

**THE RHODE ISLAND CONVENTION CENTER AUTHORITY
271st MEETING OF THE
BOARD OF COMMISSIONERS**

July 29, 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 July 29, 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, David Gavitt, Paul MacDonald, Jerry Massa, Brad Waugh, Dale Venturini, Joe Judge and George Nee. The City has not as yet appointed a replacement for Commissioner Joan Countryman. Also present were James P. McCarvill, Executive Director, Theodore J. Przybyla, Ken Mancuso, and Jasmine Jennings, RICCA; Tim Muldoon, SMG; Mark Anderson, Westin Providence; Brian Whiting, PWCVB; Tom Hodge, Office of the Auditor General; Tracy LeRoux and Joanne Sourial, The Link Agency; Dana Ramos, PKF Consulting; Bruce Leach, Legal Counsel; Jess Fisher, H.E.R.E. Local 217, and Eileen Smith, Recording Secretary.

CALL TO ORDER

Recognizing a quorum, Chairman Duffy called the meeting to order at 9:02 a.m.

APPROVAL OF MINUTES

Chairman Duffy entertained a motion to accept the minutes of the 270th meeting, June 24, 2004 as distributed. Upon a motion duly made by Mr. Waugh and seconded by Mr. Massa it was unanimously

VOTED: to approve the minutes of the 270th 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

Chairman Duffy asked Mr. Massa to report on the Operations and Facilities Committee meeting of Tuesday, July 27th. Mr. Massa reported that the escalator project continues on time and on budget. He continued that the suites renovations are moving forward. The soft goods have been ordered and the project is scheduled to be completed in November. Mr. Massa asked Mr. Muldoon to report on the Convention Center projects. Mr. Muldoon informed the Board that there has been a slight delay on the ballroom project because the delivery of the carpet is taking longer than expected but otherwise the renovations are going well. He also reported that the parking garage project is on schedule and the South Garage should be complete by August 15th. Mr. Muldoon said that the loading dock will be shut down for repairs in mid August. The handicapped ramp doors on the

fifth level have been installed.

Chairman Duffy thanked Mr. Massa for his report and asked Mr. Judge to present the Finance Committee report.

FINANCE COMMITTEE REPORT

Mr. Judge reported that the Hotel's year to date consolidated net results as of June 30, 2004 were \$1,839,548 and \$1,081,984 for the same period last year for a year to date net increase of \$779,375 when compared to fiscal year 2003. He also reported that the Convention Center, Concessions & Catering net Year to Date income increased by \$315,995 when compared to fiscal year 2003 and net year to date parking income increased by \$168,649 when compared to fiscal year 2003. Mr. Judge noted that the Authority had met its revised fiscal year 2004 Budget target of \$5,030,100 as set by the State Budget Office in its January 2004 revision. Mr. Duffy thanked the operators for the efforts in enabling the Authority to meet the revised budget goal. Mr. Gavitt echoed Mr. Duffy's comments and praised all those involved. Mr. Przybyla said that it was a difficult target to meet but the operators beat the bushes for business and deserved the congratulations of the Board. Mr. Judge continued, saying that hotel management had noted the strong June operating results and optimistic forecast for the first two quarters of fiscal 2005. The third quarter is of concern, but it was noted the short term nature of current business continues to hamper our long term forecasting. He

stated that the Convention Center also noted the strong number of bookings confirmed for fiscal year 2005. Mr. McCarvill reported that Mr. Przybyla had prepared a list of capital expenditures as a reminder that we need to reserve significant capital for major renewal and replacement projects.

MARKETING COMMITTEE

Ms. Venturini reported that the Marketing Committee is challenging its members to do a combined event that will grab people's attention. Mr. Whiting addressed the Board and stated that it is exciting to have so many tourism agencies involved in the Marketing of the State. He informed the Board that Newport would like to participate in our meetings or possibly join the committee. He also informed the Board that a new Vice President of Sales for the CVB has been hired and will be on board soon. Mr. Whiting continued that June had been a strong month noting that although room night blocks are down attendance and net square footage is up. He contributes the downturn in room block nights to attendees making their own reservations. Ms. Venturini asked if there was concern that rooms won't be available. Mr. Anderson said that he has overbooked on many occasions and that it has not been a problem. Conversations ensued regarding the industry wide concern about attrition and room blocks. Mr. McCarvill said that we should look at consumed rooms compared to booked rooms and perhaps go after events that are a little bigger now that the planners are reducing their room block

commitments. Mr. MacDonald asked if there was a sliding scale for rooms and Mr. Anderson said that the Hotel has a sliding scale for rooms and space. Mr. Whiting said that an Image and Perceptions Report based on tourists and convention planner surveys is available to the Board. Mr. MacDonald thanked the CVB staff noting the great job that was done during the Teamster's visit. Mr. Anderson reported that a decision on the new Director of Sales and Marketing will be made by the end of next week. Mr. Muldoon informed the Board that negotiations are on-going to bring Treasures of the Vatican Exhibit to the State. He explained that the exhibit highlights the art and history of the Vatican and contains over 300 artifacts. Mr. Muldoon continued that he is negotiating with Clear Channel to bring the exhibit to the Convention Center noting that the usual venues are museums. He said that the deal is not done yet but that he is very hopeful. Mr. Duffy inquired where the exhibit has been in the United States and how has it done in terms of viewers. Mr. Muldoon said that it has been in San Diego, Cincinnati and Fort Lauderdale and has done quite well averaging over 150,000 attendees per site. He said that Clear Channel is looking for one venue in the Northeast. Mr. MacDonald commented that the Smithsonian Exhibit had great numbers although Rhode Island Treasures was a disappointment. Mr. Duffy asked Ms. Sourial of the Link Agency to address the Board. She stated that she is very excited about the prospects of the Vatican Exhibit and the agency will promote it to the Northeast region. She also stated that the agency is working on a press release to announce the re-opening of the renovated ballroom and the escalator

relocation. Ms. Sourial said that she has been working with Brian Whiting and John McGinn to present a united campaign. She noted that she will meet with the Convention Center and CVB staff on a monthly basis to talk about what is going on and will create little stories as well as promote high powered events. Tom Hodge of the Auditor General's office took the opportunity to thank Erin Degulis of the PWCVB for her professionalism in planning an event for the Auditor General.

DUNKIN DONUTS LIAISON COMMITTEE

Mr. Gavitt reported that negotiations with the City for the Dunkin Donuts Center are in a holding pattern. The Memorandum of Understanding with the City is nearly complete and we have received the Architectural and Engineering Report. Mr. Gavitt stated that the Legislature has opted not to consider the issue this session but has indicated that they will meet with the Authority and the City prior to the next legislative session and act as soon as possible in January. He also stated that the City is exploring "options" to mitigate their cash flow problems at the facility which may include changes in their management, concessions and other service agreements. They are aware of our concern that they should be careful not to enter into agreements that will significantly compromise our ability to act in January. Mr. Duffy asked Mr. Nee his opinion on the latest developments with the City. Mr. Nee said that his feeling is that there are no buyers out there. He continued that you don't see anyone

coming up with money for a capital plan. Mr. Duffy stated that the City is looking for loans for cash flow. He also said that the City not the Civic Center Authority has been negotiating with us.

CHAIRMAN AND EXECUTIVE DIRECTOR'S REPORT

Chairman Duffy informed the Board that Mr. Anderson would be leaving us to take a position in Boston. He said that Mr. Anderson has done a wonderful job for us and that he will be missed. Mr. MacDonald concurred, saying that Mark is an incredibly talented man and that he would like to thank him and wish him well. The conversation then turned to hotel development. Mr. Duffy said that as the Board is aware, there have been discussions concerning the sale of the Westin. The Authority hired PKF Consulting to prepare an analysis on the best options available to us. He said that PKF has looked at the past performance and historical data and well as a financial analysis. He said that we should seek a broker and negotiate a transaction based fee in the event that a decision is made to sell the hotel. He continued that any sale would have to include the development of the adjacent parcel. Chairman Duffy asked that a motion be made to issue an RFP for Real Estate Broker. Mr. Waugh made a motion seconded by Mr. Gavitt to issue an RFP for a Real Estate Broker. Mr. Judge noted that he was not ready to vote on the motion without further discussion and the motion was tabled. Mr. MacDonald asked why we would want to sell the hotel when it is making money. Conversations ensued regarding the possible sale of

the adjacent property and the effect on our bonds if the parcel were developed with private funds. Mr. Waugh asked how the bond retirement would affect renewal and replacement. Mr. McCarvill stated that the renewal and replacement funding requirement would remain in place as it was based on the original bond issue amount, not tied to outstanding debt levels. Mr. Duffy then asked Mr. Mancuso to address the Board. Mr. Mancuso reported that there had been an arson incident in the Dome Building. He noted that the cameras were a great assistance to the arson squad and the detective division. They were able to recognize the arsonist and also match prints left on a bottle at the scene. He said it was an excellent piece of work done by the Providence Police and Fire Departments. Mr. MacDonald said that when this goes to court we should pursue it and said that anyone that would set fire to a hotel deserves to be severely punished. Mr. Mancuso also stated that the Fire Department pickets did not cause a problem during the Stonewall Democrats visit to the hotel and that everyone was orderly.

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 10:10 a.m.

Mr. Waugh - yes, Mr. Nee - yes, Mr. Duffy - yes, Mr. MacDonald – yes, Mr. Gavitt – yes,

Mr. Massa – yes, Ms. Venturini – yes, Joe Judge - yes

Open session resumed at 11:10 a.m.

Chairman Duffy reported that a vote had been taken in closed session to prepare a flexible RFP for Real Estate Development, and to prepare an RFP for Real Estate Broker services to be considered at the August Board meeting. Upon a motion duly made by Mr. MacDonald and seconded by Mr. Gavitt it was unanimously

VOTED: to seal the minutes of Executive Closed Session until matters have been resolved and adjourn at 11:15 a.m.

For information please contact James P. McCarvill at (401) 351-4295