

**CIVIC CENTER BOARD OF MANAGERS
WEDNESDAY, FEBRUARY 27, 2019
8:00 A.M. – CENTURY CENTER RECITAL HALL**

Members Present

Dennis Andres, Jr.
Linda Doshi
Randy Kelly
Gil Michel
Aaron Perri
Charmaine Torma
David Varner

Members Absent

Greg Downes
Michael Neises

Staff

Jeff Jarnecke
Leanna Belew
Scott Herczeg
Kate Lawton
Jake Hamman
Marika Anderson
Mary Ellen Smith
Maricela Juarez

Others

Aladean DeRose/City Legal
Susan Visser, SBMA

The meeting was called to order at 8:00 am by President Perri. Perri welcomed Mary Ellen Smith of the Morris who will be organizing board meetings.

CONSENT AGENDA

Perri entertained a motion to approve the consent agenda 1) minutes of November 21, 2018 2) Claims October - December 2018 3) Financial Report – 2018 4th Quarter and year ending December 31, 2018. It was moved, seconded, and the motion carried.

VENUES REPORT

Jarnecke reported that the Morris FY 2018 economic impact was \$8.4 million compared to \$5.7 million in FY 2017 and \$5.2 million in FY 2012. The Palais Royale had significant impact totaling more than \$2.55 million in 2017 compared to \$1.56 million in 2012. Morris FY 2019 revenue is budgeted for \$1.17 million. Morris FY 2019 expenses are budgeted at \$1.349 million with 115 events and 125,000 attendees as goals. Morris accounts include 101-404 Morris Operating Budget/Box Office Account (\$1.50 per ticket); 101-405 Palais Operations; 273 Sponsorship/Donation \$57,000; 274 Self-Promotion Fund \$101,000 (\$1.00 per ticket); 416 Capital \$379,000 (\$1.00 per ticket); 450 Palais Historic Preservation \$129,000 (2% of food); Joint Licensing Fund (\$75,000 annually from Navarre Hospitality); Joint Marketing Fund (1.25% of F&B sales). Morris rentals and co-promote income is received from resident groups, straight rental and co-promote deals; The Morris will celebrate its 100th year anniversary in 2022 and a capital campaign will be started for improvements prior to that year.

Century Center FY 2018 key performance indicators were 14,217 room nights; cost of goods sold 27%; net operating loss \$1.046 million (\$1.093 million 5-year average). Century Center FY 2018 Economic Impact was \$12.5 million compared to \$11.9 million in 2017 and \$7.9 million in FY 2012.

Belew reported on YTD 2018 sales and marketing efforts compared to YTD 2017. New contracts down 5% -- 330 in 2018 vs 347 in 2017. New contracts issued was up 7% -- 433 in 2018 vs 406 in 2017. Estimated rent was up 7% -- \$436,932 in 2018 vs \$408,307 in 2017. Attendance was down 4% -- 184,056 in 2018 vs 192,105 in 2017. Site visits were up 1% -- 427 in 2018 vs 424 in 2017.

Room nights increased in 2018 to 14,217 compared to 5,530 in 2014; 8,438 in 2015; 8,074 in 2016; and 10,337 in 2017. There is exciting growth in future tentative rooms booked: 8,887 in 2019; 7,599 in 2020; and 6,252 in 2021. Staff continue to work closely with Visit South Bend Mishawaka and industry partners. The net Promoter Score is at 75; survey return rate at 41%. Room nights by event type included 6,001/conventions; 2,464/special events (such as Brewfest); 2,379/banquets (including weddings); 1,222/trade shows; 1,448/sports; 429/meetings; and 274/consumer shows.

Discussion followed about room nights metrics that compares the Center to like buildings across the country based on square footage; however, does not take into consideration that there were only 300 hotel rooms available.

Building & Grounds

Jarnecke reported on 2018 Capital Improvement Projects: Recital Hall new carpeting installed, the room will be repainted and stage refinished; new banners installed inside and outside; wayfinding signage is in production and should be installed in a couple of weeks. Current projects in progress include the second entrance to Convention Hall, parking lot and exterior signage, soft-scaping, river lights color enhancements, handrails, doors, and lift for Bendix. Completed items – West Race repair and the purchase of two new lifts.

2019 Capital Improvement Projects: security system updates; purchase of kitchen small wares, update of staff offices and breakrooms; new storage deck; West Race gate replacement; upgrade house sound system in key spaces; parking lot automation; update/replace north elevator; update north restrooms; and enhance landscaping including island. Jarnecke thanked Scott Herzeg and Maricela Juarez for their work in keeping all these projects moving forward. Committed to the Board of Managers for the Hotel-Motel Tax that after the \$1.26 million for 2019 Capital Improvement projects that future projects would be a lower total dollar amount.

Update on Feasibility Study: Jarnecke reviewed the Hunden Partners Analysis expansion options. Working with firm for a more realistic use of the building and financing options. Renderings of possible expansion options and highlighting river views will be available at the next board meeting.

Doshi noted that very good compliments have been received on the handrails in the upper level of the Morris.

PRESIDENT'S REPORT

Perri gave closing comments that economic impact is up; activity is up with shows, conferences and conventions; the financial operating performance of the facilities is in an upward trajectory and the physical improvements continue to be completed. Perri thanked Jarnecke and the team for all their hard work.

Perri noted the schedule of upcoming quarterly meetings in the meeting packet. The next meeting will be Wednesday, May 15th. At that meeting it is anticipated to award SMG's annual contractual performance bonus after audited financial statements are received.

Perri reported that there has been some media coverage about, perhaps, proposed changes to the Hotel-Motel Tax legislation that could have implications on the amount of funding that would be available to this board to request. From an administrative standpoint, the perspective is that no legislation should change downstate until there is a countywide comprehensive plan. A rate change has not been discussed; however, there are discussions taking place regarding allocations. Currently the two beneficiaries of the tax proceeds are the Civic Center Board of Managers and Visit South Bend Mishawaka. Historically the Football Hall of fame was also a beneficiary; however, is now off the books. There is discussion about what will happen to that 1%. Perri noted that the Hotel-Motel Tax of 6% could increase if there is a comprehensive plan for a return on investment of hotel nights. Communities nearby have a tax up to 10%. Perri does not anticipate anything happening in this legislative session.

Discussion followed about who is advocating downstate for the board. Perri stated that Mayor Buttigieg has been making calls to legislators directly and has talked with Representatives Bauer, Mishler, and Niezgodski.

Perri noted that there is new legislation pursuant to rental housing regarding houses that are operated like a hotel for a predetermined number of days or weekends per year. This would cover homes that are rented for football weekends.

OLD BUSINESS

Nominating Committee Chair Doshi reported that since a number of members have terms that have expired, the nomination and election of officers are deferred to the May meeting. The current officers will stay in place until everyone is reappointed.

Perri entertained a motion to transfer the operational surplus in the Capital Improvements Funds to the non-reverting fund. Jarnecke stated that the surplus is \$177,475 to move to the current balance of the capital account amount of \$857,363 which would result in a new balance of \$1,034,838. Perri noted that there has been an informal policy to keep that reserve at about \$1 million for any potential opportunity or emergency. Doshi moved for approval; seconded by Varner; the motion carried.

ADJOURNMENT

With no further business, Perri entertained a motion to adjourn. It was moved, seconded, and the motion carried.

AP: mes