

City of Albuquerque

Lodgers' Tax Advisory Board



Chairman: Todd Walters
Co-Chairman: Harry Tipton

Board Members:
Brenda Moore
Debi Owen
Damen Kompanowski
Jesse Herron

Minutes from January 25, 2018 Meeting

Harry Tipton, Co-Chairman, Chaired the meeting in the place of Todd Walters. Co-Chairman Tipton called the meeting of the Lodgers' Tax Advisory Board session to order at 4:03 p.m. held January 25, 2018 at the Albuquerque Convention Center, Kiva Board Room.

In attendance:

Board Members

Harry Tipton
Damen Kompanowski
Harry Tipton
Debi Owen
Jesse Herron

City of Albuquerque

Dora Dominguez, Staff
Kayla Marquez, Staff
Cilia E. Aglialoro, City Treasurer

Contractors

Jose Garcia, SMG
Tania Armenta, Visit ABQ
Valerie Lind, Visit ABQ
Cecilia Marquez, AHCC
Connie Lee, AHCC
Yuri Morales, AHCC
John Garcia, AHCC
Kinsey Cooper, Nt. Hispanic Cultural Ctr
Marvis Aguilar, AICC

Guest:

Chris Muirhead, Modrall Sperling
Charlie Gray, GAIA
Allen Armijo, City Director of Constituent Services

WELCOME AND INTRODUCTIONS

- I. **Approval of Agenda:** Harry Tipton, Board Co-Chair chaired the meeting. There were no additions/deletions to the Agenda
MOTION by: Damen Kompanowski, Board Member
SECOND: Jesse Herron, Board Member
MOTION PASSED: Unanimously
- II. **Approval of Minutes:** Approval of minutes December 7, 2017. There were no additions/deletions to the Minutes
MOTION by: Debi Owen, Board Member
SECOND: Damen Kompanowski, Board Member
MOTION PASSED: Unanimously
- III. **Chairman Reports**
 - City Treasury Report(s) & Presentation –
 - o City Treasury Report(s) - Cilia E. Aglialoro, City Treasurer, provided the Lodgers' Tax Hospitality Tax Revenue Summary Report – Cilia E. Aglialoro, City Treasurer
 - o Lodgers' Tax Delinquent Summary Report FY'18 – Cillia E. Aglialoro, City Treasurer
 - Comparing FY'17 and current FY'18 revenues. Lodgers and Hospitality Revenues track month to month for November by 20.59% growth. Year to date, the revenue

increase for FY'18 (July – November) was \$5,790,637.32, compared to FY'17 (July-September), which was \$3,180,747.66. For FY'17, the year-end amount was \$12,177,552.21. The current revenues reported for FY'18 for Hospitality Tax Revenue (July–November) was \$158,128.67, compared to FY'17 (July – November) revenues of \$636,148.14. Both fund amounts report a 8.75% increase over prior year comparison. FY'18 items highlighted included an increase in the amount of delinquent accounts from five to seven. For FY'18, the amount of delinquent revenues reported for Lodgers Tax through November 2017 increased from \$80,128.76 to \$195,148.84.

- o Lodgers' Delinquent Summary Report FY'18 - Cilia E. Agliodoro, City Treasurer
 - The number of Lodging Establishments on the Delinquent Report reported for (November) FY'18 decreased by one to six total.
- o Board Q & A -

Presentations – Lodgers' Tax Bond Debt Summary - Chris Muirhead Modrall Sperling provided an overview of how Lodgers' Tax Funds are pledged for the issuance of bond debt.

Bond Uses - Bond proceeds are normally generated and used for tourist related projects in the case of the City projects proceeds included improvements at the Convention Center/ Civic Plaza. City Council decides and provides the approval of how funds are spent.

- 6% is taxed - 5% Lodgers Tax/1% Hospitality Fees
- 3% debt services
- 3% promotions
- 50% legally separated

The City Treasury Department routinely reviews all outstanding bond debt and determines when bonds or any capacity within the bonds are callable or able to be refinanced at a lower interest rate. This has been the case on several occasions. Priority focus is to keep up with payments, which serves to build stronger credit; helps lower interest rates thus creating greater capacity on lodger's tax fund.

All usable proceeds from the management of the bonds remain within the Lodger's Tax Fund and adhere to allowed uses per Lodgers' Tax Statute:

Lodger's Tax Revenues (5% imposed)

- 50% of proceeds –Promotion of tourist-related attractions, facilities and events
- 50% of proceeds shall be used for payment and principal and interest on outstanding bonds

Hospitality Fee Revenues (1% imposed)

- 50% of proceeds –shall be used for the purpose of purchasing advertising to publicize and promote tourist-related attractions, facilities and events.
- 50% of proceeds shall be used to equip and furnish the City of Albuquerque's Convention Center

Current (5) Bonds and Years Issued Include:

- Series 2004B – Original Amount \$28,915,000; Amount Outstanding \$25,965,000; Average remaining life 12.8 years: Final Maturity 2036; Call date 7/1/2014 – *Option to be paid at any time*
- Series 2009A – Original Amount \$10,535,000; Amount Outstanding \$9,465,000; Average remaining life 5.08 years; Final Maturity 2025; Call date 7/1/2019
- Series 2011A – Original Amount \$22,660,000; Amount Outstanding \$12,085,000; Average remaining life 5.83 years; Final Maturity 2028; Call date 7/1/2021

- Series 2014A – Original Amount \$36,960,000; Amount Outstanding \$36,440,000; Average remaining life 14.47 years; Final Maturity 2037; Call date 7/1/2023; Despite Call Date Bond not eligible to be paid off in full until 2024
- Series 2016 – Original Amount \$24,000,000; Amount Outstanding \$23,550,000; Average remaining life 14.30 years; Final Maturity 2038; Call date 7/1/2025; Despite Call Date Bond not eligible to be paid off in full before 2026.
 - Total Outstanding Debt - \$107,506,000
 - Five (5) Bond series
 - All Fixed rate, no variable rate debt
 - Consist of both Taxable/Tax-Exempt Debt
 - Average annual debt service payment = \$7,728,000
 - Final Maturity = 2038

Contractor Reports

IV. Visit Albuquerque - Tania Armenta, Visit ABQ,

- o Report and overview of Board Report and handouts were provided. Report highlights:
 - Hotel occupancy up 4.6% FYTD. Booked direct spend was down 8% FYTD despite booked room nights reported up 8%. Advertising impressions were up 141% through December year to date. Twitter growth continues to increase with convention bookings at their highest rate since 2015. Number of booked tours is up .9% to 142 for December FY'18 (FY'17: 137).
 - New website launched <https://www.visitalbuquerque.org>
 - Sporting event bookings for December at 48
 - Earned media coverage remains strong (Barcelona Rating 100%)
 - Tradeshows/Industry Meetings attended in December include: National Coalition of Black Meeting Planners; Destination Making Accreditations Program and National Tourism Association Meeting in San Antonio, TX – December 14-18
 - Upcoming Tradeshows: Jan 7-10 PCMA; Jan 29- Feb 2 Religious Conference Management Association; Feb25-27 Mid America Education Conference

Highlighted Success Attributed to:

- Securing the National Speech and Debate Event in 2020
- Stronger partnerships with Albuquerque Convention Center
- Strong team at VisitABQ
- Private sector receivables cash-flow higher this month to visitor guide rebates and revenues generated by the visitor guide.
- Tourism Assessment Plan research underway.
- VisitABQ is working with the industry and businesses, to create a new Destination Master Plan for the Albuquerque
- No Additional questions from the Board

V. SMG Monthly Report – Monthly Report December – Jose Garcia, SMG provided the board report.

- The Albuquerque Convention Center hosted 41 events within the month of December, with a total occupied space of 7,428,402 sq. ft.
- Occupancy was at 48% for the month of December year to date, with December 2016 at 51%
- Of the 41 events occurring in the month of December, twenty (20) were repeat customers.
- SMG/ACC also booked a total of 47 future events during the month of December. Year to date 2016 SMG booked future events at 14.

Leads:

- For the month of January 2018 SMG anticipates a total of 26 non-city wide events and no city-wide conventions reported.
- SMG is now contracted to operate the City’s Sports Complex facility. The bookings for the facility already include collegiate events in January and February.

Business Turned Away:

- Listing included 12 events.

No Additional questions from the Board

VI. Albuquerque Hispano Chamber of Commerce Monthly Report – December –John Garcia and Yuri Morales, AHCC, provided the Board Report. AHCC Report and handouts provided. Activity highlights for December report included:

- Dual Language/La Cosecha Conference continues to look positive as an annual event
- Red Rock Balloon Rally this year included AHCC Convention & Tourism information booth Dec. 1, 2017 – Dec. 3, 2017, Gallup, NM.
- Convention Center bookings/attendance events for Oct, November and December (2nd Quarter) reported 6,675; Year to date actuals reported 77,586 with a YTD Goal of 51,722.

Media & Marketing: New advertising and promotion piece for Mexican tourism magazine announced with copies of the publication distributed to the Board. The publication circulation is seven Mexican states.

Current Leads:

- Navajo Nation partnerships remain strong and providing leads to future event bookings.
- Student and Mayoral groups scheduled to visit as a result of a new forged partnership with the University Of Puebla, Mexico.
- Society for Hispanic Professional Engineers 2020 National Conference (estimated attendees 7,000)
- National Association of Latino Elected Official meeting to bid the 2021 National Conference scheduled for February 16, 2018.
- Dual Language Conference/La Cosecha 2021
- Marketing Activities Highlighted - Google Web www.siabq.org Total likes continues to increase.
- AHCC continues to work with Gathering of Nations planning meetings partnered with the contractors tasked with Native American tourism responsibilities to review event best practices and to identify new opportunities for supporting and enhancing the event as it continues to grow.
 - AHCC sponsorship commitment of GON will continue
 - AHCC announced the Friends of Gathering of Nations sponsorship initiative at \$100 per friend with a goal to raise \$50,000 as a first year effort.

QUESTION: Regarding the possibility of including more transportation options for GON attendees to get out and see the City was asked by Jesse Herron, Board Member

ANSWER: Ideas from ABQ Trolley to Alb Rapid Transit to City buses options are all being researched.

Other Event Highlights:

- The 2018 AHCC Gala event “Walk the Red Carpet” was announced to take place on Saturday, February 2, 2018. Invitation/announcements were distributed to the board and attending guest

No Questions from the Board

VII. National Hispanic Cultural Center 2nd Quarter Report– Kinsey Cooper, Nt. Hispanic Cultural Ctr, provided the report.

- o From October through December 2017, the National Hispanic Cultural Center (NHCC) expended approximately¹ \$9,232.25 of Lodger's Tax funding and welcomed another 3,448 visitors from 120-miles or farther away, with an overall, indirect economic impact of over \$1,006,816 dollars to the Albuquerque economy. These numbers are compared to Q2 of FY 2017 when the NHCC spent \$10,280.43, welcomed 3,938 visitors from 120-miles and greater and had an indirect economic impact of \$1,150,031.
- o The NHCC collects attendance numbers for all on-site and off-site activities.
 - o On-Site Attendance Results: Of the 58,789 individuals who visited the NHCC campus from October 1, 2017 through December 31, 2017 (a total of three months), 3,448 visitors traveled from more than 120 miles away for their visit.
 - o Off-Site Impressions: Through the Lodger's Tax funding, from July through September 2017, the NHCC has secured advertisements that reach an audience of 75,450.

No Questions from the Board

VIII. FY'18 Quarterly Reporting Process – Dora Dominguez, City Staff reported a draft of the first FY'18 will be presented using the same format used for the FY'17 Annual Report Summary submitted December 2017.

IX. Open Board Seats Update- The open board seat unfilled since 2016 when Ted Shodgry, resigned from the board is moving forward with a recommendation from the Mayor.

X. New Business & Announcements:

- o ED Update and Remarks – Fred Mondragon, Interim Director
- o Annual Summary for FY'17 – July 1, 2016 through June 30, 2017 reporting period was presented and approved by the board to submit to Mayor and City Council.

Motion to Adjourn:

MOTION BY: Debi Owen, Board Member

SECOND: Damon Kompanowski, Board Member

MOTION PASSED: Unanimously

Meeting adjourned 5:22 pm.

Minutes submitted by: *Dora Dominguez*
Dora Dominguez, City Staff

Date: *February 22, 2018*

Minutes approved by: *Todd Walters*
Todd Walters, Chair

Date: *February 22, 2018*