

CENTURY CENTER BOARD OF MANAGERS
WEDNESDAY, NOVEMBER 18, 2015
8:00 A.M. – SUITES #10-11
"Adopted 1/28/16"

MEMBERS PRESENT

Dennis Andres, Jr.
Linda Doshi
Greg Downes
Aaron Perri
Michael Neises
Cathy Roemer
Valerie Schey

MEMBERS ABSENT

David Varner
Alison Fox

STAFF

Leanna Belew
Scott Herczeg
Chris Kinnard
Crista Tompson
Jesse Vogel
Pris Phillips

OTHERS

Aladean DeRose, City Legal
Steve Ellison, Tax Board
Bill Lamie, Alliance Architects

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

CONSENT AGENDA

Downes entertained a motion to approve the Consent Agenda comprised of A) Minutes of August 19, 2015 B) Claims – August-October 2015 C) Financial Report – October 2015. Andres moved to accept; seconded by Schey, the motion carried.

GENERAL MANAGER'S REPORT

Belew noted the corrections made to the Sales & Marketing report. Relative to the contract criteria, Operating Loss for 2015 is at \$890,497 compared to \$1,174,365 of 2014; rooms on peak – 48 vs 36; NPS YTD 76% vs 65%. The dashboard summary reflects an increase in the AGI compared to last year although less favorable to budget; expenses show a slight increase over last year but less than budget. The Center hosted 57 events with attendance of 8706. Total event income is favorable compared to last year by \$41,310 with three large events; event income is unfavorable to budget by \$17,992 mostly due to one large event(100 Black Men) booked for October but will be held in November.

Building & Grounds:

South entry improvements are underway and projected for completion this week; plantings of the plantings distributed for review. Masonry project underway – repairs and cleaning of building exterior. Purchases covered by SMG funds include additional magnetic dance, floor scrubber and sweeper; yet to come is staging, security system upgrades, design plans for the Convention Hall second entrance through the concession area, and Bendix hand railing.

Ameresco Update: all seven roofs are completed; base lighting and dimming systems installed; VAV boxes, occupancy sensors, and exhaust fans installed in the suites; new ceilings installed. Work started on lighting and ceiling for Great Hall – ceiling will be cleaned and painted; new LED twinkle light strands to be installed; new ceiling tiles for lower ceiling areas. Roof anchors installed in Great Hall and Art Museum roofs. Work to start on lighting and dimming systems for White Water ballroom and Bendix Theatre. New chandeliers ordered for all public corridors. Variable frequency drives, boiler and chiller pumps, cooling coils in kitchen to be installed. New humidifiers to be installed at Art Museum. Application for AEP rebate (approximately \$50,000) will be submitted after all work is completed. Solar panels will be acquired and installed in first part of 2016; additional grant submitted for solar tree to be placed in the dumpster area.

Convention Hall floor update: contractor and product manufacturer resolved issue; work to commence according to activity schedule.

Rolling Forecast: Kinnard reviewed and noted it reflects a projected favorable 8% increase; overall, a 12.7% increase is projected for the end of the year. Downes questioned the projections with improvement of the net operating loss: the statement shows a \$320,000 deterioration for the last three months of the year and requested Kinnard to take a second review to confirm. Andres noted the November figures should reflect a more positive impact from the 100 Black Men event as it affected October negatively. Belew explained that from year to year, event income could change relative to when some events fall on the calendar; such as the ND Estate Planning (a significant piece of business) was in September but for 2014, it was in November. Downes noted overall the trend is positive compared to last year in all categories. Perri asked for clarification on the total indirect event expenses; they do not fluctuate with the event income. Kinnard noted due to unexpected large maintenance repairs, the expense line item went over budget. Belew stated the indirect expenses are not in direct correlation with the event income.

Downes announced the board will take a tour of the building after the board meeting to see the progress made on the capital improvements and Ameresco project. Perri expressed appreciation to the staff for continuing to serve clients while a tremendous amount of work is being done. Scott is to be commended for monitoring and coordinating all.

Marketing: Crista Thompson gave highlights of the sales and marketing efforts. The new website and mobile app will be ready at year end. Annual Brewfest is scheduled for January. A recap of all projects will be shared in the end of the year report.

Downes proposed to eliminate the Marketing Committee in consideration of the establishment and work of the South Bend Alliance. Neises as Chair agrees; both he and Downes sit on the SB Alliance meetings; other committee members (Melinda Pierce and Mikki Dobski) will be invited to participate in the SB Alliance.

Neises noted the sales report is very positive with attendance up and room nights doubled. Schey asked the status of the new hotel. Downes stated construction will start in 2016 with a projected opening in late summer 2017. The Center & Board have been asked to provide parking for the construction crew and the staff once the hotel is in operations – approximately 50 spaces upon availability. Thompson noted the downtown hotel inventory will double with both the Marriott Courtyard and Aloft (Chase Tower building) opening in 2017.

Roemer asked for clarification of the revenue pace - it reflects a 2% increase although the components that are measured reflect a higher percentage. Downes noted the adjusted gross income statement and the rolling forecast reflect a different trend. Thompson stated her figures are based upon gross which fluctuates from month to month. Kinnard noted the rolling forecast reflects net income including food and beverage vs. gross. Downes requested Kinnard to chart these net and gross differences in the year end report to the board. Andres noted the components in the pace report reflect increases from 4% to 24% and there needs to be a reconciliation of these figures. Andres further requested a quarterly break down of each quarter including a projection of the following quarter. Thompson to prepare a reconciliation of the booking pace and the quarterly break down comparison.

Andres asked how the staff will address marketing the Aloft Hotel in consideration that it is not connected to the facility. Thompson stated selling the hotel will become a part of the marketing collateral and sales efforts; the Aloft will be the 3rd choice with the DoubleTree and Courtyard being offered as the major block of room. Andres asked if a marketing plan has pro-active efforts to address the additional hotel rooms in advance.

Tompson stated new sales collateral and enhanced media are being developed as well as a plan to work with the new hotel sales team on joint efforts in selling the rooms to the Center's clients. Andres suggested for future collateral: send a photographer to the site to provide a visual of the walking distance to the Center. Steve Ellison further commented on the changes with Smart Streets - it will make it a more "walkable" block.

PRESIDENT'S REPORT

Nominating Committee Appointment: Downes announced the appointment of the Nominating Committee to draft the 2016 slate of officers: Linda Doshi, Chair, with members Michael Neises and Cathy Roemer.

SMG Contract Incentive Changes: Downes and Perri met with Belew to discuss changes to Criteria Two in the contract relative to events using a minimum of 20 room nights. The benchmark is configured on the past two year achievements. Downes called for a vote on changing Criteria Two effective in 2016: benchmark of 42 (average of 2014-2015) vs. 24 and the achievement over benchmark to be 4-6-8 more events (from 2-4-6). The changes are realistic but aggressive and take into consideration the effects from the major construction scheduled in 2016.

Belew reported she learned of new contracts after the data was compiled which changes the 2015 actual to 48; there is also a possibility of two more – making it 50. Downes entertained a motion to increase the benchmark based upon the average of the last two years – possibly 43 or 44 with the 4-6-8 more events to earn the incentive. Andres motioned for approval; seconded by Schey, the motion carried. Neises noted that the 20 room nights seems modest/conservative; the board could consider a "weighting" of the bookings such as with a large group of 1000 attendees using 600+ room nights over three days; currently, it only counts as one. He would hope to see fewer bookings with more economic impact once the other hotels open. Downes concurred; once the new hotels are on line in 2017, the benchmark should be further reviewed for adjustments. Roemer requested the staff to start gathering the information now and include in the board reports.

Morris/Palais Catering RFQ: Downes reported SMG made the short list of quotes received. Three finalists will be on site for a meal presentation next week; a decision will be made by the Board of Public Works in December to award the contract for January 1. A memo has been shared with the board from Craig Liston of SMG outlining a request for a one year extension on the Center's contract (which ends 2016) contingent upon their winning that contract which runs for two years - 2016-2017. Another component would be shared resources between the Center and Palais – staff and possibly equipment and inventory – an estimated allocation of \$50,000 which would benefit the Center's budget. Andres advised the RFQ is a request for qualification of candidates and not quotes; it will progress into a bid process with the finalists. If approved, this should not be considered as an endorsement from the board in the selection.

Board members further discussed liabilities exposure, shared maintenance issues, and how resources will be split between the two facilities. DeRose advised if SMG is awarded the contract, it would be an addendum to the Center's contract. Downes stated he believes there will be no liability exposure to the Center or City; SMG will be allocating the overhead. The Palais's contract is structured differently and commission based; he is unsure if expenses are included.

Vogel stated the Palais has its own budget for maintenance and repairs; they would receive commission from the sale of products and services. There would be shared Savor/SMG staff and perhaps shared inventory and products in some instances when cost efficient; the Palais is fully equipped with their own catering supplies and a kitchen.

Doshi noted it would be beneficial to the trained wait staff by providing them with more work. Roemer advised the board must look out for the Center's interest and make sure there is a fair share of responsibilities with Belew's focus not just being on the Center. Belew noted her role would be to oversee both catering operations and the Center's F&B Director (Vogel) will have oversight as well. Vogel stated the Palais will have its own Director of Catering and core staff. Downes reported a committee was established to review the quotes and make the recommendation of the award to the Board of Public Works.

Andres moved to approve the extension of the SMG contract contingent upon their receiving the award with the understanding that it is not an endorsement of one company over another by the board; seconded by Schey, the motion carried.

Meeting Schedule - 2016

Downes discussed the next board meeting date in February: due to his and several other members being out of town, the board may be at risk of not having a quorum (5). Board members discussed and agreed to establish a date that takes in consideration the time needed for the end of year financials. Downes noted the Tax Board meets on January 27 and suggested Thursday, January 28. Andres moved to change the meeting date to Thursday, January 28; seconded by Doshi, the motion carried.

OLD BUSINESS

None.

NEW BUSINESS

None.

ADJOURNMENT

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

GD:pp