

1 **DOOR COUNTY TOURISM ZONE COMMISSION**

2 **MINUTES OF THE JUNE 9, 2009**

3 **FINANCE COMMITTEE**

4 **Kerber Rose & Assoc. Offices/Sister Bay**

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6 **ACTION ITEMS:**  
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9 **Committee Members Present:** Bob Kufrin, Andy Coulson, Nedd Neddersen, Bryan Nelson

10 **Excused:** Tom Benzshawel

11 **Also Present:** Joe Hockers, Julian LaMue, Associated Bank; Dianne Lensert, Kerber Rose;  
12 Kathy Kirkland, Administrative Assistant

13 **Call to Order**

14 Kufrin called the meeting to order at 8:37 a.m.  
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16 **Discussion of Current Investments & Products**

17 Nelson said we want to err on the side of security. If we can affect the yield, that's fine.

18 Neddersen noted that we don't hold the money that long now, so the range of yields is small.

19 Lensert said the bulk of money to the DCVB comes in at month-end; Kufrin noted that  
20 substantial amounts will be coming soon as the season heats up.  
21

22 Nelson said although room tax money disbursed to DCVB quite quickly, balances are there for  
23 2-3 weeks. LeMue asked how the disbursement works: 30% to municipalities, 66% to DCVB,  
24 4% for administration. Coulson asked if the Tourism Zone Commission has a vested interest in  
25 either what the municipalities do with their share OR if we have any responsibility for how the  
26 DCVB handles money they hold before spending it; are they earning any yield, being risky?  
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28 Kufrin said the new audit of the DCVB is ready; Neddersen asked if the audit will show how it's  
29 held? Kufrin said there are new regulations about showing material weaknesses, safety of assets.  
30 Neddersen said we should be asking those questions. Nelson asked if we also have oversight  
31 over what they do with the money. Kufrin said as we look at performance goals, that's one thing  
32 we can delve into re: strengthening that organization. How is it being invested?

33 LaMue said Associated can address the safety/soundness as it's structured now. We're fully  
34 FDIC insured, until the end of the year (extra \$1 million); the FDIC extended its plan until 2012  
35 for a cap of \$250,000. FDIC is the vendor for additional \$1 million insurance as well. Kufrin  
36 asked how we assess the bank's stability and what kind of job we're doing. LaMue said they're  
37 publicly held; annual statements and other items are online. They're basically in Midwest  
38 markets and continue to be profitable; the most profitable bank in the state last year. Kufrin  
39 asked if there's a "rating" put out periodically to measure against other banks. Hockers said there  
40 are bond ratings and an independent study of the top banks in the U.S., and Associated was  
41 ranked 46 out of about 8,000 banks in the U.S. that measured several aspects of banking. Kufrin  
42 would like to see that kind of report. LaMue will send that kind of marketing information.

43 Nelson goes on bankrate.com, which uses a star rating system with analyses for any institution.  
44 Does Associated feel that's valid? LaMue hasn't been on that site. Hockers knows some  
45 customers reference that.

46 Coulson recalled that Associated canceled its employees' junket last fall, and he felt people were  
47 saying some big banks were shaky and that Associated was put in that category. LaMue said they  
48 never got into the subprime markets. Nelson noted that new legislation is pending about TARP  
49 money given to banks. LaMue said TARP was meant to give to healthy banks to help them stay  
50 that way; the credit markets had seized up. Associated borrowed at 9.75% (\$525,000,000); the  
51 government offered it 5 years at 5%. They took the money in case things went bad. Associated  
52 invested that money for five years in good areas; they would like to pay it back but they'll see  
53 when that happens.

54 Nelson remembered that last fall Associated had had 160 straight quarters of dividends; LaMue  
55 said the bank did cut dividends to 5 cents but are still paying dividends.

56 Kufrin asked about our investments, if we collect \$1 million in a month, is that still protected?  
57 Hockers said that's unlimited through 2008 in the type of account we're in. Nelson asked about  
58 the 50 basis-points deal; LaMue said that's a different account they had considered but The Zone  
59 is not in that. How much are we earning? Hockers said it's 30 basis points now on Earnings  
60 Credit Rates, just under the tier to 45 basis points. That's the checking account we're in today.  
61 The tiers will change as the volume changes. May was average at \$87,000. Neddersen asked how  
62 often the adjustment is made; LaMue answered that it's calculated on an Average Daily Balance  
63 but adjusted monthly, which hasn't happened in the last several months. Things will probably be  
64 fairly flat next three to four months as far as rates.

65 Kufrin said we have to anticipate how the tourism business is going to go. Does Associated have  
66 a feel from their customers about summer business this year? What's the confidence level?

67 LaMue gets the sense that there's optimism. Bookings were slower earlier but are coming back.  
68 The clients say there's more confidence this year. Nelson agreed.

69 LaMue said the Earnings Credit Rates are tied to federal funds. Hockers said a market study  
70 showed Associated at 75% level, only 25% had slightly higher rate than theirs, but it changes  
71 monthly. The short-term money yields are very low, but Associated is still ahead in 75% of  
72 books. Even sweeps are at 10 basis points. They don't recommend sweeps now. CDARs are  
73 CDs, and the shortest time frame is 4 weeks; the rates are low now but we have a shorter  
74 timeframe for keeping them.

75 Kufrin asked if they recommend any changes in what we're doing now. LaMue said for safety  
76 and soundness, we're doing the right thing for the end of the year. After that, if it's not fully  
77 insured, it'd still be up to \$250,000; and by that time of year, our collections will drop anyway.  
78 Coulson asked why the FDIC canceled the insurance? LaMue said the fee went up and the banks  
79 are paying 10 times what they were paying a year ago. Banks pass that along to customers.

80 Kufrin asked when the next discussion should be, October or November? Nelson said November  
81 is a budget month, even early December for this discussion. Neddersen agreed, and Hockers said  
82 if they hear anything different, they'll keep us apprised. From a break-even perspective, it's  
83 about \$1 million average balance to offset fees, so as we go through what the dollars are doing,  
84 the money will be paid out already. Nelson said next year during our good months, sweeps may  
85 be viable again. With ACH protection and other service, we're protecting our accounts internally  
86 and externally. They're still seeing significant fraud on checking accounts.

87 Associated will also attend the June 18 meeting in Sevastopol, on the agenda around 10 a.m.  
88 Kufrin felt the big issue will be the DCVB performance. Nelson anticipates duplicating questions  
89 on the bank situation.

90 Kufrin said Konecny advised us that we need to see the audit; without the audit, it would be  
91 difficult to discuss performance. Can we set goals for them rather than respond to their goals?  
92 We should be able to look at their internal controls. Neddersen said we've chosen to directly  
93 disburse it, so it's legitimate to ask those questions; if we're not comfortable, do we go back to  
94 reimbursements? If we don't get quarterly financials, we can't judge that. Kirkland asked about  
95 individuals' performance as well; do we approve of the DCVB hiring a full-time person to  
96 promote a slice of the pie that's only 5%, such as bus tours?

97 Associated representatives left the meeting 9:30 a.m. Kufrin advised them to bring handouts or  
98 have them available for the meeting packets for them to study ahead of time.

99 **Accounts Payable and Occupancy**

100 When the Commission formed, Kufrin stated that we got large bonds and all were asked for their  
101 personal credit history. People who deal with money should have bonds; our \$50,000 is  
102 consistent with other municipalities. The DCVB financial person has previous indictments  
103 regarding money. Lensert felt their audit should have something about that. Coulson asked about  
104 a WCCA search on their financial person. Kufrin will do so.

105 Administratively, Nedderson looked at the revenue stream, how tax receipts are trending. Re: our  
106 budget for room tax income, we're up through April \$12,000 more than budgeted, which is only  
107 5% of total collections of year. We've spent an extra \$480 for Administrative (Annual Meeting  
108 expenses along with postal rate hike). Coulson said when we're "up," it's compared to our  
109 predicted budget, not last year's, because communities were not in the Zone. Lensert's shaded  
110 area on the comparative reports allows a better apples-to-apples comparison. Nedderson said  
111 occupancy stats the rooms available Jan 55,000 last year, 57,000 this year. It depends on  
112 adjustments; it's hard to see a pattern. Lensert said we'll have more comparative to the past year  
113 and it becomes more real.

114 Nedderson looked at performance expenses: YTD through May. Annual Meeting has been fully  
115 paid. Bank fees are low compared to YTD budget. Insurance is the annual payment, so we're  
116 good there. Legal fees are over for the year ,but those will get charged back to lodgings  
117 (partially). Kufrin asked if Vande Castle needs to come to many meetings; not often needed or  
118 could be done by phone. Should the budget have Legal Compliance and Legal (day-to-day  
119 business) distinctions in different categories so it's easier to track? Nedderson said compliance  
120 fees are separate; court filing fees. Can that be held in a different account for compliance?  
121 Lensert said to keep it as is, and we'll see it monthly. Kufrin said to split out to-date the  
122 Compliance versus regular meetings.

123 Office supplies are similar - \$2,000 on a budget of \$1,200...\$800 last month alone. Probably the  
124 Annual Meeting printing.

125 Kufrin talked about in terms of doing performance review with DCVB. Is that just one meeting?  
126 The extra State report the DCVB paid \$6,700 for wasn't reliable; Lensert feels it will be a  
127 benchmark for future reports. Coulson said our performance measurement is in the data we're  
128 doing; he's less concerned with what Jack says, although the State's *market share* is important.  
129 He feels we need to measure vendor's performance by our own reports. We can look back at  
130 actual performance of DCVB compared to ours.

131 Nedderson feels an ad hoc committee should take about 5 months to figure out what reports are  
132 viable and what aren't. He feels *we* should be establishing the goals, not the *vendor*. Kufrin  
133 wants to see the standard State numbers, not the special numbers. Kufrin felt the executive

134 committee should do it, but that was not generally approved as a good idea. Kufrin will write up  
135 recommendation on how to proceed with that. Exec Committee has not done anything. Perhaps  
136 the Executive Committee plus two more, then report on findings in August. Coulson felt we need  
137 all 26 in a discussion as to what criteria we look at but a smaller committee to hash it out,  
138 including personnel. Our goal is that the DCVB should be successful.

139 The meeting adjourned at 10:10 a.m.

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