

CENTURY CENTER BOARD OF MANAGERS
WEDNESDAY, AUGUST 17, 2016
8:00 A.M. – SUITE #15

MEMBERS PRESENT

Dennis Andres, Jr.
Linda Doshi
Greg Downes
Aaron Perri
Michael Neises
Cathy Roemer
Randy Kelly

MEMBERS ABSENT

Alison Fox
David Varner

STAFF

Leanna Belew
Scott Herczeg
Crista Tompson
Branden Gerlach

OTHERS

Aladean DeRose, City Attorney
John Murphy, City Controller
Craig Liston, SMG
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: Minutes of May 18, 2016; Claims – April-June 2016; Financial Report 2nd Quarter 2016. Roemer made recommendations to the format/design of the report: pg. 2 - split the total expenses to indirect and direct expenses – include legends to describe categories; pg. 9 – show the type of activity reflecting profit margins add a budget column. Downes suggested a comparison of industry trends per market be included in the report; staff advised to provide the additional data with the yearend report. With no further discussion, Andres moved for approval; seconded by Neises, the motion carried.

GENERAL MANAGER'S REPORT

Belew introduced the new Finance Director, Branden Gerlach. Belew gave highlights for the quarter. Financials: AGI is 12% better than budget – 4% under business last year for the quarter. Indirect expenses are 8% better than budget – 2% better than previous year. NOL is 41% better than budget and slightly under last year for the same period. YTD – adjusted gross income is 16% better than budget and 15% better than last year. Roemer recommended separating the AGI to show both indirect and direct expenses; 4 graphs that reflect the related expenses to income and the growth.

Events with hotel room nights on peak for the quarter are 19 equal to last year – up 21% YTD. NPS for the quarter is 75 vs 82 last year; YTD is 80 vs 75 on a benchmark of 50. Number of events is down mostly due to not scheduling events at the Hall of Fame, the loss of a weekly church service, and fewer SBCSC meetings. Report covered profit/loss per event type – banquets top revenue generator; facility occupancy rate; hotel peak room total; attendance; social media activity. Sales activities: contracts signed; new contracts with associated room nights; room rental. Awards – Rebekah Love, VSBM Faces of Tourism, MACOG Clean Air Award, Solar Panel Grant; AEP rebate of \$52,000.

Operations: Herczeg noted a website is up to track the power generated by the Solar Panels; a monitor will be on display in the main lobby; 90 panels will run 1% of power – reducing demand charge. More data to be collected on peak energy times will give a true analysis of the power. Ameresco project completed on June 30; additional AEP rebates anticipated – possibly \$35,000 - \$1,000 expected from energy efficient dishwasher. Andres commented on the 1% power generated by the panels and the need for a battery station that will impact the output. Downes advised the staff to research the cost and details of a battery station.

Belew reviewed completed capital projects and 2016 projects underway. Herczeg noted the light panel for Island was replaced and new LED lamps will be installed. Work to begin on the

renovations of the CEO and Suite 17, Service Court (back dock/dumpster area), Convention Hall air wall refurbishing (future plans to redo air walls all in the suites). Based upon recommendations from the Building & Grounds committee, two projects will be moved to 2017 capital to allow funds to cover the desired changes to the suites project and the back dock area: painting of the tubular skylight framing and Recital Hall carpet and stage refinishing. Belew presented the 2017 capital request to the Hotel-Motel Tax Board Allocation Committee. Herzceg reported new Island Park plaques have been installed. Belew noted a plaque for the DAR will be reinstalled at the front of the building.

Downes acknowledged Steve Ellison, President of the Tax Board and expressed appreciation on the support provided for the capital improvements to the Center. Ellison commented on their upcoming budget process with the County Council and noted the board's confidence with the room tax revenue increases.

2017 PROPOSED BUDGET

Downes discussed the process in arriving at a conservative budget reflecting revenues up over expenses and the schedule of budget hearings with the City and City Council. The Finance and Executive committee members supported the budget proposed by the staff. With no discussion or questions, Andres motioned for approval; seconded by Perri, the motion carried.

PRESIDENT'S REPORT

SMG Contract

Downes acknowledged Craig Liston, Regional VP of SMG and thanked him for the support and positive cooperation the board experienced in the contract negotiations. Most of the contractual terms remain the same; however, they all agreed to raise the bar by fine tuning the incentive components based upon SMG's positive performance and anticipated continuation of growth and improvements in these areas.

- 1) The NOL incentive has been changed to a range from \$1,000,000 to \$700,000 or less; capped at 75% of total incentive payable.
- 2) Room nights will be counted by the total number in lieu of peak room nights – using a benchmark of the average of the last 3 years – 2017 is estimated at 6900; capped at 15% of total incentive payable
- 3) The NPS benchmark is increased to 60; in addition, a response rate of 50% or over qualifying for an incentive when the NPS is achieved over the benchmark; capped at 10% of total incentive payable.

Liston expressed appreciation to the Board and City of South Bend for showing confidence in SMG's management by renewing the contract; the negotiation process went well and all parties came away with a positive experience..

Perri, with the Venue and Parks oversight, concurred with both Downes and Liston. And stated the contract does not preclude future plans of combining resources and services between the Center, Morris, and Parks Department.

Neises commented on the room nights: it is a positive change and another element that could have an impact are "shoulder nights."

Downes expressed appreciation of the involvement of Gregg Caren, SMG Executive VP of convention centers in the negotiation process. With no further discussion, Andres motioned for approval; seconded by Roemer, the motion carried unanimously.

Aladean DeRose recommended the document's title be changed to the First Extension of the contract.

Belew announced and invited the board to the Marriott Courtyard groundbreaking scheduled for Friday.

OLD BUSINESS

None.

NEW BUSINESS

None.

ADJOURNMENT

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

GD:pp