

**THE RHODE ISLAND CONVENTION CENTER AUTHORITY
BOARD OF COMMISSIONERS
CONVENTION CENTER COMMITTEE MEETING**

July 29, 2008

A meeting of the Convention Center Committee of the Rhode Island Convention Center Authority (hereinafter referred to as “Authority”, the “CCA” or the “Board”) was held on July 29, 2008, pursuant to notice, at the Rhode Island Convention Center Boardroom, One Sabin Street, Providence, Rhode Island.

Board members present were Committee Chairman Marianne Corr, Commissioners, Dave Duffy, Dale Venturini, Bernie Buonanno, Jeff Hirsh, and Paul MacDonald.

Also in attendance were Jim McCarvill, Betty Sullivan and Kerrie Bennett, RICCA; Tim Muldoon, John McGinn and Nancy Beauchamp, RICC; Larry Lepore, Dunkin’ Donuts Center; Kevin Madigan, Senate Fiscal Office; Bruce Leach, Legal Counsel; Stephen Maceroni, First Southwest; Norm Benoit, Partridge, Snow & Hahn, and Eileen Smith, recording secretary.

Ms. Corr called the meeting to order at 3:01 p.m. (at the rise of the Dunkin’ Donuts Center Committee).

Noting that the minutes of the June meeting had been distributed, Ms. Corr sought a motion to approve. Upon a motion duly made by Mr.

MacDonald and seconded by Mr. Duffy it was unanimously

VOTED: to approve the minutes of the June meeting.

Mr. McCarvill noted the presence of Bond Counsel and the Authority's financial advisors. He stated that because the bonds in discussion are Convention Center bonds the discussion would take place at this committee meeting. Mr. Benoit noted the inclusion of a resolution authorizing the Authority to refund the 2001 Series A Bonds. He stated that because of the financial climate the Authority's variable rate bonds are at risk. Mr. Benoit reported that our \$59 million in variable rate debt is 90% held by Dexia and no one will buy the bonds because they are insured by MBIA. Mr. McCarvill noted that MBIA's ratings have been downgraded twice since March. He reported that Dexia will only hold the bonds for 180 days if MBIA is downgraded again. Mr. McCarvill explained our options and said that he had discussed the situation with the budget office. Mr. Duffy stated that we represent the taxpayer and that we must protect their investment. Mr. Benoit stated the options today are a 2% variable rate which carries long term risk or 4.8% fixed rate. Mr. Maceroni stated that other agencies facing the same situation are proceeding without AAA bond insurance. Mr. Benoit said that \$60 million in new bonds would be issued to pay off the swap and the termination fee. Mr. Benoit noted that we will need a letter from the Governor authorizing the transaction. Ms. Sullivan reported that the transaction will have no impact on the Authority's budget for two

years because certain payments of principal would be deferred for that period. Mr. Duffy asked what this will cost us. Mr. Maceroni said that we will most likely give up what was earned in 2001. Mr. Fowler asked what the difference is between swap and redemption. Mr. Benoit noted that the swap must be terminated with our counterparty before the bonds can be redeemed and refunded. Mr. Benoit continued his explanation of the resolution. Upon a motion duly made by Mr. MacDonald and seconded by Mr. Hirsh it was unanimously

VOTED: to recommend to the Board the issuance of Refunding Revenue Bonds, 2008 Series A, to pay off the 2001 Series A variable rate bonds.

Ms. Corr asked Mr. Muldoon to report on the financial statement. Mr. Muldoon reported that fiscal year 2008 was the 2nd best year ever. He noted that although revenue was down the Convention Center had managed expenses well. Mr. Muldoon reported that Fidelity has become a very important client and that they have signed again for a couple of meetings. Mr. Muldoon noted that Emery Waterhouse, another important client for the Convention Center, had signed a two year contract. Mr. Muldoon reported that transient and monthly parking are up but event parking is down. Ms. Corr asked if there had been a decrease in the number of other parkers. Mr. Muldoon responded that he was not aware of any decrease. Mr. McCarvill asked if some staff could be moved out to free up space in the garage

for event or additional monthly parkers. Mr. Muldoon stated that he would look to see if that would be beneficial at this time. Ms. Corr noted that food costs have increased and asked Mr. Muldoon if the higher costs were passed on to the client. Mr. Muldoon said that the Convention Center has incurred substantial increases in the cost of food and it will be necessary to pass them along. He noted that it is difficult to increase the cost of menu items after a contract is signed. Ms. Corr reported that although revenue is down the Convention Center has controlled expenses to lesson the impact.

Mr. Muldoon reported that the sales team has been negotiating with the Bay Colony Dog Show to relocate their event to the Convention Center. Mr. McGinn noted that the Westin Hotel is pet friendly and the CVB is negotiating with other hotels. Mr. McGinn stated that the event would generate 1,700 room nights for the City and be a wonderful event for the Convention Center during a historically slow period. Mr. Muldoon noted that the Convention Center has been increasing their recycling efforts. He said that there has been a \$2,000 savings over last year.

Mr. Duffy asked when we would see a forecast for next year. Mr. Muldoon stated that the budget process is underway but that he expects the forecast to be slightly lower than this year. Mr. Muldoon said that the budget has always been conservative and the staff has always strived to beat the previous year. He noted that with the state of the economy he is not projecting an increase. Mr. Fowler noted

that an additional catering sales person had been added. He asked how that was working out. Mr. Muldoon said that a catering sales person and a sous chef had been hired. He said that more sales calls have been made and the sous chef has been a great asset to the kitchen. Ms. Venturini noted the difficulty in traveling. She said that airlines have cut back on the number of flights and added fees. She said that corporate travel has been curtailed.

Discussion of the VMA followed. Mr. Duffy stated that Mr. Daugherty had toured the facility with Mr. McCarvill and himself. Mr. McCarvill said that the first thing we had to do was get control of the facility. He noted that the VMAF had dismissed and settled with the employees. Mr. McCarvill stated that the VMAF could act as an advisory counsel or fundraising arm in the future. Mr. McCarvill stated that the owner of the building is the Refunding Bond Authority of the State. He noted that the Properties Committee had approved our lease for the theater. Mr. Leach stated that the Department of Administration had asked us to take over. He said that they asked us to purchase the VMAF's personal property assets for a sum of \$66,000. Mr. Leach explained the proposed lease and the State's role and said that the Department of Administration wants us to buy the facility. Mr. McCarvill said that we would need to go to the legislature to borrow the money but we anticipate the state's cooperation for the borrowing. Mr. Fowler asked why the assets were not liquidated. Mr. McCarvill said that the money would be used by the VMAF board to cover any unknown expenses following our acquisition. Mr.

McCarvill said that there are several players involved in this transaction; The Department of Administration, the hotel, the hotel's lender, Rhode Island Refunding, Economic Development, the Properties Committee and ourselves. He said that we require approval of the lease, approval of the \$66,000 payment to the VMAF and approval of the management agreement with PPAC/PFM. Mr. MacDonald asked what would happen if we just walked away. Mr. Duffy stated that the building would close. He noted that this is quite a compliment to this organization to be entrusted to make this facility a success. Mr. Duffy said that he is comfortable that we can do this. Mr. Fowler voiced his concern that we will not be able to make a go of it because the previous group failed. Mr. Duffy said that better management and marketing will have a significant impact. Mr. Duffy asked Mr. Leach what would happen if next year we wanted out. Mr. Leach responded that this lease is only for one year and negotiations would have to take place with the state in either case. Mr. McCarvill said again that we did not ask for this and that we would like to be treated like the good guys on this. Upon a motion duly made by Ms. Corr and seconded by Mr. MacDonald it was unanimously

VOTED: to recommend to the Board that the Authority assume the VMAF's lease with the Rhode Island Refunding Bond Authority.

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

VOTED: to recommend to the Board that the Authority enter into a management contract with PPAC/PFM to operate the Veterans Memorial Auditorium.

Mr. Duffy thanked Mr. Leach and said that his hard work is appreciated. Mr. Duffy noted that we need this time to put all the pieces in place.

Ms. Corr asked if there were any new business. Hearing none she entertained a motion to adjourn. Upon a motion duly made by Mr. MacDonald and seconded by Mr. Duffy it was unanimously

VOTED: to adjourn at 4:02 p.m.