

**METROPOLITAN EXPOSITION-RECREATION COMMISSION
RESOLUTION NO. 96-27**

Adopting an operating policy to ensure timely payments of facility charges and to address outstanding receivables owed the facilities.

Whereas, the Commission manages its facilities in a business-like manner, while cognizant of the individual missions of its facilities; and

Whereas, the Commission strives for consistent application of policies throughout its facilities; and

Whereas, current License Agreements used for rental of facilities contain a provision allowing interest to be charged on past due balances; and

Whereas, the Commission has been dealing with certain chronic past due balances for some time; and

Whereas, the Commission acknowledges that it is timely and appropriate to implement procedures to encourage timely payments and cure past due balances; and

Whereas, it is the intent of the Commission to require users of the facilities be current in their payments in order to be eligible for future scheduling and use of the facilities.

BE IT THEREFORE RESOLVED that the Metropolitan Exposition-Recreation Commission hereby adopts the operating policy of requiring timely payments by users of the facilities, charging interest for past due accounts and requiring written agreements to cure past due balances. The Commission directs staff to implement the 8 procedures detailed in the accompanying staff report to address this policy.

Passed by the Commission on May 1, 1996.



Chairman



Secretary-Treasurer

APPROVED AS TO FORM:
Daniel B. Cooper, General Counsel

By: 

Mark B. Williams
Senior Assistant Counsel

MERC STAFF REPORT

Agenda Item/Issue: Adopting an operating policy to ensure timely payments of facility charges and to address current outstanding receivables owed the facilities.

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Date: May 1, 1996

Presented by: Heather Teed
Pat LaCrosse

BACKGROUND AND ANALYSIS: Currently, each of our facility license agreements require timely payments by facility users, with a provision for charging interest on outstanding balances. However, this provision has not been applied consistently throughout MERC.

In addition, there has been on-going communication over the past year regarding various past due balances owed by users of our facilities. Carrying past due balances has the effect of straining MERC's already tight budget and limited cash supply.

In an effort to tighten and consistently apply MERC's operating policy for receivables, the following procedures are suggested:

1. Effective July 1, 1996 for events thereafter, MERC will require that Licensees pay rental and other event or service costs due MERC immediately upon receipt of the Commission invoice (settlement document). Interest will be assessed and paid by Licensees at the rate of 1.5% per month on all balances due after thirty (30) days from the date of the invoice/billing. (This interest requirement is incorporated into our current license agreements at all facilities.)
2. For Licensees who have past-due balances owed to a MERC facility, either the outstanding balance must be paid or an executed payment agreement, including balance due as well as interest, must be in place by July 1, 1996. The payment agreement must contain a specific payment schedule (sums and dates), acceptable to the MERC staff, to retire the outstanding balance in an agreed time.
3. At the discretion of the Facility Director, a Licensee may be required to make prepayment of rental and other anticipated costs as a precondition of using the facility.
4. As of July 1, 1996 and beyond, timely payment of invoices and an executed payment agreement, if applicable, will be prerequisites to scheduling and use of MERC facilities. At the discretion of the Facility Directors, access to facilities may be denied for outstanding balances owed MERC.

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5. In a case where the settlement or invoice requires substantiating information from either the user of the facility or a third-party, that information shall be supplied to the MERC facility no later than seven calendar days following completion of the event. Should the research and documentation require additional time, staff shall have discretionary authority in requiring interest on the sum under investigation.
6. Effective July 1, 1996, no new license agreements or contracts will be executed with any Licensee who has past due balances not otherwise covered by a payment agreement.
7. Nothing in these procedures is intended to waive or modify in any way any rights or remedies MERC may have as a result of any contracts with its facility users.
8. MERC staff is authorized to implement other procedures necessary to address each of the above policy items and/or any other concerns that may arise associated with enforcing timely payments by facility users.

FISCAL IMPACT: There is no cost associated with implementing the above procedures. It is anticipated that cash flow and interest earnings may improve by the receipt of more timely payments.

RECOMMENDATION: Staff recommends the Commission approve the operating policy contained in Resolution No. 96-27, endorse the 8 procedures outlined above, and direct staff to implement these procedures in fulfillment of the Resolution.