

CENTURY CENTER BOARD OF MANAGERS
WEDNESDAY, MAY 18, 2016
8:00 A.M. – Century Center/Suite #15

MEMBERS PRESENT

Dennis Andres, Jr.
Linda Doshi
Greg Downes
Alison Fox
Randy Kelly
Aaron Perri
Michael Neises
David Varner

MEMBERS ABSENT

Cathy Roemer

STAFF

Leanna Belew
Scott Herczeg
Crista Tompson
Jesse Vogel
Pris Phillips

OTHERS

Aladean DeRose, City Legal
John Murphy/City Finance
Craig Liston/SMG
Steve Ellison/HM Tax Board
Bill Lamie, Alliance Architects

The meeting was called to order by President Downes at 8:00 a.m. Downes welcomed Roland “Randy” Kelly, Jr. to the board. Kelly is a City Council appointment and replaces Valerie Schey; he was a board member several years ago.

CONSENT AGENDA

Downes entertained a motion to approve the consent agenda: minutes of January 28, 2016; Claims of Jan-Mar 2016; 1st Quarter Financial Report. With no questions or discussion, Andres moved for approval; seconded by Fox, the motion carried.

GENERAL MANAGER’S REPORT

Belew gave a Powerpoint presentation of 1st Quarter highlights. Review of goals outlined by the contract for incentives: reduce NOL; room nights on peak; NPS of customer surveys. NOL was reduced by 38% compared to 2015 – 19% better than budget. Expenses were up 6% and 6% to budget. AGI was 45% better than 2015 for the same period; 19% better than budget. Belew discussed several large events – anniversaries of local businesses plus a wedding - in the 1st quarter that contributed to one of the best starts of a year in January.

Room nights on peak increased 100%; 10 compared to 5. Overall customer survey score for the quarter is 89%. NPS for first quarter is 100%; return rate of surveys at 39%. Neises asked if there is a sense of bias relative to the survey completion – are clients more inclined to complete for negative feedback? Belew noted the overall experience ratings reflected in the customer surveys cover any negative feedback; however, they will score the NPS question – how likely are you to recommend - as a promoter.

Sales Recap: review of occupancy per space; market mix; attendance; contracts issued. Hotel rooms – 887 vs. 519 for 2015; on peak 580 vs. 376. Note: the numbers were achieved with 52 days of rooms out of inventory. Number of contracts issues increased by 35%; some larger bookings are far out in the future for 2018 through 2020. Rental revenues for contracts is up 34%; hotel room nights with contracts returned is up 49%. Social media: FB up 69%; more focus on Twitter.

Design and construction awards received for the Island Pavilion, roof replacement, Best of Michiana, Prime Site Award - Facilities & Destinations, AEP rebate award for \$52,000 with the Ameresco energy savings project. New trash and recycle bins made of recycled milk jugs were purchased with the funds.

Capital projects: Ameresco project is 90% complete; some controls work and installation of 91 solar panels remain with a completion deadline of June 30. More rebates are anticipated. Electric bill was the lowest usage ever in March. Remaining capital projects: Recital Hall carpet and stage; replacement of the air wall fabric in Convention Hall. SMG funded capital: security system upgrades, new portable stage, risers and backdrops purchased. 2016 capital projects covered by hotel-motel allocation – CEO and Suite 17 renovations; electrical panel upgrades; painting of the skylight tubular frames. The suite project has to be rebid due to the lack of bidders.

Varner recommended the staff research the life expectancy of the solar panels and consider the cost of replacements in future years; it should be put in the revolving capital budget.

Downes congratulated the staff on the first quarter performance. The rolling forecast projects the NOL flat in consideration of how well the first quarter went. Belew expects the forecast to have growth. Howard Feldman has prepared the financial reports in the absence of a DOF and is being more conservative; Smart Street construction is also taken into consideration. Downes noted the job description of the DOF was shared with the board for any recommendations of prospective candidates. Perri noted the format of the financial report is appreciated; he would like to see more in align with the City's CAPR numbers. Downes noted by the end of the year, over \$7.5 million in capital improvements will have been accomplished with SMG; this achieved while maintaining high customer service and good financial returns. Herczeg noted more contractors will be available with the rebid of the projects. Lamie noted the timing of the projects and schedules will be determined with the extended period for contractors.

Michael Neises noted the article in the Tribune about VSBM targeting Indianapolis with digital marketing that was borne out of the SB Alliance. Downes advised the SB Alliance continues to meet every third Thursday at 3pm – board members are welcome to attend. Team work, attitude, and cooperation is impressive; results of this effort are beginning to show.

PRESIDENT'S REPORT

SMG Contract: Downes discussed the terms of the contract that ends with December 31, 2016 (an extension of the July term). There is an option of two three-year extensions. The board must determine whether to exercise the option or advertise for an RFP. SMG was tasked to 1) reduce the NOL 2) increase room nights 3) customer service and quality. Downes stated SMG has accomplished positive results in all areas in particular with increased room nights and future bookings and the high NPS scores. Although more improvements in reducing the NOL can be made, SMG has succeeded in using more local suppliers and established the SB Alliance which is becoming a critical key to the marketing of the Center. Downes stated based upon SMG accomplishments, he is requesting the board to support authorizing he and Perri to negotiate a contract extension. With the City's current management plan of its assets, we must build in as much flexibility as possible in a contract extension.

Varner recommended projections be provided in a plan going forward in consideration of the two new hotels opening downtown within the contract discussions; such as a presentation of expectations over the next 2-3 years. Downes concurred; also, as Neises suggested, the board should review the criteria to give weight to groups bringing in a large number of peak hotel room nights. Neises noted the SB Alliance has conducted an evaluation/research of business that could be pursued with more hotel rooms downtown. Belew noted there are at least 5 groups with substantial room nights that were turned away due to the lack of hotel rooms downtown; there is a greater potential for more groups. JSK has been invited to the SB Alliance group; also, she has stated to Mark Neal an invitation to the sales team of the Aloft would be issued once they are in place. Neises noted the SB Alliance is a unique effort and is working and laying a foundation that will be in place once the new

hotels are open. Perri agreed and stated it will be beneficial towards the big picture in how the City's assets are managed such as negotiations with the Morris contract.

Downes recommended the board authorize he and Perri the ability to negotiate a contract extension with SMG up to a one three-year term. Perri noted it is important to maintain a positive relationship with SMG which would allow the much needed flexibility in developing strategies to manage the assets more efficiently. With no further discussion, Varner moved to authorize Downes and Perri to negotiate the SMG contract extension up to a one three-year extension. Seconded by Kelly, the motion carried unanimously.

Doshi inquired about the revenue generated from the three presidential political campaign stops at the Center. Belew stated the Center was successful in receiving payment for all and any extra services; the Center's team is to be commended for servicing the events in the middle of other business in the building. Varner asked how often do large un-expected revenue producing events occur? Belew stated the trend has been one or two short term bookings happen at least every other year. Varner noted with the building space available and the staff's willingness to address allows more good opportunities. Downes suggested the staff be proactive in researching business anniversaries. Belew concurred and stated they actively pursue these types of events and encouraged the board to share any leads they may have.

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.