

**ENTERTAINMENT AND CONVENTION CENTER AUTHORITY
REGULAR BOARD MEETING**

June 26, 2018

A regular Board meeting was held on Tuesday, June 26, 2018 at 4:00 p.m. in the Senator Sam Solon Board Room. In attendance were Chair Don Ness, Secretary Crystal Pelkey, Mary Finnegan-Ongaro, Greg Fox, Carrie Heffernan, Deb Messer, Karen Pionk, Yvonne Prettner Solon, and Jay Seiler. Member Roger Reinert was present electronically via phone. Member David Ross was excused. Staff members Caty Kaups and Sue Ellen Moore were present; Chelly Townsend was excused. Krista Duncan, State Auditor, and Erin Blazevic, DECC Administrative Assistant were also in attendance.

Ness called the meeting to order at 4:03 p.m. and noted that a quorum had been met. Ness briefly reviewed the agenda.

Ness asked for a motion to approve the minutes from Regular Business Meeting, May 29, 2018. Pionk made the motion to approve, and Finnegan-Ongaro seconded the motion. The minutes were adopted unanimously.

Communications

In the absence of Townsend, Blazevic reviewed the communications for the month, including a letter from the Red Cross in regards to the emergency shelter action in AMSOIL Arena for the Superior Husky Refinery Explosion and a letter from Sound Central in appreciation for the teamwork on last week's rally for President Trump. The Media Mentions report showed a lot of action and interaction on both the DECC and AMSOIL Arena Facebook pages with the most popular post being details for the rally. Other media hits included the Irvin season closure, the Nick Swardson show, the MN GOP Convention, and Grandma's Marathon. Several reviews were sent to the DECC through email or social media regarding a wedding thank-you from the mother of the bride, the MN HomeCare Association, and the President Trump Rally. Ness stated that after the audit presentation, he would like to get questions from the Board regarding the Trump Rally to pass along to the staff as they debrief after Townsend's return.

Heffernan arrived at 4:10 p.m.

Old Business

Kaups updated the Board on the status of the Irvin and Seawall discussion, and stated that at the pre-bid meeting for the Irvin move, there were four companies interested in bidding. The City will be paying for some of the surveys and inspections that have already been completed, and the mooring lines that broke during the April storms will be paid through the City funds set aside for storm damage. It was suggested to have City representation at the August meeting for an update.

New Business

Krista Duncan, State Auditor, presented the 2017 audit to the Board. The financial statement disclosures were all mutual, consistent, and clear, and there were no difficulties in performing the audit. There were no material adjustments, but there was one waived adjustment related to the Affordable Care Act liability. There were no disagreements with management, and there were no consultations with other accountants. The opinion held that the statements were fairly presented, clean, and standard. The current ratio of current assets to current liabilities is 1:1. Current assets decreased in 2017 with expenditures exceeding revenues; operating revenue was consistent with the prior year, while operating expenses increased by 2.5% due to increased labor, food and liquor costs, advertising, and show promotion expenses.

Pelkey departed at 4:23 p.m.

The Management and Compliance Report had one significant deficiency regarding credit card policies and procedures. The authority has nine credit cards for purchasing with no formal written policy in place. Some payments were made without complete and itemized receipts for each transaction. A written policy implementation is recommended, as well as acknowledgement of the policy by each card user. There were no compliance findings, and there was one legal finding related to contracting and bidding with a publication requirement not being met. A corrective action plan was included in the response from the DECC regarding these two findings. Overall, the audit went well and the staff was very helpful in its conducting.

Ness asked for a motion to approve and accept the 2017 Audit Report. Messer made the motion to approve, and Prettner Solon seconded the motion. The audit was approved unanimously.

Duncan departed at 4:33 p.m.

Ness asked the Board for any input to the Trump Rally recap meeting that the DECC staff will hold in early July. Prettner Solon returned to the audit findings and suggested that the Board be more involved with policy reviews, having been surprised by the credit card policy finding. Kaups stated that management intends to work on other outdated policies, and Ness suggested that one policy per month is reviewed by the Board in committees and brought to the general meeting. Returning to the Trump Rally discussion, Ness questioned the power outage capabilities including emergency lighting, backup generators, and the emergency shelter status. Prettner Solon asked about the cost absorption by the DECC and security coverage, and Kaups will provide a financial recap including labor costs for the day of. Finnegan-Ongaro asked about concession stands open during the event; Kaups answered that there were three stands open, but it was difficult to staff and stock the stands. Ness stated that there was a general misunderstanding about the DECC "welcoming" events as a public entity that may be seen as controversial. Moore stated that there are legal constructs in place barring some types of events, but the DECC was "graciously professional" in Townsend's words, and given that the campaign was able to pay for the space used, we did not turn them away. Waiting line practices were questioned, and although there was more focus from the Secret Service on the inside of the arena than the line people would be in all day prior to entering, the DECC looked at and will certainly look into these practices moving forward as the day was hot and conditions in the Skywalk were less than ideal. Kaups asked the Board to send along any comments or complaints to Townsend in the coming weeks.

Committee Reports

Ness, in the absence of Pelkey, forewent the Finance Committee report.

Messer reported on behalf of the Personnel Committee, mentioning that they have been working on the Executive Director Evaluation, which is due by the end of August according to Townsend's contract. The the committee recommendation for the process includes a full board evaluation, a self-evaluation from Townsend, and an internal evaluation on leadership from staff department managers. The Personnel Committee Chair and Board Chair will then put the components together in a non-disclosed document for Townsend's personnel files.

Finnegan-Ongaro reported on behalf of the Governance Committee, who are working on revising the DECC Board bylaws using those from similar government entities. Their goal is to have a working draft to the Board by the September meeting, and to adopt them by December. Officer nominations will be moving back to the Personnel Committee, and nominations will be accepted after the new members are approved by the City Council.

Ness reported on behalf of the Strategic Planning Committee, who has not yet met, but he hopes that a winter session in January or February could be scheduled to look at the direction of the organization over the next five years.

Staff Reports

Kaups gave the Finance Report for May 2018, stating that it was a good month, ending almost exactly on budget. Although there was no revenue from the Irvin, we had three unbudgeted shows with Home Free, Magic Men, and Nick Swardson making up for the loss. May is our "community center" month with five high school proms, three college commencements, a dance competition, and several conventions. Catering was under budget a little bit due to minor miscalculations, but the Ticket Office was over budget with ticket sales and rent for the three Symphony Hall shows. For expenses, we have been using the boilers intermittently to help offset the steam costs, so utility costs were not as high as expected compared to previous months. The Irvin has an additional line item moving forward to denote the seawall expenses.

Ness asked for a motion to approve the May Finance Report and the Operating Fund Check Registers. Seiler made a motion to approve, and Messer seconded the motion. The items were approved unanimously.

Kaups departed and Reinert disconnected at 5:17 p.m.

Moore gave the Sales and Marketing Report and mentioned that the Special Operations Training Association has booked their April conventions for both 2020 and 2021, and the MN American Planning Association is scheduled for September 2020. She also noted that the International Charr Association was here last week, right in between Grandma's Marathon and the Trump Rally, and that Mayor Larson graciously welcomed the group here with a proclamation in the midst of all of the challenges posed by the other events.

Continuing with the Operations & Upcoming Events Report, Moore elaborated on the July events, kicking off 10 Bayfront events with Hairball the night before Fourth Fest. The Thomas Shows dates changed since the previous meeting, shortening their stay in the DECC Parking Lot, and Trampled by Turtles makes a triumphant return to Bayfront on July 7. Three conventions will use the DECC space for their groups, and the Duluth Kennel Club Dog Show returns. Finally, AMSOIL returns with a convention for their 650 nation-wide dealers and salespeople.

Seiler and Heffernan shared their parting thoughts with the Board, each respectively thanking the members and staff for their hard work and persistence and noting it has been a pleasure to serve on the Board. Ness appointed both Heffernan and Seiler to the Board during his second term as Mayor of Duluth and thanked them each for their service.

The next regular meeting is on July 31, 2018 at 4 p.m. in the Senator Sam Solon Board Room.

Ness asked for a motion to adjourn the meeting. Messer made the motion to adjourn, and Prettner Solon seconded the motion. Ness adjourned the meeting at 5:23 p.m.

Submitted by:



Don Ness, Chair

Crystal Pelkey, Secretary