

**CIVIC CENTER BOARD OF MANAGERS
WEDNESDAY, JULY 29, 2020
8 A.M.**

Pursuant to Executive Order 20-09, Section 4 (A), issued by Indiana Governor Eric Holcomb and continued by Executive Order 20-18, by which strict compliance with Indiana's Open Door Law is currently suspended due to the COVID-19 health emergency, the City of South Bend Civic Center Board of Managers met on July 29, 2020, at 8 a.m. by both in-person and video/telephone conferencing in which a quorum of members participated. This meeting was made available to members of the public and the media as provided by the Open Door Law.

Members Present

Dennis Andres, Jr.
Linda Doshi
Greg Downes
Aaron Perri

Members Absent

Randy Kelly
Gilbert Michel
Michael Neises

The meeting was called to order at 8:01 a.m. by President Perri. Approval of the consent agenda, including the minutes from the April 23, 2020 Civic Center Board of Managers' meeting, was moved by Greg Downes, seconded by Dennis Andres, Jr., and motion carried.

PRESIDENT'S REPORT

Mr. Perri welcomed everyone to the meeting and commented on the enhancements to the Bendix Arena. He noted the improvements were dramatic and the renovated space looked terrific.

Mr. Perri also thanked the Morris and Century Center teams for their professionalism and continued hard work during the difficult operating environment due to the pandemic.

VENUES REPORT

Morris Performing Arts Center

Jeff Jarnecke shared the current financial picture of the Morris, which sits at more than \$501,000 loss year-to-date. Between salaries, utilities and other expenses, the yearend deficit could grow to more than \$675,000. Mr. Jarnecke believes it is likely no shows or performances will occur for the balance of 2020 due to the pandemic. He did note bookings were 2021 in the second quarter and beyond were strong. Mr. Jarnecke also noted the vast majority of the staff have been furloughed since early June with the three remaining experiencing a reduction of hours worked.

Palais Royale

Mr. Jarnecke reminded the board of the new operating agreement with Navarre Hospitality Group. As a result of the new agreement, expenses will be far less going forward. The arrangement did result in the shifting of one position to the Morris and a reduction in force of a second position.

The current year-to-date deficit was \$75,972, which is still better than budget. An expected deficit of \$164,500 could occur for yearend but the staff is doing what they can do minimize expenses. The two current staff members were also furloughed in June.

Mr. Jarnecke thanked the Morris and Palais staff for their patience, professionalism and grace during these difficult times.

Century Center

Mr. Jarnecke also thanked the Century Center staff for their hard work. He cited the current deficit at \$285,670, but that did not include the second payment installment from the Hotel Motel Tax Board. The second installment, which should have been \$637,500 from the board, was reduced mid-term by 50% to \$318,750 by the Hotel Motel Tax Board due to a lack of revenue related to the pandemic. Mr. Jarnecke noted the Hotel Motel Tax Board did agree to still fund \$350,000 toward the buildout of the esports LAN Gaming Center. Bids would be received in August and September and the work would be underway by October. Mr. Downes offered some additional context to the Hotel Motel Tax Board's decision making and resulting action. Mr. Andres, Jr. asked if there were other creative initiatives or business opportunities to serve as gap events during this time.

Mr. Jarnecke noted the current cash position of the Century Center was around \$2.4M, which included nearly \$1M in capital reserves and \$1.4M in operating cash. All monies were liquid though and any deficit would likely need to be absorbed within our current cash position. Mr. Jarnecke noted it was important to remain with more than \$600,000 in cash to be solvent due to the lag associated with events and payment. He shared that because of nearly \$400,000 in profit during the last two years, the Century Center could reasonably handle the loss for one year but a second year's loss in 2021, should it occur, will be difficult to absorb without greater participation by the County and/or City.

Mr. Downes asked if ASM Global was prepared to reduce their fees or forego their bonus to which Mr. Jarnecke said he had started the conversation with them but had not reached any conclusion yet. Mr. Jarnecke also noted the general manager position remains vacant, which is saving the operation more than \$130,000 per year and also that the staff had been largely furloughed since May, resulting in significant savings for the operation.

Mr. Jarnecke provided a brief update on the esports initiative citing next steps on the bidding process for the LAN Center. He additionally noted the Hotel Motel Tax Board would also fund the \$170,000 repair of the North elevator in the building, which had previously been awarded.

OLD BUSINESS

There was no old business.

NEW BUSINESS

Mr. Jarnecke presented the FY21 budgets for the Morris, Palais and Century Center to the board. He noted the following:

| | Revenue | Expense | Net |
|-----------------|-------------|-------------|---------------|
| Morris: | \$814,246 | \$1,389,883 | (\$575,637) |
| Palais: | \$142,400 | \$218,160 | (\$75,760) |
| Century Center: | \$3,462,472 | \$4,669,167 | (\$1,206,695) |

Specific detail and line item expenses were provided to the board for all accounts in which the Board has purview.

Discussion ensued on the deficit operations and Mr. Jarnecke reminded the Board that staff would remain furloughed and all effort would be made to minimize expenses but the lag on revenue is expected to continue in the special events and hospitality industries through at least Q2 of 2021. Mr.

Jarnecke also noted the revenue numbers may be difficult to obtain as the buildings and operations are largely based on serving as rental facilities.

Mr. Andres, Jr. moved to accept the budgets as presented, including the potential changes to the Century Center budget provided the Hotel Motel Tax Board funding was not less than 50% of the originally anticipated \$1.275M. Mr. Downes seconded the motion and the motion carried.

Mr. Perri noted he was working with the Mayor's Office on vacant and expired seats within the Civic Center Board of Managers. He would provide an update at the next meeting.

ADJOURNMENT

With no further business, Mr. Perri entertained a motion to adjourn. It was moved, seconded, and the motion carried. The meeting adjourned at 8:46 a.m.

AP: jsj