

**Attachment F**  
**Memorandum – Adopted by the NLTRA Board, February 2003**

**SITUATION**

1. Both the County and NLTRA have agreed that a “marketing reserve” should be created. The objective is to eventually accumulate a fund representing 15% of the average annual marketing budget, over several years. Based on a \$1,700,000 budget, the 15% target is \$255,000, About 5% (\$80,000) has been earmarked for this purpose and is included as part of the 2002 – 2003 budget.
2. The County has been clear that it does not intend to control the use of these funds, but will leave it to the discretion of NLTRA.

**RECOMMENDATION**

1. The Marketing Reserve will be treated as an “internal reserve” (as per the definition proposed in #7 below).
2. The NLTRA Tourism/Executive Directors, may not expend these funds, except with the formal approval of the NLTRA Board, preferably with preview and approval of both Finance and Marketing Committees.
3. The criteria for the appropriate use of these funds is when NLTRA and its member businesses are experiencing a distinct shortfall in tourism business, due to unusual, economic, market or weather conditions, that would benefit from extra marketing efforts.
4. Any request for such funds from staff, should include the rationale, a targeted result, and be followed with an assessment of the actual results achieved.
5. NLTRA Accounting will need to track and report these funds, in such as way as to segregate them from normal operating funds.
6. Any Reserved funds that are accumulated, will automatically be rolled over into subsequent year’s budgets and will accumulate without limit, until an amount is achieved equal to 15% of normal annual marketing budget.
7. Any funds depleted as a result of the above actions will be replenished, as soon as practical. The manner of replenishment will be:
  - a. First from any external or internal marketing carry forward, from previous years, then:
  - b. as part of the normal budgeting process each year.
  - c. Any replenishment of the marketing reserve, (once established) would come from the same mechanism that the county and NLTRA are using to guarantee a consistent marketing operating budget going forward.
8. Recommended definitions for funds:
  - County Services: NLTRA funds earmarked by the county, for a specific designated purpose, and not available to either NLTRA Board or staff.
  - Internal Reserve: NLTRA funds earmarked, either by the County or NLTRA, available for expenditure by the NLTRA board, but not staff.
  - Contingency: NLTRA funds, within a specific departmental budget, not earmarked for any specific purpose, and available to be spent at the discretion of the supervising Director.

