

**CIVIC CENTER BOARD OF MANAGERS
THURSDAY, AUGUST 15, 2024
CENTURY CENTER – RECITAL HALL
8:30 A.M.**

MEMBERS PRESENT

Linda Doshi
Randy Kelly
Canneth Lee
Judd McNally
Aaron Perri

MEMBER ABSENT

Austin Gammage
Heather Goralski
A. J. Patel
Jill Scicchitano

The meeting was called to order at 8:35 a.m. by President Aaron Perri.

CONSENT AGENDA

President Perri entertained a motion to approve the consent agenda, including (1) Minutes of the 5/9/24 meeting; (2) 2024 Q2 Claims 4/1/24 to 6/30/24; and (3) Financial Reports 6/30/24. Randy Kelly motioned to approve; Linda Doshi seconded; and motion carried.

PRESIDENT'S REPORT

Aaron Perri introduced new board member Judd McNally, Vice President, Regional Credit Officer of Lake City Bank. He fills the vacant South Bend Mayoral position after Greg Downes resigned after many years on the board.

Perri reported wonderful news from Jeff Jarnecke, Executive Director of Visit South Bend Mishawaka (VSBM) that the attendees of The North American Scrabble Players Association (NASPA) Championship Games held 7/20-24/24 at Century Center were very complimentary of Century Center and staff. The event was held in South Bend this year after it was held in Las Vegas in 2023.

The Executive Committee (made up of board officers Aaron Perri, Randy Kelly, A. J. Patel and Jill Scicchitano) met last week about the proposed 2025 Budget and Capital Plan. The committee will continue to meet quarterly prior to meetings.

VENUES REPORT

Morris Performing Arts Center

Andrew Schreiber, General Manager of Venues, announced that construction on the Raclin-Murphy Encore Center will start 9/9/24. He would be happy to send email invites to board members to come to construction update meetings. The building is expected to be closed 8/11/25 – 10/3/25.

The 2025 proposed budget is Revenue of \$1,565,677 less Expenses of \$1,828,169 with a Net loss of -\$262,492. The 2024 budget is expected to have Revenue of \$1,460,699 less Expenses of \$1,456,984 with a Net Profit of \$3,684. There are 66 Events on the 2025 calendar compared to 101 Events in 2024. Although the Morris will be closed for two months for construction, discussion followed on how 2025 Expenses will increase due to the expected increase of the cost of goods, labor and utilities. A comment was made for the Board to see a list of proposed Expenses to see how they are projected to increase. 2025 Revenue is expected to increase with additional marketing efforts to increase ticket sales and a proposal to increase the per ticket Historic Preservation Fee to increase from \$3.50 to \$4.00 would add Revenue of about \$50,000. Reserves are at about \$400,000. Perri explained that board oversight of the Morris is rather new and historically the board has not set the reserve. It is his recommendation that the Executive Committee discuss setting the reserves similar to the way Century Center has a reserve level set. Comments were made that there is a need to be careful about increasing fees and questioning raising the Historic Preservation Fee by \$1.00. Perri stated that the City Common Council would need to approve any increase of any fees and that he would like to see ticket fees of other nearby venues.

The Morris has 101 events scheduled in 2024 and 66 scheduled in 2025 compared to 103 events in 2023 and 96 in 2022. The Morris is planning to have as little business interruption as possible due to construction. If the new building construction times are longer than originally planned, then smaller off-site events are an option.

The Morris has been nominated for the Official Community Choice Awards (promoted by the South Bend Tribune) in the favorite "Live Theater" and "Live Music/Concert Venue" categories. The Palais Royale has been nominated in the "Wedding Venue" and "Places to Dance" categories. The South Bend Latin Dance Club holds events with salsa dancing and has added ballroom dancing.

The Morris received the Michiana Builders Association (MACIAF) "Excellence in Construction Award" for "HVAC & Plumbing" category for the HVAC system upgrade. Scott Herczeg, Director of Operations – Venues, explained that the organization has an annual dinner and gives awards for various categories. The Morris was nominated in three categories – "Interior Design", "Roofing", and "HVAC and Plumbing." The Morris won in the "HVAC and Plumbing" category because of the extent of the renovations with all new guaranteed energy savings HVAC system on the roof and new boilers. The last HVAC upgrade was in 1999. Century Center won an award for roofing in 2016. Schreiber thanked both Scott Herczeg and Dan Carr, Facility Operations Manager at the Morris, for their work at both venues.

Morris Capital Projects 2024-2025 include audio/speaker upgrades (center cluster)/\$79,975; external Monitors to advertise upcoming shows/\$104,507; Orchestra Pit lift repairs/\$10,149; new screens and projectors for Movies at the Morris/\$61,895; and stage rigging repairs/\$368,378. The speaker upgrades will help sound in the 2nd and 3rd Balconies and would be able to be added into a future full scale audio upgrade. Owning projectors for movies would save the Morris having to rent equipment. Capital Projects are paid from additional cash reserves. The Morris currently does not have a deferred Capital Projects maintenance plan since most everything is new. Perri suggested creating a deferred Capital Projects maintenance plan similar to the one in place at Century Center.

Navarre Hospitality, food and beverage vendor at the Morris, pays into a Joint Licensing Fund with the Morris, currently with \$75,000. The 1st Source Bank account is controlled by Navarre Hospitality and checks require both Navarre and Morris signatures. That account is being used to pay Palais Royale ceiling, floor and dish room renovations. Navarre Hospitality also pays the Morris a 2% commission from all of food and beverage sales. The Palais Royale 2025 Budget will break even.

Century Center

Schreiber reviewed the Century Center 2025 proposed budget with Revenue projected to be \$3,518,905 less Expenses of \$3,550,297 with a Net Loss of (-\$31,392). The 2024 projected Revenue is \$4,175,000 less Expenses of \$3,900,000 with a Net Profit of \$275,000. The 2025 proposed Revenue reduction is due to the lower number of 200 events compared to the 2024 number of 296 Events. The goal is to have more events later in 2025 that may have not been bid yet.

Perri stated that the Executive Committee discussed at last week's meeting money being reinvested in the venue and that the Capital Rainy Day Fund should be kept to at least \$1 million. Any time there is a profit, the money rolls over into that fund. Any time there is a loss, the money is taken out of that fund as well. The Morris and Century Center are Enterprise Funds which means if the venue loses money, then the venue pays for it. The Palais Royale is a City of South Bend General Fund. Perri explained that although Parking Garages financial info is included in the packet of materials, the parking garages are now under the jurisdiction of the South Bend Board of Park Commissioners.

Capital Projects in 2025 total \$496,646 including chairs and carts/\$293,200; Discovery Ballroom carpet/\$125,000; Great Hall lights/\$\$48,000; folding tables \$30,446. A total of \$562,028 potential additional Hotel-Motel Tax Board money would be used for a camera system on the City network/\$160,000; ice machines/\$41,000; Convention Hall floor/\$150,000; cleaning equipment \$79,000; food

and beverage equipment \$132,028. In 2022 the money was not collected from the Hotel-Motel Tax Board for chairs and carts. In 2023 the change was made to have the money be paid twice yearly so Century Center has the money available to pay for projects. The total of \$500,000 has been approved. The Century Center is 15 years into an extensive 30-year Capital Projects maintenance schedule. Schreiber can request that Finance include a specific line item on the Budget for the deferred Capital Projects maintenance plan.

ASM Global/Century Center

Brandy Charles, Director of Sales, reported that recent events included Viaggio, The North American Scrabble Players Association (NASPA) Championship Games, Music on the Island, International Water Rescued, and the Indiana League of Municipal Clerk Treasurers. Upcoming events include Star Martial Arts with 300 peak room nights; Jurassic Quest with 17,000 attendees estimated; Barletta Dealership annual event with 900 room nights and off-site events for dinner and the South Bend Cubs, etc.; and Notre Dame Tax & Estate Planning Institute with 800 room nights. Proposals are out for the Indiana Criminal Justice Conference in 2026 with 350 hotel room nights and the International Jugglers Association returning in 2028 with 1250 room nights. Bids are out and staff are still talking with planners for Unicorn World with 25,000 guests over two days sometime in 2025.

Actualized room nights thus far in 2024 is 9,261. The projected number of room nights for the remainder of 2024 is 5,629. There are 12,758 room nights projected for 2025 (which is a 20% increase over the number reported at the 5-9-24 meeting.)

The sales team is working to improve the client response rate for the net promoter score. The new in the moment surveys are positive feedback from guests. Client survey testimonials have been received on the Ohio Travel Association event, American Advertising Federation of District 6 National Student Advertising Competition, and the AMPS military model convention.

The earnings before interest, taxes and amortization are 27% to 7/31/24 and 31% to 12/31/24. The goal is to attain 30%.

NEW BUSINESS

2025 Proposed Operating Budgets

Perri stated that after the 2025 Proposed Operating Budget presentations by Andrew Schreiber for the Morris, Palais Royale, and Century Center, he is not prepared to accept a motion to approve the 2025 Operating Budgets at this meeting. The Operating Budgets need to go to the South Bend Common Council before 10/10/24. Perri requested a motion to approve the Century Center and Palais Royale 2025 Proposed Operating Budgets and to postpone to a later date the approval of the Morris 2025 Proposed Operating Budgets. Randy Kelly motioned to approve; Canneth Lee seconded; and motion carried.

2025 Capital Project Budget

Perri requested a motion to approve the Century Center 2025 Capital Projects. With no further discussion, Randy Kelly motioned to approve; Canneth Lee seconded; and motion carried.

Morris Broadway Series Agreement with The American Theatre Guild

Andrew Schreiber reported on the Morris Broadway Series Agreement with The American Theatre Guild (ATG) which gives exclusivity on all Broadway shows held at the Morris to ATG. Michael Schmidt, Assistant City Attorney, and Jenna Throw reviewed the Agreement. Jenna Throw, City Attorney, explained that it is the intent to have the Board execute the new five-year Agreement. Discussion followed on the first line of the Agreement that states the Agreement is made on October 15, 2023 (the "Effective Date.") Schreiber explained that the Agreement includes the exclusive use of I.A.T.S.E. Local 187 union stagehands for events on the Morris stage, in the Palais Royale, and large entertainment events on the Jon R. Hunt Plaza. "Lagging into deck" in paragraph 5.2 Damage

is screwing scenery or equipment directly into the stage floor which leaves a hole that needs to be repaired and filled. Shows build their own floor which rests over the stage to secure scenery or props. The Venue Use Addendum includes the facility rental fee which remains the same; dark days, house-keeping, security and the stagehands have all been listed "At Prevailing Rates" rather than listing dollar amounts so that the rates can scale up through the years. Rental fees have not increased; however, all contracted services have increased rates.

Jane Moore, Morris Director of Booking & Event Services, explained that the former local Broadway Theatre Guild of South Bend (BTL) organization originally contracted with the American Theatre Guild (ATG) to be the promoter for Broadway shows held at the Morris. When the local BTL dissolved, ATG became the sole promoter for Broadway shows. In order to bring Broadway shows to South Bend, we need the bargaining power of an organization that brings these national touring shows to theaters across the country. ATG promotes shows for 16 theatres across the U.S. and has the bargaining power with the Broadway national tours The Morris on its own could not act as a promoter to contract with the large touring shows. ATG and Broadway Across America are the two promoters in the country that bring Broadway shows to local theaters. There are some promoters that handle small markets such as Fort Wayne which does not have the quality of shows that come to South Bend. Also, ATG offers season subscription tickets at a lower price to subscribers.

Discussion followed regarding the wording of exclusivity of events. Perri recommended that the date be corrected and that there is clarity on the exclusivity language, ending date of the Use Agreement, as well as a cover sheet that explains what has changed since the last time the Agreement was negotiated. Perri requested a motion to delay approval of the Broadway Series Agreement to the special meeting to be held before 10/10/24. With no further discussion, Judd McNally motioned to approve; Canneth Lee seconded; and motion carried. Perri requested Mary Ellen Smith to send a meeting poll for dates to schedule the special meeting with board members, legal, and staff before 10/10/24.

ADJOURNMENT

With no further business, President Perri adjourned the meeting at 9:55 a.m.

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