

**THE RHODE ISLAND CONVENTION CENTER AUTHORITY
273rd MEETING OF THE
BOARD OF COMMISSIONERS
September 30, 2004**

A meeting of the Board of Commissioners of the Rhode Island Convention Center Authority (hereinafter referred to as "Authority", the "CCA" or the "Board") was held on September 30, 2004 at 9:00 a.m. pursuant to notice, at the Rhode Island Convention Center Boardroom, One Sabin Street, Providence, Rhode Island. Board members present were Chairman, David A. Duffy, Commissioners, Paul MacDonald, Jerry Massa, Brad Waugh, Dale Venturini, Joe Judge and George Nee. Commissioner Gavitt was unable to attend and the City of Providence has not as yet appointed a replacement for Commissioner Joan Countryman. Also present were James P. McCarvill, Executive Director, Theodore J. Przybyla, RICCA; Tim Muldoon, SMG; Harry Jones, Westin Providence; Brian Whiting and Neil Shriever, PWCVB; Tom Mullaney, Budget Office; Joanne Sourial and Jen Leigh, The Link Agency; Andrea Stape, Providence Journal; Bruce Leach, Legal Counsel; Jess Fisher, Alisa Gallo, Jose Ramos, Joseph Seonedo, Mauuel Freitas, Bertha Medina, H.E.R.E. Local 217 Frank L. Champi, LGC&D and Eileen Smith, Recording Secretary.

CALL TO ORDER

Recognizing a quorum, Chairman Duffy called the meeting to order at 9:00 a.m.

APPROVAL OF MINUTES

Chairman Duffy entertained a motion to accept the minutes of the 272nd meeting, August 26, 2004 as distributed. Upon a motion duly made by Mr. MacDonald and seconded by Mr. Nee it was unanimously

VOTED: to approve the minutes of the 272nd meetings as distributed.

Chairman Duffy instructed the RICCA office to send the approved minutes to the Secretary of State's office via electronic mail.

OPERATIONS AND FACILITIES COMMITTEE

Mr. Massa asked Mr. Jones to update the Board on the status of construction and renovation projects in progress. Mr. Jones reported that the escalator project is running approximately 11 days behind schedule but should be in place and operating by mid November and the exterior glass will be installed by the beginning of December. Removal of the existing escalator is scheduled to be complete by March, 2005. Mr. Duffy commented that mall patrons will have easier access once the escalator is operational. Mr. Nee inquired if the Governor and the Mayor have been made aware of the project and if anyone has kept them up to date. Chairman Duffy said that the Governor is aware but unsure if the Mayor has been notified. He

assured the Commissioners that both will be notified. Mr. Massa asked about the renovations to the ceiling and space after the existing escalator is removed. Mr. Jones said that the ceiling will be flat and the decorative effect of the surrounding ceiling will be continued. Mr. MacDonald asked if the hotel sells will the new owner be responsible for the escalator and the skybridge. Mr. McCarvill said that there is a perpetual easement and that any new owner would have to allow access to the skybridge. Mr. Nee asked if anything is being done to help the valets with the noise and dust during construction. Mr. Jones answered that he hadn't been made aware of any issues but that he would address any that were brought to his attention. Mr. Massa recognized Tim Muldoon and asked that he update the Board on renovations to the Convention Center and the Parking Garage. Mr. Muldoon reported that he was still evaluating some parking alternates and would have more information at the next O&F meeting. Mr. Muldoon continued that he would like to issue an RFP for replacement of the concrete sidewalk. He stated that it was originally thought repair would be sufficient but on further inspection they should be replaced. Upon a motion duly made by Mr. Massa and seconded by Mr. MacDonald it was unanimous

VOTED: to authorize the Convention Center to issue an RFP for the replacement of the concrete sidewalk not to exceed \$85,000.

Mr. Muldoon stated that he would get tough with parking on the sidewalk outside the rotunda. Mr. Muldoon continued his report

stating that the carpet is in the process of being installed in the ballroom. Mr. McCarvill commented that the ballroom looks great. Mr. Muldoon reported that the garage renovations have been completed but they are looking at a drainage problem on the lower levels of the South Garage. Mr. Nee noted that an advertisement for Mohegan Sun was hanging in the Convention Center lobby. He said that it was his understanding that the Authority's policy was not to promote out of state gambling. Mr. MacDonald concurred. Mr. McCarvill said that the Authority had rejected ad proposals from Foxwoods in the past. Mr. Nee said that we should not encourage people to spend their money in another state. Mr. Duffy said that we would review the policy and take it up at the next Marketing Committee meeting.

Chairman Duffy welcomed Andrea Stape of the Providence Journal.

FINANCE COMMITTEE REPORT

Chairman Duffy recognized Mr. Judge and asked him to report on the Finance Committee meeting. Mr. Judge reported that Fiscal Year 2004 audit has been completed. Mr. Frank Champi, LGCD, had presented his firms report to the committee. Mr. Judge stated that Mr. Champi had advised the committee that his firm would be issuing an Unqualified Opinion on the

Financial Statements of the Rhode Island Convention Center Authority for Fiscal Year 2004. This opinion is the highest possible

opinion issued by an auditing firm and is consistent with past years. Based on its review and discussion, the committee voted to recommend to the Board acceptance of the draft audit report subject to review and approval by the Auditor General pursuant to statutory requirements. Mr. Judge noted the presence of Mr. Champi and asked if the Board had any comments or questions on the Fiscal Year 2004 audit report. Hearing none Mr. Judge made a motion seconded by Mr. Nee it was unanimously

VOTED; To accept the Fiscal Year 2004 draft audit report subject to review and approval by the Auditor General pursuant to statutory requirements.

Mr. Judge reported that the consolidated operations for the first two months of the current fiscal year reflect a positive variance of approximately \$500,000 when compared to the same period last year and approximately \$470,000 positive variance when compared to the current budget. Both the Hotel and Convention Center management advised the committee that that they continue to track on forecast. Mr. Przybyla advised the committee that Fiscal Year 2006 budgets have been received from the operators and are currently being reviewed. The Finance Committee is expected to review the budgets at its next regularly scheduled meeting.

Mr. Waugh noted that health club revenues continued to be a disappointment. Mr. Duffy asked Ms. Venturini to investigate ways

for the marketing committee to be of assistance.

MARKETING COMMITTEE

Ms. Venturini reported that Evan Smith of the Newport CVB and Karen Jedson of Warwick Tourism had attended the Marketing Committee meeting on September 23rd. She stated that their participation is an important step to bringing the State's CVB's and Tourism groups together. Mr. Whiting addressed the Board thanking them for their support of the CVB's annual meeting. He complimented the Convention Center on the food and service saying that both were outstanding. Mr. Whiting reminded the Board of the upcoming site inspection of Hartford. He announced a FAM tour for meeting planners and meetings related media to take place on October 13 through the 16th. He also reported that Neil has been successful in gaining support from the airlines. Mr. Whiting was also pleased to announce that the Government per diem rate had increased. Mr. Whiting then introduced Mr. Shriever who reported on sales activity at the CVB. He noted that everyone was keeping busy keeping the facilities full. Mr. Shriever reported that Take Me 2 Tea had committed through 2009. Ms. Venturini asked if the local press should be invited on the FAM tour. Mr. Shriever said that some of the local press had been invited. Mr. Judge reminded the Board that he was also on the Board of the CVB and reported the many positive steps being taken. He congratulated Mr. Whiting and said that it appears that they are moving in the right direction. Mr. MacDonald concurred. Mr.

Muldoon reported that the Convention Center was able to contract with the University of 7 Eleven's that will be a very nice short term piece of business. He also reported an e-mail blitz to competing markets.

CHAIRMAN AND EXECUTIVE DIRECTOR'S REPORT

Chairman Duffy informed the Board that Starwood and Jim McCarvill are working on finding a replacement for Mark Anderson but the search has been slow. He stated that we are making some headway and that in the meantime Mr. Anderson is here on Mondays and Fridays and always available by phone. Mr. Duffy said that there is nothing new on the Dunkin Donuts Center although the City has issued an RFP for management services. Mr. McCarvill is tracking that issue and will be attending a pre proposal meeting on October 8th. Mr. MacDonald noted that Mr. McCarvill will be able to give us a yardstick. Mr. MacDonald voiced his concern that in purchasing goods and services we are not looking toward Rhode Island vendors first. He stated that the facilities were built with taxpayer dollars and that people right here in the state can provide services. Mr. Nee brought to the Board's attention the growing anxiety among hotel employees regarding the sale. He suggested that any potential buyer be made aware of the union contract and make it a condition of the sale that there be no disruption of service. He continued that we there has been a tremendous partnership between management and

employees and not only union employees. Mr. Nee said that it would be a tragedy to break up this team and we should value these employees for the tremendous work ethic. Mr. Nee reminded the Board that the one of the purposes of the original project was to provide jobs with decent pay and benefits. Mr. Duffy informed the Board that he and Jim McCarvill had met with union representatives to try to reassure the employees that that any buyer would respect the contract. Mr. MacDonald noted that the high occupancy of the hotel does not happen just because of good management and that front line employees play a major role. Mr. Massa said that it stands to reason that any buyer will desperately need these employees but might take a different perspective it is put in writing. Mr. MacDonald said that if we lose bidders because of this then we don't want them. Mr. Nee agreed saying that if we have ten bidders and five are not willing to accept the union contract, then we don't want those bidders to prevail. Mr. Massa stated that we have a responsibility to both the employees and the taxpayers. Mr. Judge asked if the provision could be incorporated as a desire not a requirement. Mr. Massa said that we would have the final say and we don't have to accept anything that would negatively affect the employees. Mr. Nee said that if we believe that the union contract should be honored than we should be up front about it. Mr. McCarvill said that a new buyer would have to recognize the union but how much control they would have is another story. Mr. Nee said that he is concerned with the level of anxiety and the affect on moral. Mr. MacDonald said that we have to protect them now. Mr. Duffy said that this issue could not be decided until we

discuss it with our Advisor/Broker and that we would revisit it at a later time.

Upon a motion duly made by Mr. Nee and seconded by Mr. Waugh by a roll call vote it was unanimously

VOTED: to convene in executive session in accordance with R.I.G.L §42-46-5(a) at 10:02 a.m.

Mr. Waugh - yes, Mr. Nee - yes, Mr. Duffy - yes, Mr. MacDonald – yes, Mr. Massa – yes, Ms. Venturini – yes, Joe Judge - yes

Open session resumed at 1:00 p.m.

Chairman Duffy reported that no votes had been taken in closed session. Upon a motion duly made by Mr. MacDonald and seconded by Ms. Venturini it was unanimously

VOTED: to seal the minutes of Executive Closed Session until matters have been resolved and adjourn at 1:02 a.m.