

**CIVIC CENTER BOARD OF MANAGERS
WEDNESDAY, AUGUST 27, 2025
CENTURY CENTER – RECITAL HALL
1:00PM**

Members Present

Aaron Perri
Judd McNally
AJ Patel

Randy Kelly
Jill Scicchitano
Austin Gammage

Members Absent

Heather Goralski
Canneth Lee

The meeting was called to order at 1:02 p.m. by President Aaron Perri.

Consent Agenda

President Perri entertained motion to approve the consent agenda, including (1) Minutes of the 5/22/25 meeting and (2) 1st quarter claims from Century Center; Randy Kelly motioned to approve, Judd McNally seconded, and motion carried.

President's Report

Perri acknowledged the efforts around the management contract, budget, and facility expansion at the Morris, and highlighted the thriving activities at the Century Center.

- **New Board Member Appointment:** Perri announced the mayor's appointment of Matt Kahn as the fifth and final appointee to the board, noting his background and involvement in the community.

Venues Report

Palais Royale

Dezha Moore, General Manager of Venues, reported, summarized below:

1. Financial Overview

- **Q2 Revenue:** \$24,000
- **Q2 Expenses:** \$32,000
- **Net Loss:** About \$8,000 for the quarter, but this is offset by a joint licensing fund with Navarre Hospitality Group (current balance: \$59,000).
- **Year-End Forecast:** Revenue projected at \$230,868 (including joint licensing fund); expenses projected at \$209,889.
- **Utilities & Repairs:** Higher natural gas bills due to a harsh winter; increased equipment repair costs from unexpected maintenance needs.

2. Event Activity

- **2025 Remaining Events:** 33 events scheduled for the rest of the year.
- **2026 Bookings:** 43 events already booked (not including the new Raclin Murphy Encore Center).
- **Holiday Parties:** Four out of five December holiday parties are new to the venue, having previously been hosted elsewhere—an encouraging sign for new business.

3. Revenue & Expense Management

- **Joint Licensing Fund:** This fund with Navarre Hospitality Group helps offset operating losses and is expected to contribute at least \$25,000 annually to the bottom line.
- **Trash Cost Savings:** The Palais now splits trash costs with other tenants (Fatbird, Navarre), reducing this expense line compared to previous years.
- **General Fund:** The Palais operates under the city's general fund (Fund 101), which provides a financial safety net compared to other venues like the Morris or Century Center.

4. Rental Fees & Strategy

- **Fee Structure:** The team is working to finalize and vote on new rental fees at the next board meeting, aiming to promote the new Raclin Murphy Encore Center and attract more bookings.

- **Competitive Positioning:** The Palais team is proud of attracting new business and believes that the new holiday parties will help offset slower months (like September).

5. Operational Notes

- **Maintenance & Repairs:** Ongoing focus on keeping the facility in good repair, with some unexpected costs this year.
- **Financial Reporting:** The team is committed to accurately reflecting shared costs and revenue streams in their reporting.

Morris Performing Arts Center

Dezha Moore, General Manager of Venues, reported, summarized below:

1. Financial Overview

- **Capital Fund:** Revenue at \$120,000; expenses at \$6.6 million (mainly due to ongoing construction); reserves at \$216,000.
- **Operations Fund (602):**
 - Reconciled the 725-box office account (liability account for promoter payments), recovering \$543,000 accumulated over 2–3 years.
 - Q2 revenue: \$1.1 million; expenses: \$378,000; net gain: \$735,000.
 - Year-to-date revenue: \$1.49 million; expenses: just under \$1 million (includes a \$450,000 city subsidy).
 - Year-end forecast: Revenue projected at just over \$2.1 million (including the \$543,000 reconciliation); expenses at \$1.8 million.
 - Higher expenses attributed to a harsh winter (increased utilities), new billboard promotions, unexpected repairs, and a decrease in part-time hours due to a “dark period.”

2. Ticket Sales & Events

- Ticket Sales: Promoters’ ticket revenue at \$1.6 million; 37,528 tickets sold so far in 2025 (comparing full year 2024 to half-year 2025).
- Community Events:
 - Festival of Dance (600 attendees, 50th anniversary with local dance companies).
 - Movies at the Morris (1,800+ attendees).
 - Sneaker Art Competition (part of Equity in the Arts program): 20 high school and 20 middle school students participated; South Bend students won both high school and middle school categories at the Indiana State Fair.
- Major Shows: Les Misérables had 9,787 attendees over 8 shows; fee revenue from this show was \$122,000 (still pending final settlement).
- Other Programming: South Bend Symphony Pops and Masterworks, Fridays by the Fountain (12 of 13 shows were held; one canceled due to rain).
- Upcoming: 100 events scheduled for 2025, 61 already booked for 2026. Broadway season starts in December, but with fewer shows and shorter runs due to changes by ATG.

3. Rental Fee Changes

- No rental fee increases in 6–7 years; proposed increases for 2026 to coincide with the opening of the Raclin Murphy Encore Center.
- Proposed new rates for various spaces (e.g., Granada, Historic Lobby, Cabaret Lounge, Encore Center Lobby).
- Aim: Keep the venue accessible while generating new revenue and staying competitive with local market rates.
- Board feedback invited; formal approval planned for the next meeting.

4. Budget & Revenue Strategy

- 2026 budget projects revenue at \$2.15 million and expenses at \$2 million, aiming for a \$95,000 surplus.
- Revenue projections are ambitious, especially since 2025’s revenue was boosted by

one-time items (box office reconciliation and city transfer).

- Plans to increase events (from 120 to 150), rental fees, commissions, concessions, and fundraising (Royal Box program now fully managed in-house).
- Expense increases expected due to new space (20,000 sq. ft. from Encore Center), higher maintenance, supplies, travel, education, licenses, and subscriptions.
- Noted that most expenses are fixed, with only part-time labor being variable.

5. Operational Notes & Board Discussion

- Health insurance line item saw a significant increase; city is reviewing.
- IT allocation costs are higher due to the new building; all passed to Morris.
- Board expressed caution about ambitious revenue targets, especially with fewer Broadway shows.
- Management is confident that new space, improved marketing (including a new platform, Hive), and programming will drive additional revenue.
- \$543,000 in reserve funds provides a cushion for unexpected needs.

Century Center

Dezha Moore, General Manager of Venues, and Rebekah Love, General Manager, reported:

1. Capital & Maintenance

- \$500,000 received from the Hotel Motel Tax Board for capital projects, plus \$100,000 from the city.
- Maintenance team has been busy with repairs and upgrades, including:
 - Plaster repairs at the Morris
 - Bendix chain motor inspection
 - Fire door inspection for the Skywalk
- City Hall garage (now 121 Wayne garage) transition and upgrades

2. Event Highlights & Economic Impact

- Robotics Competition: Now an annual international convention, generating upwards of 4,200 hotel room nights. Hosted 2,000+ attendees, including 9 international teams and 96 teams total.
- Goodwill Military Stand Down: First time hosted, with excellent turnout.
- Sunburst: Successful event, returning next year.
- Barletta: Recent event with creative engagement (mini putt, longest putt contest for a boat). Next year, Barletta will hold both a dealer show and a new retail show, expected to generate 1,200 hotel room nights over two weeks.
- Upcoming Events: Ramen Con (September), Christian Educators (rotates with Fort Wayne, 1,300 hotel room nights), Junior Achievement (new win over Fort Wayne), and the Black Legacy Project (in partnership with the Morris).

3. Financials

- Current Status: ASM income statement shows a deficit (due to slow months like August and December), but city income statement is positive.
- Year-End Projection: Expected to break even or be slightly down due to the loss of the Grand Design show (supply chain issues), but that event is contracted for next year.
- EBIT: 28% (trending well, with costs and labor in line).
- Hotel Room Nights: Over 12,000 actualized so far in 2025 (up from 4,000 in May); projected 15,000+ for 2026 (16% higher than May's projection).

4. Client & Guest Feedback

- Net Promoter Score: Increased by 10 points since last meeting (now at 72), with a 50% response rate on surveys.
- Feedback: Robotics competition and other new events received strong positive feedback. Over 1,500 "in the moment" guest surveys completed year-to-date.

- Common Feedback: The building is old, but guests appreciate the service and experience.

5. Capital Improvements & Funding

- List of capital improvements for 2025–2026 presented to the Hotel Motel Tax Board.
- Additional \$400,000 subsidy from the board will fund improvements over the next 15 months.
- Some delays in accessing funds due to administrative allocation issues, but these are being resolved.

6. Operational & Budget Notes

- Revenue expected to increase with parking and event growth.
- Utilities and operational expenses are higher than anticipated, but overall expenses are well-managed.
- Administrative allocations from the city have increased, raising questions about cost assignment and transparency.
- Conservative budget proposal, with some stretch targets for revenue

Raclin Murphy Encore Center

Patrick Sherman, Director of Project Management, reported, summarized:

1. Construction Progress

- The project is progressing well, with the building's exterior glazing and terracotta cladding being installed. The terracotta is highlighted as a durable, attractive material.
- The lounge area and outdoor patio are taking shape on the upper floor.
- The back of the building is nearly closed in, with CMU (concrete masonry unit) walls up and mechanical, electrical, and plumbing (MEP) work underway.

2. Monumental Stairs & Interior Features

- Installation of the monumental staircase is a major milestone. The metal framework is in place, with solid wood treads and glass railings to follow.
- The stairs are visible from both inside and outside, creating a dramatic architectural feature.
- The second floor features a very high ceiling and exposed brick from the original building, adding to the dramatic effect.

3. Lighting System

- A custom, programmable lighting fixture will be installed on the second floor, designed to enhance the space's ambiance and support event needs (e.g., signaling intermissions).
- The lighting system is dynamic, with a mix of pendant sizes and types, and is programmable for different moods and events.
- The final cost of the lighting system came in \$20,000 under budget.

4. Structural Work & Safety

- Significant work has been done to "punch through" old brick walls to connect the new and old spaces. This required careful structural engineering due to the building's age.
- The old stairway on the first floor is being removed for safety and to make way for the new design.
- The new building will serve as emergency egress during the "dark period" (when the main building's exits are blocked for construction).

5. Timeline & Schedule

- The "dark period" for the Morris was extended slightly due to wall complications but is expected to end by October 22, 2025.
- The Encore Center is on track for substantial completion by December 2025, with the new space ready for use in early 2026.
- Some material delays (e.g., tile from Italy) were noted but are being managed.

6. Future Phases

- Phase 3: Plans are underway for a new parking garage and apartment development behind the Morris. Seven Diamonds LLC was selected as the development partner.
- The city will construct the garage (about 400 spaces), and the developer will build apartments (about 200 units) above it.
- Design and financing details are being worked out, with construction targeted for 2026–2027.

7. Board & Community Considerations

- The board discussed the importance of including upgrades to Morris's exterior signage and marquees as part of the overall project.
- The project is currently on budget and on schedule, with ongoing coordination between city staff, contractors, and the board.

Management Contract Discussion – Century Center

Vice President Jill Scicchitano gave an update on this subcommittee:

1. Background & Subcommittee Formation

- The board formed a subcommittee in March to explore options for the management of Century Center, as the current contract with ASM Global expires December 31, 2025.
- The subcommittee includes board members Aaron Perri, Jill Scicchitano, Judd McNally & Heather Goralski; and has engaged in research, stakeholder meetings, and drafted a preliminary RFQ (Request for Qualifications).

2. Research & Stakeholder Engagement

- The subcommittee reviewed different management models used in other cities.
- They met with various community stakeholders interested in the future of Century Center.
- The process was described as highly collaborative.

3. Emerging Proposal

- A leading proposal has emerged: Visit South Bend Mishawaka (VSBM) would assume responsibility for sales, marketing, and strategic oversight of Century Center.
- In the immediate term, ASM Global would continue day-to-day operations under a management agreement, working in partnership with VSBM.
- This model was not the initial direction, but it is now seen as an exciting opportunity for local control and alignment with regional tourism efforts.

4. Next Steps & Board Action

- The subcommittee requested board approval to continue negotiations and further explore this management model.
- Any board action at this stage would not obligate the board to reach a final agreement; it simply allows the subcommittee to pursue discussions and bring back a formal recommendation.
- The timeline aims for a recommendation before the next board meeting, with VSBM expected to present formally to the board.

5. Board Discussion & Feedback

- Board members asked clarifying questions about how ASM Global would fit into the new model (ASM would handle daily operations, VSBM would provide strategic oversight).
- There was general support for the direction, with board members expressing excitement about the potential for local expertise and growth.
- Randy Kelly motioned, and AJ Patel seconded, and motion carried; the board unanimously approved to allow the subcommittee to continue negotiations and bring back a proposal for consideration.

6. Acknowledgments

- The board thanked the subcommittee, VSBM, ASM Global, and all involved for their work and collaboration.

- The process was described as open, diligent, and focused on finding the best solution for the facility and community.

Budget Proposals

1. Overview & Process

- Draft budgets for the Morris Performing Arts Center, Palais, and Century Center were presented for board review and feedback.
- Budgets are still under review by the mayor's office and subject to change before final approval by the City Council.
- The executive committee and venue/finance staff met to address line items and ensure accuracy.

2. Morris Performing Arts Center

- **Projected Revenue:** \$2.15 million (about \$200,000 higher than the 2025 proposal).
- **Projected Expenses:** \$2 million (about \$198,000 higher than 2025).
- **Surplus Goal:** \$95,000.
- **Key Revenue Drivers:**
 - Increase in number of events (from 120 to 150).
 - Higher rental fees, commissions, concessions, and event sales.
 - Royal Box program is now fully managed in-house (goal: \$50,000).
 - Marquee and merchandise sales increases.
 - Addition of 20,000 sq. ft. of new space (Raclin Murphy Encore Center).
- **Key Expense Drivers:**
 - Higher maintenance, supplies, cleaning, and building repair costs.
 - Increased travel, education, licenses, and subscriptions to keep up with trends and compliance.
 - Health insurance line item saw a significant increase (under review by the city).
 - IT allocation costs are higher due to the new building.
- **Risks & Cautions:**
 - 2025 revenue was boosted by one-time items (box office reconciliation and city transfer); 2026 targets are ambitious.
 - Most expenses are fixed, with only part-time labor being variable.
 - Board expressed caution about ambitious revenue targets, especially with fewer Broadway shows.

3. Palais

- **Projected Revenue:** \$182,000.
- **Projected Expenses:** \$196,000.
- **Deficit:** ~\$14,000 but expected to be offset by joint licensing funds (minimum \$25,000/year).
- **Notes:**
 - Similar increases in utilities and maintenance as the Morris.
 - Trash costs are now accurately split with partners, reducing this line item.
 - 43 events have already been booked for 2026.

4. Century Center

- **Revenue:** Expected to increase, especially from parking and event growth.
- **Expenses:** Utilities and operational costs are higher than anticipated, but overall well-managed.
- **Administrative Allocations:** Noted significant increase in city administrative allocations, raising questions about cost assignment and transparency.
- **Capital:** \$800,000 for 2026 capital improvements, with \$400,000 from board reserves and \$800,000 matched by the Hotel Motel Tax Board.

- **Conservative Approach:** Budget is conservative but includes some stretch targets for revenue.

5. Board Discussion & Approval

- Judd McNally motioned, AJ Patel seconded, and motion carried with the understanding that:
 - Some changes are still expected (especially regarding the Morris's health insurance line and other expense details).
 - The final budgets will be subject to further review and approval by the City Council.
 - The board's approval is a key step, but ultimate authority rests with the City Council.
- Board emphasized the importance of transparency, realism in revenue projections, and careful management of fixed and variable expenses.
- The board acknowledged the hard work of staff and management in preparing the budgets and committed to ongoing oversight and adjustments as needed.

Adjournment

- The board recognized the efforts of the executive committee, venue staff, and finance team for their thoroughness and collaboration.
- Special thanks were given to those who prepared and organized the budget documents and meeting materials.
- With no new business raised, the meeting was adjourned at 2:37pm.

Next board meeting is scheduled for November 4, 2025, at 8:30 AM at Century Center.

AP: CLK