

CENTURY CENTER BOARD OF MANAGERS
WEDNESDAY, FEBRUARY 19, 2014
8:00 A.M. – SUITE 12
Adopted 5/21/14

MEMBERS PRESENT

Dennis Andres, Jr.
Greg Downes
Michael Neises
Aaron Perri
Carmen Piasecki
Cathy Roemer
Valerie Schey
David Varner

MEMBERS ABSENT

Linda Doshi

STAFF

Leanna Belew
Scott Herczeg
Chris Kinnard
Kim Appel
Pris Phillips

OTHERS

Aladean DeRose, City Legal
John Murphy, City Controller
Steve Ellison, HM Tax Board
Jon Burke, City Energy Director
Dick Nussbaum

The meeting was called to order by President Downes at 8:00 a.m.

APPROVAL OF MINUTES

Downes entertained a motion to approve the minutes of December 18, 2013. With no changes, Piasecki moved for approval; seconded by Roemer, the motion carried.

APPROVAL OF CLAIMS

The claims were circulated for review and signed for approval. With no questions, Varner moved to approve; seconded by Roemer, the motion carried.

ELECTION OF OFFICERS

Carmen Piasecki, Chair of the Nominating Committee reported the committee convened and developed the following slate of officers for 2014: President – Greg Downes; Vice President – Aaron Perri; Secretary – David Varner; Treasurer – Cathy Roemer. With no nominations from the floor, Piasecki presented the slate in form of a motion; seconded by Schey, the motion carried unanimously.

TREASURER'S REPORT

Cathy Roemer gave comments on the December & January financial reports: January reflects a decreased cash flow due to the freight elevator renovation and kitchen/catering related expenditures out of the operating budget. Kinnard noted the elevator project is being expensed through the operations budget; however, it is hopeful that additional funds could be transferred from the capital account to the operations line item for the repairs. Murphy stated the board will be able to make line item adjustments to the budget with the City Council in March. Downes suggested the board may need to consider utilizing some of the remaining SMG funds to cover other capital projects in 2014. Roemer noted kitchen expenses that were carried over into 2014 would also be covered. January reflects a loss in catering revenue but no loss compared to budget; expenses to budget should level off over the year.

Kinnard stated January is typically a slow month for catered events; the former caterer continued to pay the percentage of commission even though they experienced a loss. With only the service clubs meeting and some lost business due to the weather, catering expenses came in at a deficit. Roemer summarized the reasons for the January: \$140,000 elevator expense, kitchen expenditures – both will be reclassified to capital, and loss in catering with some to be made up with rescheduled events and the month is typically slow. Downes asked if the capital funds planned for other projects if not accomplished could be used to cover incurred capital expenses – elevator and kitchen expenses.

Herczeg noted it has been done in the past when necessary. With no further questions or discussion, Meises moved to accept the financial report; seconded by Roemer, the motion carried.

ESTOPPEL/SKYWALK AGREEMENT – 1ST SOURCE BANK & JENNA HOTEL

Dick Nussbaum discussed the purpose of the document: relative to Jenna Hotel Investment refinancing, it requires certification that the Walkway Agreement remains in full force and effect with no modifications or amendments as set forth in the agreement between the two parties and the Century Center Board. The Board has the responsibility for the day to day operational and maintenance of the space. With no questions, Schey moved to approve the signing of the certification; seconded by Varner, the motion carried.

GENERAL MANAGER'S REPORT

Leanna Belew reviewed January customer survey results and the NPS scores. Based upon the responses, the NPS was calculated at 67%. Staff averages were in the high 80's; most categories range from 70-90's with lower scores relating to the facility such as the poor condition of the carpeting in Convention Hall.

Belew reviewed January events with significant attendance in spite of the inclement weather – the Bridal Show, Brewfest, RV & Camping show and MLK, Jr. Day celebration. Other large events in February include the Sports & Boat show, the Zamora Latin Dance & Show, Men Are From Mars/Women Are From Venus (co-promoted one-man stage play), Michiana Fight League and Daddy-Daughter Dance. Over 5000 attended events over the 2nd weekend in February that included the Art Museum's Meet Me In The Gallery. The stage play was a SMG co-promotion; the Center partnered with the Morris box office for ticket sales; for future collaborations to boost profit, the Center plans to handle the ticket sales. Regarding the January F&B revenues much was due from concessions and the staff continues to work on ideas to make concessions more profitable. To note: January through March is typically tradeshow and consumer show season.

The SB Alliance is working on a Fam trip for meeting planners the first week in June. Belew and the CVB are working on the final agenda that includes participation from industry partners and community organizations.

COMMITTEE REPORTS

Building & Grounds: Chair Aaron Perri reported he met with Belew and Herczeg to review current and future projects. Herczeg reported the following:

- Freight elevator project continuing on schedule and is in the final stage or renovation; new flooring and door installed; expect the unit to be up and running for the upcoming Home Show.
- Island Park canopy: torn materials have been removed; BirdAir will be coming in to assess the unit and install new materials; anticipate the work to take 3 weeks and will be completed before the first scheduled event in April.
- Energy Performance Contract bids: 6 companies submitted proposals; 5 have done site visits; proposal review team consists of Herczeg, Burke, Varner, Eric Horvath, Public Works Director and Asst. Director, Kara Boyles, and George King, City Purchasing. Once contractor is selected, there will be a 3 month evaluation period; the selected company will also have an opportunity to work on other City energy projects.
- Passenger elevator: working with City and prospective vendors on preparation of bids to modernize the unit.
- Convention Hall flooring: sample of concrete flooring to be installed. Goal to have ready for the cheerleading competition in June.

- New carpeting planned for Suites 1-15 and public corridors.
- Skywalk column repair work planned
- Replacement of flex-glass panes in skylights

- IT upgrades are already being installed

Belew noted the IT upgrades will greatly enhance the capabilities for clients; install is in progress of expanded services for the upcoming Greatest Chefs event on the 22nd. Enhancements to include building-wide free basic internet access with enough band to stream. The fee structure of services has been developed.

- New equipment such as tables, staging, dance floor will be procured with Hotel-Motel Tax funds after the other capital projects are expensed.

Marketing:

Crista Thompson reported highlights of sales and marketing efforts:

- Booking pace of business on the books to date is 169% over same period last year; To note - some historical data is not available on the booking system from previous management. Rental revenue, F&B waiver, estimated F&B net spend, and room nights are being tracked with definite contracts; historical data for some categories are not available for the comparisons.
- Increase in social media – FB likes up over 1000, 37% increase in website visitors. Partnerships continue with Morris Performing Arts – box office used for recent event; DTSB and Art Museum events with First Fridays; staff attending Hospitality Conference jointly with CVB and Doubletree staffs.
- South Bend Alliance meetings are held monthly; finalizing plans for the Fam trip for June.
- New sources of business leads include the Star Report and SMG's Site Paths.

Varner recommended the staff continue to work on developing events downtown in conjunction with the ND home games visiting teams; center around the Hall of Fame gridiron. Perri agreed and commented on other opportunities with ND sporting events. Discussion ensued on the ACC visiting teams and alumni groups; NCAA visiting teams; the SB Alliance developing a plan to reach out to alumni associations and travel groups; use of the Hall and promotion of downtown. Downes recommended John Anthony of Anthony Travel be contacted.

Perri requested the sales reports include individual sales goals and performance as before; also a metric to track the 30% F&B cost. Thompson to further develop the reports to include the data.

PRESIDENT'S REPORT

SMG Incentive Fee – 2013 Stub Year: Downes thanked the board and stake holders for submitting their rating sheets. Based upon the scores, the Incentive Fee was calculated at \$53,622. Going forward, there will be all objective methods in the process. Murphy stated the process was modeled after the contract provisions as close as possible. With no further discussion, Downes entertained a motion to approve. Schey motioned for approval; seconded by Roemer, the motion passed unanimously.

Downes discussed the establishment of the benchmark for the NPS score – the third criteria in the SMG contract. Working with Mark Neal, Leanna, SMG's Craig Liston, a reasonable benchmark was established using a past average score of 40%: using a 20% increase, 60% is needed to earn the incentive. Downes further explained the NPS process – respondents score the ultimate question on a scale of 1 to 10 with 9 and 10 being the promoter scores; 7-8 are neutral scores; 1-6 are detractors. Changes were made to the customer survey in hopes of getting a better return rate. Belew meets with the event planners after their event to get further feedback. Neises suggested Belew seek

further feedback from the planners who normally survey their attendants. Further discussion took place regarding the timing of sending the surveys and the stage more valid feedback may be received.

Belew noted the survey is sent several days after the event occurs; she is also onsite for most events and is able to resolve issues as they arise with the meeting planner. Downes noted Belew meets with each planner after their event. The ultimate question was added to the SMG customer survey that is used in all their facilities; it was a compromise in the contract negotiations; the criteria will be critiqued as we move forward. Downes asked if there has been progress with the issue of quality temporary staff. Belew stated with more permanent part time staff hired and training provided, there is marked improvement with the F&B servers.

Downes reviewed the Committee Assignment and Chairs: Roemer - Finance & Personnel; Neises - Marketing; Perri - Building & Grounds. Downes requested board members desiring changes in their assignments discuss with him. Regarding City Council appointments to the board, the terms need to be clarified – if they are to expire in December 2016 or otherwise.

City Budget Process & Meeting Schedule: Downes noted the board may need to meet in July in lieu of August in order to satisfy the City's 2015 budget timelines. The board will discuss further at the May meeting.

Downes recommended the staff and Jon Burke plan to discuss the Center's energy savings efforts with the South Bend Tribune editorial department in conjunction with the timing of the Energy Performance Contract project; perhaps after the contract is awarded.

OLD BUSINESS

None.

NEW BUSINESS

None.

ADJOURNMENT

With no further business, Downes called for adjournment.

GD:pp