

HOTEL OCCUPANCY TAX AND SPONSORSHIP COMMITTEE MINUTES

July 11, 2019

After determining that a quorum is present, the Hotel Occupancy Tax and Sponsorship Committee convened into an Open Meeting on Thursday, July 11, 2019 at 9:00 a.m., in the City Hall Conference Room, City of Denton City Hall, 215 E. McKinney Street, Denton, Texas.

PRESENT: Mayor Chris Watts, Councilmembers Deb Armintor and Jessie Davis

STAFF PRESENT:

Antonio Puente, Jr, Chief Financial Officer

David Gaines, Director of Finance

Mack Reinwand, Deputy City Attorney

Nancy Towle, Treasury Manager

Randee Klingele, Senior Treasury Analyst

Hailey Payne, Treasury Analyst

Cassandra Ogden, Director of Procurement and Compliance

Jamie Lindsay, Compliance Officer

AGENDA ITEM: HOLD A DISCUSSION TO CONSIDER THE ELECTION OF A CHAIRPERSON FOR THE HOTEL OCCUPANCY TAX AND SPONSORSHIP COMMITTEE.

Mayor Watts volunteered to chair this committee for this last committee meeting of the fiscal year. Councilmember Armintor motioned for Mayor Watts to act as chair to this committee, seconded by Councilmember Davis.

Motion passed unanimously.

AGENDA ITEM 2: CONSIDER APPROVAL OF HOTEL OCCUPANCY TAX AND SPONSORSHIP MINUTES FROM MAY 23, 2019.

Minutes were approved as written by Mayor Watts and seconded by Councilmember Armintor.

Motion passed unanimously

AGENDA ITEM 3: RECEIVE A REPORT, HOLD A DISCUSSION AND PROVIDE RECOMMENDATIONS REGARDING THE CITY'S PARTICIPATION IN CHARITABLE CONTRIBUTIONS THROUGH THE AMAZONSMILE FOUNDATION.

Compliance Officer, Jamie Lindsay, presented the process in which Amazon uses its platform to allow members to support non-profit organizations through their AmazonSmile program. The city received a request from a local non-profit to be named the recipient of the city's Amazon purchases through this program. The city already uses Amazon to make purchases using staff member's P-cards, but does not identify any non-profit to receive these program rewards. The City's historical Amazon activity illustrates its potential to create

approximately \$1,100 annually to this program. There are close to 500 organizations in the AmazonSmile program in the city of Denton. AmazonSmile has confirmed choosing the non-profit organization is managed at the user level and currently there are no tools in place to evaluate which organizations are being chosen. The Committee directed procurement and compliance staff to present the AmazonSmile Foundation program to Council in a future meeting.

**AGENDA ITEM 4: RECEIVE A REPORT, HOLD A DISCUSSION AND PROVIDE
RECOMMENDATIONS REGARDING HOTEL OCCUPANCY TAX FUNDING LEVELS
AND
BUDGET REQUESTS FOR PROGRAM YEAR 2020 FOR FY 2019-20.**

Randee Klingele introduced the item by providing an overview of Exhibit 3 (Financials) as well as providing the general discussion had by the Committee during the last meeting on May 23, 2019 when this item was tabled.

Financial were presented to the committee illustrating a 2% projected increase in revenue from current year budget. The 2020 projection of \$2,490,655 is based upon historical activity and the addition of two hotels. The convention center hotel's (Embassy Suites) revenue is a projection provided in the City's Economic Development's five-year forecast found in the economic impact agreement. The agreement dictates all Embassy Suites HOT revenue is returned to the property, thus has no impact on the allocation of funds.

Committee reviewed budget requests compared to revenue availability. Councilmember Armintor shared her thoughts on the healthy fund balance and interest in reviewing the applicants separately. Councilmember Davis expressed his interest in maintaining a fund balance to assist, if applicable, the City Hall West project. Staff advised the Committee that in the last several years the Committee used the 2% projected revenue increase to allocate increases for the budget requests. In addition, fund balance draw down is available for any one-time requests. Staff directed attention to applicants that did not request an increase, one applicant that had a portion of its budget that did not qualify based on statutory definitions and the need for the reduction of expenses in both 15% capped categories, Art and Historical.

Committee discussed new applicant budgets along with Denton African American Scholarship Foundation, North Texas State Fair Association and Denton Chamber's Convention and Visitors Bureau. Committee requested Denton County's Office of History and Culture's one-time request, Denton Community Market and City of Denton's Parks and Recreation Departments applications be held for discussions with Council during the August Budget Workshops.

Councilmember Davis moved to forward to Council the budget of \$2,531,984, which includes two new recipients, seconded by Mayor Watts.

Motion passed 2-1.

AGENDA ITEM 5: RECEIVE A REPORT, HOLD A DISCUSSION AND PROVIDE RECOMMENDATIONS REGARDING SPONSORSHIP FUNDING LEVELS AND BUDGET REQUESTS FOR FY 2019-20.

Staff presented the item with the annual sponsorship budget of \$88,000. This is an increase of \$500 from the general fund since the last Committee meeting. The additional funds were discovered during an annual budget process review. Staff reminded the Committee that this is not a revenue driven fund, but budgeted within general and electric funds. For FY 2019-20 the city received two new applications along with thirteen returning requests. Of all fifteen applications, four budgets remained the same as their current year. Total requests equal \$104,550, which is \$16,550 over available budget.

Staff advised the Committee of two remarks provided during the May 23, 2019 meeting in which this item was tabled: 1) catering be mandated to local vendors and 2) do not fund any tangible items. The Committee directed staff to allocate a portion of the fund deficit in an even percentage to those requesting more funds than the previous year, as well as reducing Filmmaking Access' budget to \$500 which equals their previous year's sponsorship budget.

Councilmember Davis moved to forward to Council the budget of \$87,225 leaving a fund balance of \$775, seconded by Councilmember Armintor.

Motion passed unanimously.

Meeting adjourned 11:45 a.m.

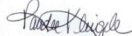
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Jesse Davis

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JESSE DAVIS
INTERIM COMMITTEE CHAIR
CITY OF DENTON, TEXAS

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RANDEE KLINGELE
RECORDING SECRETARY
CITY OF DENTON, TEXAS