on this revised Supplemental Budget. Otherwise it is the Supplemental Budget previously approved. Mark Wahlstrom clarified that the $20,000 has been added to the Expense side. Teri confirmed, yes that is correct. Shailesh Patel motioned to approve the 2014 – 2015 Supplemental Budget as presented. Second by Jean Hoesing. Unanimous approval.
Proposed 2015 – 2016 Budget

Teri Schmidt presented the Proposed 2015 – 2016 Budget noting that both a Detailed Budget and a Summary Budget have been provided. Projections indicate that the BID Revenue is expected to come in at $1,972,000. Teri reviewed line items noting that all of the blank spaces on the pages are line items that have been charged to the CVB Budget or items we are no longer investing in.

Krista Orsack, CVB Director of Marketing reviewed the following line items:
- Digital Strategy -- Krista reviewed each line item, noting that many of the line items at the bottom of that section, i.e. Loyalty App, Misc Media, etc, are actually proposed on the CVB side of the budget this year. Teri noted that the CVB Website redesign must be depreciated over 3-years.
- Market Takeovers (sales blitzes) – Krista noted this is a new section in the budget this year and explained the selected targets. Teri noted that we spend 3-4 months qualifying appointments before we go to a sales blitz.
- Sports Publications – focused on higher impact areas with increased exposure.
- Trade Publications – Although we have approximately the same number of publications, the budgeted amounts are higher, again due to advertising in higher impact areas.

Jean Hoesing asked how we are tracking magazine advertising? Krista explained that we track every print ad with a unique URL. Krista also noted that with each advertising proposal we receive, we always negotiate added value to obtain enhanced placement, additional copy, photos, etc.

Teri Schmidt reviewed Sales Development – Bidding by line item. She explained:
- Meeting Incentive Program – we are budgeting $10,000. It’s becoming common practice to offer planners a cash incentive...i.e., if you book your event by a certain date, we’ll give you a cash incentive. We budgeted ten at $1,000 each, totaling $10,000.
- Planner Promo Gift – we often need to send meeting planners more than just a letter, we need to grab their attention with a gift...perhaps a quartzite piece, etc., to showcase Sioux Falls.
- Site Visits/FAM’s – Site visits are becoming more and more common within the bidding process, so we’ve backed off on some bid travel, and will bring the planner/planners to Sioux Falls for a customized site visit.
- BID Opportunity Fund – last year the Board wanted $60,000 dedicated to this line item, therefore, $60,000 is again budgeted.

Mattie Burnham reviewed Sales Development – Travel noting the following:
- Bid Trips – we’ve budgeted a little less in this category this year. As Teri noted, site visits are becoming more common instead of actual Bid Trips.
- Sales Blitzes – Colorado Springs is a new blitz this year and will be primarily focused on the sports market.
- Trade/Travel Shows – Mattie highlighted the following shows with increased costs:
  - ASAE – plan is to increase booth size and offer hotels/facilities the option of participating.
  - Connect Marketplace – is actually 3 shows in one—sports, specialty and corporate, all with 1 on 1 appointments.
  - Go West Summit, NATJA, and OMCA are all new shows this year.

Krista also noted that efforts strive to maintain cohesive sales and marketing goals.

Tourism Promotion & Advertising – Teri reviewed the Road to Sioux Falls Midco Network promotion done last winter focusing on the Summit League Tournament. We gave each team a Go Pro prior to their arrival in Sioux Falls so they could record their trip to Sioux Falls as well as their stay during the tournament. They then uploaded their team videos to YouTube and roadtosiouxfalls. We invested in the Go Pros and an additional $200 in advertising costs, and the rest was done on social media. This was a very successful promotion and we want to do more of this type of promotion and focus on all sports, including the LPGA Symetra Golf Tour in September in Sioux Falls.
South Dakota Tourism Coops – Krista noted that we are budgeting $9800 again for next year. Brand USA was in Sioux Falls this past week filming several of our area attractions for 4 international videos in 4 languages. This project is being done in a partnership with South Dakota Tourism.

Teri noted that this takes us to the bottom of the budget totaling $2,126,000 for next year.

Mark Wahistrom asked if the commitments we made the past couple years are figured in the budget, assuming we choose to do those again, and where will they come from? Teri said yes, they would come from either Commitments/Incentives, Sponsorships, or BID Requirements… all in the Sales Development – Bidding category. If a new opportunity comes up, that could go under the BID Opportunity Fund.

Teri distributed the Financial Request Summary showing all Financial Requests that have been received by the BID Board since its creation, and the Board Action taken on each request. Teri noted that we can assume some of those requests will come through again.

Jean Hoesing noted that we want to make sure we have enough funding, and we aren’t just doing the same old things, assuring we have the funds available when new opportunities arise.

Steve Westra added that we shouldn’t necessarily be rubberstamping requests every year, but rather review them to assure that these events are actually putting heads in beds. Steve also noted in reviewing the Financial Request Summary, we need to look at, for example, Sports Authority/Summit League. We actually gave nearly $30,000 this year when you consider the $12,500 and $17,500 for the CVB’s Road to Sioux Falls promotion.

Teri also reminded that sometimes requests are not for the current year, but rather a future year. Although a request could be made and approved now the expenditure may not happen until the year their event actually takes place in Sioux Falls.

Jean added that she is not opposed to “buying” conventions if there is extra money. Shalish Patel added that is why we created the BID Opportunity Fund with the $60,000.

Thea Miller Ryan asked if there were any additional questions on the budget. There being none, Steve Westra motioned to approve the 2015 – 2016 Budget. Second by Shalish Patel. Unanimous approval.

Tracy Turkbak then stated that he was under the impression, after discussions with Teri Schmidt and Evan Nolte, that the 2015 – 2016 Budget would not be on the agenda today, but rather held off to a later date. The Mayor is proposing a committee to review the use of BID Tax monies. He further stated that since the time the BID was created, both the 1% Room Tax and the $2/room BID Tax have nearly doubled in receipts. Tracy asked if approval of the budget could be put on the back burner for now, so the Mayor’s new committee can meet and come up with “Quick Turnaround/Quick Wins” opportunities. After speaking with both Teri and Evan yesterday, it is understood it’s an arduous process to get the approval of the Chamber Board, BID Board approval and City Council approval. Thea Miller Ryan asked, isn’t the budget due to the city by a certain date? Tracy said yes, but it’s not due today. Teri reminded everyone that the budget approval needs to go through the following 4-step approval process:

1. CVB BID Board
2. Chamber Budget & Finance Committee
3. Chamber Board
4. City Council - per schedule provided by Jennifer Whitlock from the City, we are scheduled to present to City Council on September 1.

Doug Hajek added that the outline is correct. No deadlines are specifically noted in the Ordinance, but that is the process, so you can get things done in order to get to where you need to be by the time you need it. Tracy stated that since there is time available, he would like to keep things open to allow for the review by the Mayor’s new study group. Evan Nolte noted that the next Chamber Board meeting is
scheduled for August 26. The Chamber Budget & Finance Committee meeting is not yet scheduled. Rex Rolfing added that it is okay to go forward with approval of the budget now, and if anything comes up that we need to make amendments, we still have time to do that and then still present to the Chamber and complete the rest of the process. It was agreed that amendments to the budget could be done in the future.

Scott Garrett asked if this study group is all being done because the Mayor is contemplating a change in the Ordinance? Tracy noted that the BID Board is a very young board and things have changed since the BID was created and there may be opportunities available now that weren’t available then. Tracy said originally the 2 taxes together ($2/room BID tax and 1% room tax) were projected to generate $1.8 million and that amount has almost doubled now.

Thea stated that now is the time to complete this budget, agreeing that we have the opportunity to make amendments if we need to.

**2015 – 2016 Supplemental Budget**

Teri reminded that based on the BID Board’s prior discussions, she was instructed to come forward at this meeting with a supplemental budget for 2015-2016 so we would be ready if funds come in higher than budgeted. Krista Orsack reviewed the Digital Strategy, Sports Publications, Market Takeovers, Trade Publications, Tourism Promotions and Travel Publications. Teri added that the $25,000 in the line item for Miscellaneous New Opportunities is for advertising opportunities that may arise. This budget also includes a budget for a Market Analysis. Mattie Burnham reviewed Sales Blitzes and Trade/Travel. Teri concluded by saying we feel strongly that the BID tax increases we are seeing are largely due to sales and marketing efforts funded by the BID.

Jean Hoesing asked why this Supplemental Budget was not provided to the board ahead of today’s meeting, with the other budget stating she felt blindsided by not having it in advance. Teri responded saying there was definitely no intention to blindside anyone, but rather that the supplemental budget was still being tweaked at that point. Randy Huber stated that we don’t really need to approve this supplemental budget right now anyway as the money is not there yet. Teri said yes that is correct, and it certainly can be changed. Steve Westra noted that the Board was the one who asked for this supplemental budget at our last meeting, to dream big and important to have targets and that’s what Teri has done. Shailesh added it’s nice to have this supplemental budget ahead of time so we are not scrambling at a later date. Jean added that if we had this info before we approved the other budget we could have switched some items cut. Thea added that she was glad that we have a plan before us. Teri noted that it’s not too late to make changes and can amend the budget and put other items in the budget if you would like. Mark Wahlstrom said we should go with what the staff already prioritized. Also, he didn’t see any reason to approve this supplemental budget today since we don’t have any funds yet. All agreed we do not need to approve this Supplemental Budget today.

**Other Business**

Shailesh Patel then questioned Tracy Turbak asking why is there such a rush to put together this special study committee? Tracy responded saying that things are not necessarily rushed. We can take as much time as we need. The committee is not finalized yet. The BID Board will be represented in this group as well as a cross-section of people with the goal of increasing business in Sioux Falls. A lot of things have changed the past few years, and if nothing comes from this study, so be it...it should be a healthy process for the city of Sioux Falls.

Shailesh said he felt the BID Board should have been included in the planning for this study group. Many hoteliers received the letter from the city saying the committee was being formed and several felt the letter came out of the box and hit them. Shailesh felt the issue was that as the hotel owners who collect this money, they were not really even told about it or included in discussions. Tracy noted that it is
important to remember that these are all tax dollars that belong to the public and that it’s the City Council’s responsibility to make sure that tax dollars are spent the way they should be spent. He said anytime we visit priorities that were developed in the past, people are always going to find issues with it; if you have ideas, bring them out. Thea asked if the special study meetings will be open meetings. Tracy said he will need to talk to the city attorneys. Thea asked how people were selected for this committee? Tracy reminded that the letter that went out highlighted and reviewed the structure of the board. Steve Westra commented in regards to hoteliers not being included on the committee noting that he’s pretty sure the persons selected to this committee do not know the operations of the hotel business. Steve felt that when we start with the wrong group, we end up with the wrong conclusion and that a lot of people think they know what drives heads in beds...but they do not. Steve added that he is concerned the group does not know what brings people to Sioux Falls. Tracy added that Teri will be tapped as a resource for this committee. Tracy added that Jean Hoesing is one of the BID Board members that has agreed to be on the study group. Tracy noted that they all have the same goal, to come out with recommendations. And it will be up to the City Council, Mayor, etc, as to what gets changed. Scott Garret noted that there is fear that the funds will be redirected to bricks and mortar. Perhaps a $1 fee dedicated to bricks and mortar tacked on to the $2 BID tax could be done without taking away from the marketing dollars. There are ways to add to the BID without taking away CVB sales and marketing money. He stated he hopes they don’t damage what we have. Rex Rolfing, BID Board Liaison from the City Council, will also be on the study committee and stated he is going into it to see how we can improve the use of the funds rather than switching the goals. Shailesh asked if the study group will be talking to the hoteliers? Some of the most experienced people in the hotel industry were left off this list. The BID Board is working well for us now. People around the country know that Sioux Falls is doing well. Scott Garrett added that he would be in favor of a bricks and mortar component but not affecting what we have currently. Tracy noted that it’s understood that bricks and mortar are a concern, and he hopes the study group doesn’t dwell on just one component like bricks and mortar. Rick Kiley responded that as a City Councilor he would need to be sold on any component. Any proposals would have to be demonstrated to show they meet the needs.

Doug Hajek noted that the BID Board meetings are open to the public. Media attended today’s meeting. The meeting notice is required to be posted on the door, etc. There are always questions about who should be included in a group such as this study group. Doug further stated that Steve’s comment about hotel representation is a good one. Doug indicated the desire for the meetings to be open to the public as this would help provide credibility. Openness and inclusiveness would address many of the concerns of people. Doug added that the concerns of the study group are not unlike those concerns of the group here today, and that spending on bricks and mortar would require a change in Ordinance.

Greg Jamison noted that if it is the tax payer’s money…it really needs to be open to the public. Greg would like to encourage the City to keep the meetings open to the public.

There being no further business, Shailesh motioned to adjourn the meeting. Second by Steve Westra. Unanimous. Meeting was adjourned.

The next regular meeting is scheduled for September 16, 2015, 7:30 am in the CVB Boardroom.

Respectfully submitted:

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Kathie Puthoff       July 14, 2015
Name          Date