

**THE RHODE ISLAND CONVENTION CENTER AUTHORITY
MEETING OF THE
AUDIT COMMITTEE**

August

23,

2011

A meeting of the Audit Committee of the Rhode Island Convention Center Authority (hereinafter referred to as “Authority”, the “CCA” or the “Board”) was held on August 23, 2011, pursuant to notice, at the Rhode Island Convention Center Boardroom, One Sabin Street, Providence, Rhode Island.

Board members present were Committee Chairman, Jeffrey Hirsh, Commissioners, Dale Venturini, James Bennett, Scott Gunn, Letitia Carter and Paul MacDonald.

Also in attendance were Jim McCarvill, Ken Mancuso, Kim Keough and Betty Sullivan, RICCA; Tim Muldoon, Nancy Beauchamp, John McGinn, Kathy Masino and Debbie Tuton, RICC; Larry Lepore and Bob Cappalli, DDC; Michael Crawley and Lauren Florio; LGC&D; Alan Chille and Norbert Mongeon, PPAC/VETS; Bruce Leach, Legal Counsel and Eileen Smith, recording secretary.

Mr. Hirsh called the meeting to order at 12:35 p.m.

Mr. Hirsh reported that LGC&D has been performing the annual audit

of the facilities. He introduced Michael Crawley and Lauren Florio and asked Mr. Crawley address the committee. Mr. Crawley noted that Susan Johnson had sent her regrets that she was unable to attend the meeting today. Mr. Crawley began his Power Point presentation (attached). Mr. Crawley stated that LGC&D is independent of the Authority with no financial interests, business or family relationships. Mr. Crawley said that the audit team has updated their understanding of the Authority's objectives and performance and the internal control over financial reporting. Mr. Crawley noted that the audit team will assess the risk of any material misstatement due to error or fraud. Mr. Crawley reported that the audit team will pay special attention to current year changes that include the State grant agreement for the VETS, SMG management agreement and the Dunkin' Donuts Center naming rights agreement. Mr. Crawley presented the overview or audit scope and the timetable. He said that audit fieldwork will be completed on August 26th and the financial statements will be completed by September 2nd. Mr. Crawley said that the audit will be distributed to the Audit Committee and the Auditor General by September 12th and a draft business advisory letter will be issued. Mr. Crawley said that approval of the financial statements will be sought at the September Board meeting and the auditors will issue their business advisory letter.

Ms. Sullivan thanked LGC&D and the accounting staffs of the facilities for their hard work preparing and completing this year's audit.

Mr. Hirsh asked if there were any addition comments or questions. Hearing none Mr. Hirsh thanked Michael Crawley and said that he looked forward to receiving the final audit report.

Mr. Hirsh reported that the Fiscal Year 2012 revised budget and proposed Fiscal Year 2013 budget has been completed by Betty Sullivan. He asked Ms. Sullivan to address the Committee.

Ms. Sullivan reported that a synopsis of the full budget presentation is included in today's handout. She noted that if anyone would like to review the entire budget book copies are available at the Authority's office. Ms. Sullivan said that a conservative approach was taken to Fiscal Year 2012 projected revenues due to minor decreases in the hotel room tax as well as parking and event revenue. Fiscal Year 2013 revenue projections are more encouraging with the expectations that the economy will improve. She noted that parking revenue should improve with Hasbro moving into the City and 38 Studios parkers. Ms. Sullivan reported that direct and indirect expenses for Fiscal Year 2012 were revised downward because of cost saving measures implemented by the facilities. She also noted that savings were achieved in insurance premiums and the State mandated reduction in legal fees. Ms. Sullivan reported that the Authority's continued loss is associated with debt service. Ms. Sullivan said that higher projections for the VETS are contingent on their capability to attract additional events following renovations.

Mr. McCarvill reported that following the refunding of the Authority's bonds the requirement that the State fund renewal and replacement no longer exists. Mr. McCarvill said that we are looking at ways to fund our Capital reserve and Renewal and Replacement fund and have considered funding through RICAP.

Mr. Hirsh asked Mr. Lepore how many co-promotes we did last year. Mr. Lepore answered that we did 2 but that we could do more if we found an artist that we thought would do well at the Dunk. Mr. Lepore stated that it is possible that we will build our own shows in the future.

Mr. Bennett asked Mr. Muldoon about parking. He inquired how many parking spaces were being used by 38 Studios. Mr. Muldoon said that 38 Studios has negotiated for 150 cars per month. Discussions ensued regarding parking and discounted rates. Mr. Bennett asked if there is a need for more parking. Mr. Muldoon said that if 38 Studios and Hasbro reach their projected number of employees there will be a need for additional spaces. Mr. Lepore stated that the lot behind the Dunkin' Donuts Center has been repaved and striped which will increase the number of usable parking spaces.

Norbert Mongeon spoke for the VETS. He stated that there are many new artists that could do well in the theater following completion of the renovations. Mr. McCarvill asked if the Renee Fleming show has sold out. Mr. Mongeon stated that it has not yet sold out but is

beyond break even with several months to go before the show. Mr. Bennett stated that parking for the theater continues to be an issue. Mr. McCarvill said that we have been looking at options. Mr. MacDonald asked if there was any way we could help the ballet. Mr. Mongeon said that PFM is working hard to find sponsors. He said that he would like the Nutcracker set to be rebuilt so that it would fit at the VETS and move that production from PPAC. Mr. MacDonald commented that he is confident that the VMA will be OK. Mr. Bennett noted that perhaps a public/private option with the Renaissance Hotel could be worked out and we have had conversations regarding that option. Mr. MacDonald asked if any thought had been given to re-structuring our debt. Mr. McCarvill said that we are looking at all options.

Mr. Hirsh asked if there were any further business. Hearing none he asked for a motion to adjourn.

Upon a motion duly made by Mr. MacDonald and seconded by Ms. Venturini it was unanimously

VOTED: to adjourn at 1:20 p.m.