

ENTERTAINMENT AND CONVENTION CENTER AUTHORITY
REGULAR BOARD MEETING
October 31, 2017

A regular Board meeting was held on Tuesday, October 31, 2017 at 4:00 p.m. in the French River Room. In attendance were Chair Roger Reinert, Vice Chair Don Ness, Mary Finnegan-Ongaro, Greg Fox, Carrie Heffernan, Deb Messer, Karen Pionk, Yvonne Prettner Solon, David Ross, and Jay Seiler. Secretary Crystal Pelkey was excused from the meeting. Staff members Chelly Townsend, Caty Kaups, and Sue Ellen Moore were present. MPCA Lake Superior Unit Supervisor Nelson French, Chief Administrative Officer of the City Dave Montgomery, Fryberger Buchanan Smith & Frederick bond council Bob Toftey, and Chief Financial Officer of the City Wayne Parsons were also present.

Reinert called the meeting to order at 4:03 p.m. and noted that a quorum had been met. Reinert briefly reviewed the agenda and asked the Board if there were any objections to moving some items around in favor of the guests present. No objections were made.

Reinert asked for a motion to approve the minutes from Regular Business Meeting, September 26, 2017. Ness made the motion to approve, and Messer seconded the motion. The September Minutes were adopted unanimously.

Communications

There were no communications to report at this time.

Seiler arrived at 4:06 p.m.

Staff Reports

Townsend gave the Operations & Upcoming Events Report and noted that November is a quieter month but has a lot of great repeat events, including Gales of November, Festival of Trees, Superior Ballroom Masquerade Ball, Thanksgiving Day Dinner, and Kwik Trip Annual Year-end Meeting. The Duluth Sister Cities Trees will return in November, and Bentleyville will open on November 18.

Townsend's Event Recap mentioned that Matthew West ticket sales have been slow, but should ramp up with church groups prior to the November 7 date. The DSSO has one Masterworks concert November 18, as well as two Pops concerts with holiday music December 2 and a Prince tribute on December 31. February's Paw Patrol event has sold 1,700 for their three performances so far. Little Big Town on March 16 is almost to the 5,000 mark, and the Globetrotters return on March 29. For April events, Kinky Boots on the 9th has sold about 800 and Jim Gaffigan on the 29th has sold about 2,100 tickets. More are in the works and should be booked by the November meeting.

Townsend mentioned for the Attractions Report that the Haunted Ship is at \$210,000 in gross sales and has sold 21,774 tickets prior to the final evening tonight, and a stairwell was lost from the bow of the ship during the storm the week prior.

Heffernan and Prettner Solon arrived at 4:11 p.m.

Kaups presented the Finance Report for September 2017, stating that we ended up a little under budget for the month but still over budget for the year. On the revenue side, Building Services and Catering were both under due to over budgeting for the new Great Lakes Commission group.

Concessions was over with no hockey budgeted and we had three Women's games, one Men's game, and John Prine; Bar sales helped offset Catering a little for John Prine as well. The Ticket Office was over from John Prine and the UMD Hockey facility fees. For Expenses, the largest variance was in Building Services for labor with ice time and hockey games unbudgeted. Catering was under on sales and therefore expenses, and Admin was over from an actuary statement received assessing the long term employee benefits. The air handler for the Ticket Lobby was replaced so expenses show for the property maintenance. October will be a good month with a lot of hockey and conventions. The 2018 Operating Budget will be ready for the November meeting, and Kaups will send the budget to the Board prior to the meeting. The budget will be presented to the City Council on the first Monday in December.

Reinert asked for a motion to approve the Finance Reports for September 2017 and the Operating Fund Check Registers. Ross made a motion to approve, and Seiler seconded the motion. The motion carried unanimously.

Moore gave the Sales and Marketing Report and noted that 2018 is being filled in with several events in September and late December. A few events were added for 2021, and most of the Sales department's work is in 2021 through 2023 and beyond and to add larger conventions with long outlooks. Moore commended Ross on the annual Chamber of Commerce Dinner held in October, and thanked him for his participation on a video project that featured his event and the Health and Human Services conference. The videos will be shown at next month's meeting and highlight the DECC's outstanding service and features for promotional use. Associations North hosted an annual regional leadership conference here in October and rated the DECC a 5.5 out of 5, which was due to a great partnership with Visit Duluth and area hotels. Planning and budgeting is in the works now for 2018.

New Business

Townsend reintroduced Parsons, Montgomery, and Toftey and introduced French to the Board, thanking the MPCA for their assistance with the slip contamination. Montgomery thanked the Board and Townsend for their suggestions at the previous month's meeting, and stated that the City has been hard at work assessing storm damage from October 27 with their largest area of concern at the corner of Harbor Drive near the Great Lakes Aquarium and Bayfront Festival Park. They will work quickly to temporarily fix the area so it is safe for Bentleyville attendees in the coming months. Storm relief funding will likely come from the State since the damage exceeded a certain dollar amount, but not enough to cross the FEMA threshold. Montgomery explained that the DECC authorization to use the AMSOIL Bond Refinance Savings money would be a source of funding for the project, as well as capital to bond against with the legislative bonding request on which the City and the DECC will work together. The MPCA and DNR have some flexibility in their timeline, but the Phase I Seawall repair will need to take place in the winter or early spring prior to the contamination cleanup.

French presented on the contamination of the Minnesota Slip, which was first designated as an area of concern in 1987, as well as 43 other areas. The Great Lakes Restoration Initiative began in 2010 to restore natural habitats and clean up areas of concern. The federal money that was made available to the EPA and MPCA is at risk of defunding with the current administration, so locking in to the proposed timeline is crucial at this time. The federal funding is broken down into \$1.132mil coming from the EPA, and \$2.155mil from the MPCA, with the remaining \$3.9mil from the City and AMSOIL Bond Refinance Savings. Three bid packages have been offered simultaneously with the City's ask of the DECC, and if the DECC rejects today, the bids would all be declined. The steel package today had an estimate of \$1.2mil, and bids came in at \$1mil; any savings on bid estimates would be less than the DECC would have to put forward from the bond

refinance savings. A Project-Labor Agreement has been requested, and estimates from Fraser for the Irvin work came in at \$300-400K for the move, dry dock, painting, and fix for the hull pitting. If the dock wall work is done by mid-June, and with the month delay on the timeline, the contaminant clean-up, which is about a three week project, would be completed in the fall now. The timeline could be accelerated if this is approved today and if contracts allow for returning to the original timelines stated at the September meeting. DECC Board opinion is that the City should clearly state that the DECC will not be held responsible for any further funds for Phase II and that all funding for that part of the project will come from the bonding request.

Reinert asked for a motion to approve the Resolution to Adopt Pledge Agreement. Prettner Solon made the motion to adopt, and Heffernan seconded the motion. Discussion continued for a short time with Board members offering their affirming or dissenting opinions on the issues at hand. Affirming votes: Reinert, Finnegan-Ongaro, Fox, Heffernan, Messer, Prettner Solon, Ross. Dissenting votes: Ness, Pionk, Seiler. The motion to adopt the Pledge Agreement and Resolution passed by majority vote.

French, Montgomery, Parsons, and Toftey departed at 5:40 p.m.

Old Business

There was no Old Business at this time.

Other Business

Reinert stated that he is aiming for committee creation and a Board retreat date at the November meeting. The committees he would like to see formed or reformed are Governance, Finance, Personnel, and Strategic Planning. Early December has been put forward for a general time for the retreat.

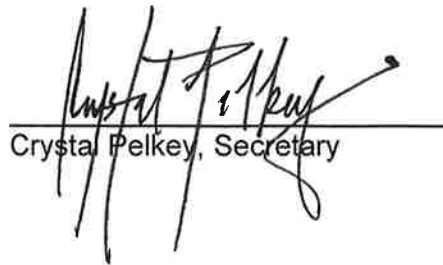
The next regular meeting is on November 28, 2017 at 4 p.m. in the French River Room. Townsend also mentioned that the meeting on December 19 will be followed by the Annual Holiday Gathering.

Reinert asked for a motion to adjourn the meeting. Fox made the motion to adjourn, and Ross seconded the motion. Reinert adjourned the meeting at 5:46 p.m.

Submitted by:



Roger J. Reinert, President



Crystal Pelkey, Secretary