

**THE RHODE ISLAND CONVENTION CENTER AUTHORITY 322nd
MEETING OF THE BOARD OF COMMISSIONERS November 20, 2008**

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 November 20, 2008 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, Jeff Hirsh, Patrick Butler, Dale Venturini, Dave Gavitt, Bernie Buonanno, George Nee, Bill Daugherty, Jason Fowler and Paul MacDonald.

Ms. Venturini was unable to attend.

Also present were James P. McCarvill, Executive Director, Betty Sullivan and Ken Mancuso, Rhode Island Convention Center Authority; Bruce Leach, Legal Counsel; Martha Sheridan and Neil Schriever, PWCVB; Tim Muldoon, Deb Tuton, Kathy Masino and Nancy Beauchamp, SMG/RICC; Larry Lepore, Cheryl Cohen, Lisa Coelho, Jodi Duclos and Eleanor SanAntonio, SMG/DDC; Bob McClintock, SMG Corporate; Lynn Singleton, VMA; Tom Crocker, Sportservice; Gay Dowding, Local 217; Bob Bromley, Senate Fiscal Office; Chantale Sarrasin, House Finance, and Eileen Smith, Recording Secretary. CALL TO ORDER

Recognizing a quorum, Chairman Duffy called the meeting to order at 9:08 a.m.

APPROVAL OF MINUTES

Chairman Duffy entertained a motion to accept the minutes of the 321st meeting, October, 2008. Upon a motion duly made by Mr. Gavitt and seconded by Mr. Daugherty it was unanimously VOTED: to approve the minutes as distributed

Mr. Duffy announced that the next meeting would be held on Tuesday, December 23rd at 9:00 AM. He also noted that the Committee Meetings would be on Monday December 22nd beginning at 12:30 PM.

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

Mr. Duffy congratulated Mr. Hirsh, on being named Restaurateur of the Year and Debra Polselli, from the Dunkin' Donuts Center and Shannon Jones, from the Convention Center for receiving Employee of the Year awards from Rhode Island Hospitality and Tourism Association.

Mr. Gavitt mentioned the positive press that Mr. Nee has been receiving lately. Mr. Nee said that he is trying to stir things up in a positive way.

Mr. Duffy asked Mr. McCarvill to present the consolidated financial review. Mr. McCarvill reported that for the month of October, Convention Center net income was \$69,287 to budget but (\$227,718) to the prior year. Mr. McCarvill noted that the positive variance in net income for the month was the result of strong food & beverage revenue offset by a 6.6% reduction in parking revenue due to a reduction in food & beverage and parking revenues. Mr. McCarvill noted that Year to Date Net Income was \$27,936 to budget and (\$577,095) to the previous year. He said that the favorable variance in net income was the result of a strong month in rent and services billed. Mr. McCarvill stated that management continues to maintain control of indirect costs during this difficult economic period. Mr. McCarvill noted that parking numbers are down due to fewer construction workers. Mr. Muldoon reported that the Westin has asked for additional parking and that the garage now has space for more hotel parkers. Mr. McCarvill reported that for the month of October the Dunkin' Donuts Center net income was (\$174,975) to budget and (\$214,255) to the prior year. Mr. McCarvill noted that the unfavorable variance to budget is attributed to rental loss for the Rock the Ink concert. Mr. McCarvill stated that the Rock the Ink concert was a Complex event and the Convention Center and parking revenue for the event was good. Mr. McCarvill stated that Year to Date Net Income was (\$204,261) to budget and (\$414,503) to the previous year. He said that low attendance for events contributed to the unfavorable variance. Mr. Gavitt asked if the Dunkin' Donuts

Center could have self promoted the Celtics pre-season game. Mr. Lepore said that if we had someone with contacts in the Celtics organization we could. Mr. Buonanno asked why Rock the Ink was a profit for the Convention Center and not the Dunk. Mr. Duffy said that it was a very complex event that worked well. Mr. Lepore noted that the expense for setting up for several concerts was an issue. Mr. McCarvill reported that net income for the Convention Center Authority for the month of October was (\$26,071) to budget and (\$62,749) to the prior year. Year to Date Net Income was (\$87,099) to budget and (\$371,334) to the prior year. Mr. McCarvill stated that consolidated net income for the month of October was (\$131,757) to budget and (\$490,923) to the prior year. Year to Date Net Income was (\$263,422) to budget and (\$1,362,932) to the prior year. Mr. McCarvill noted that the VMA net income for the month of October is \$16,488 to budget and year to date net income is \$26,072 to budget. Mr. Duffy asked if we should reforecast considering the state of the economy. Mr. McCarvill said that we could reforecast in December and report in January.

MARKETING COMMITTEE

Ms. Venturini was not in attendance. Therefore Mr. McCarvill asked Martha Sheridan and Neil Schriever to address the Board. Ms. Sheridan reported that a meeting on the impact of tourism on the State is taking place later in the day. She said that the numbers for visitor spending and the tax revenue derived from tourists would be

available. Ms. Sheridan also said that the jobs created by tourism will be discussed. Ms. Sheridan reported that the PWCVB had earned accreditation from the Destination Marketing Accreditation Program for their commitment to quality programs and services. Ms. Sheridan stated that the PWCVB is one of only eighty CVB's of which there are six hundred sixty members to earn accreditation. Mr. Fowler congratulated Ms. Sheridan and the entire CVB staff. Ms. Sheridan noted that we are starting to feel the effects of the downturn in the economy. Ms. Sheridan noted that following Tuesday's meeting Mr. Schriever had adjusted his presentation and will report quarterly on the comparison between the goals stated in the 2009 Marketing Plan and actual bookings. Mr. Schriever reported that because the CVB is booking larger groups we are pacing ahead of last year. He stated that for the month of October there were nine definite bookings for the Complex compared to last year's seven and 12,012 room nights associated with the bookings. Mr. Schriever stated that there are fifty two tentative bookings for the Complex. Mr. Schriever was pleased to report that to date 93,000 room nights are attributable to the Complex. Mr. Schriever compared Fiscal Year 2009 year to date bookings to Fiscal Year 2008 bookings. Mr. Duffy said that it good to hear a positive report. Mr. McCarvill thanked Mr. Schriever for presenting the CVB's report in the new format that requested by Ms. Venturini.

Mr. Muldoon reported that the Convention Center's public shows, trade shows and meeting revenue goals for the Fiscal Year 2009 were

\$7.4 million and as of this date we are at \$6.2 million. Mr. Muldoon stated that he expects to close the gap in the coming months. Mr. Muldoon reported that the stand alone catering goal has already been surpassed and the total revenue goal is within reach. Mr. Muldoon stated that we have a verbal commitment for the CVS Charity Classic. He said that he thought there was only a small chance securing the event for the facility but thanks to the hard work of John McGinn and Kathy Masino we were able to convince the event organizers to return to the Convention Center. The Story Book Ball will also take place in the Convention Center after many years of hard work by the sales team. Mr. Duffy congratulated Mr. Muldoon and Ms. Masino for doing a great job with the Miriam Hospital Gala. Mr. Duffy said that Ben Mondor reported that the event was one of the best that he has ever attended. Ms. Masino said that Chefs Tony and Pascal work well together and that a menu was designed around what they do well.

Mr. McClintock addressed the Board. Mr. Duffy asked what SMG is doing to help the local buildings. Mr. McClintock stated that national industry attendee numbers are down and there have been some cancellations. He said that SMG is monitoring trends and looking for a common thread. He stated that we need to prepare for a downturn. Mr. McClintock noted that trade shows will be down but not as much as you would imagine. Mr. McClintock said that advertising dollars will be spent and SMG will participate in shows where the buyers attend. Mr. McClintock noted that SMG does not want individual buildings to reduce their sales and marketing efforts. He said that

they are expecting much harder work from the sales and marketing teams to attract business. Mr. McClintock stated that the Rhode Island Convention Center has done a great job and that it is a success story. Mr. McClintock reported that SMG is working with Mr. McGinn to update his sales plan and create leads. Mr. McClintock said that we are hoping for sunshine but carrying an umbrella. He said that SMG is designing plans for the worst case scenario but that he expects Providence will do better than those facilities that have a resort image or a higher priced venue. He said that Providence's easy access and great amenities will help during the downturn. Mr. McClintock reported that Mr. McGinn has been very successful in landing business. Mr. Gavitt asked how any conflicts are resolved between Hartford, Worcester and Providence. Mr. McClintock said that it is up to the sales staff to convince the client to hold their event in that facility. Mr. Fowler asked if any thought had been given to incentivizing the sales people and if so what is being done. Mr. McClintock said that SMG is looking into a program for this market. He said that we have been blessed with great people. Mr. McClintock noted that his compensation depends on the success of this facility. Mr. MacDonald said that Mr. Muldoon does a great job and deserves attention. He stated that the sales staff has always given 110%. Mr. McClintock said that he agrees with everything that has been said.

DUNKIN' DONUTS CENTER

Mr. Buonanno reported that the Dunkin' Donuts Center Committee

had met on Tuesday. He asked Mr. Lepore to address the Board. Mr. Lepore reported that a great deal was learned from the Rock the Ink show. He said that if the event returns some adjustments will be made to the concert schedule. Mr. Lepore reported that the Celtics did not do as well as expected. He noted that they were scheduled to play at Mohegan Sun but due to problems with the contract they looked for another venue. Mr. Lepore stated that he is looking into the possibility of an arena football for the building. He noted that Bill Devereaux is involved and that some investors have been cleared. Mr. Lepore said that the games are played from mid February through May with the playoffs in June. Mr. Duffy asked about converting the building. Mr. Lepore said that conversion is easy because they use the dashers. Mr. Nee asked how the attendance has been at other facilities. Mr. Lepore said that the teams that draw are the one that have known individuals involved such as John Elway and Jerry Jones. Mr. Duffy asked if we could do anything to help. Mr. Lepore said that we need a celebrity connection like Doug Flutie or Bill Belichick. Mr. Lepore announced that Midget Car Racing will be here in March which will appeal to our strong family market. Mr. Duffy asked if there was anything new on the concert front. Mr. Lepore said that it is not a good time for concerts. He said that a lot of tours have been a bust. He said that even Radio City Music Hall has cancelled some of it's Christmas performances.

Mr. Crocker distributed a sample pub style menu. He said that the restaurant would serve burgers, ribs pub fries, etc. Mr. Duffy asked if

the restaurant would take reservations and open ½ hour earlier. Mr. Crocker said that yes reservations can be made but the opening time is at the discretion of the artists. Mr. Crocker said that signage is still being discussed and that he hopes that a decision will be made soon so that plans can be implemented by the first of the year. Mr. McCarvill asked Ms. Sullivan to give the number that has been allocated for the changes to the restaurant. Ms. Sullivan said that \$20,600 is the amount available. Upon a motion duly made by Mr. MacDonald and seconded by Mr. Buonanno it was unanimously

VOTED: to move forward on the changes to the restaurant for an amount not to exceed \$20,600.

Mr. McCarvill reported that he would be attending a meeting at RISCA on Monday to review the artist's submissions for our Public Art component. Mr. McCarvill also reported that we will have access to the War Memorial site in March and completion of the project is expected to be Memorial Day, 2009.

CONVENTION CENTER COMMITTEE

Mr. Hirsh reported that the Convention Center Committee had met on Tuesday. He said that he has been reviewing the customer surveys and was very pleased that people had responded so positively. Mr. Hirsh said that the Convention Center is doing a great job where the customer is concerned. Mr. Muldoon noted that the sales team has

built a strong relationship with the customer. He said that there are some areas that could use improvement but overall our dedicated people do a good job. Mr. Nee asked who fills out the survey. Mr. Muldoon said that is usually the on-site person or planner.

Mr. Duffy reported that we are still having difficulty with our bonds. He asked Mr. McCarvill to update the Board. Mr. McCarvill said that both AMBEC and MBIA have been downgraded. He said that we need new surety from FSA or a letter of credit or cash. Mr. McCarvill said that an RFP was issued for a Letter of Credit and no responses were received. Mr. McCarvill noted that our financial advisors are looking for a solution. He said that Dexia is still holding the bonds and it is costing us about 5%. Mr. Duffy assured the Commissioners that situation was not caused by anything that we did. Mr. McCarvill said that at the moment rates are moving in our favor and that the longer it takes to resolve the problem the better position we may be in. Mr. Nee asked if Mr. McCarvill needed authority to proceed. Mr. Duffy said that the authority was given several months ago. Mr. Leach said that a resolution would have been needed for the Letter of Credit but there were no bidders.

VMA

Mr. Daugherty reported that Mr. Habl could not make the meeting and that Lynn Singleton was filling in for Mr. Habl. Mr. Singleton noted that Mr. Habl father was very ill and that Steve is out of State with his

family. Mr. Singleton reported that he is learning a great deal about the building. He said that work continues on the web-site and that ticketing is now seamless. Mr. Singleton reported that Kristallnacht was a sell out and that Mannheim Steamroller is doing very well. Mr. Duffy said that he would like to see a pro-forma and a capital improvement plan for the VMA. Mr. Singleton said that a prioritized punch list is being prepared and that a contractor will be engaged to estimate the cost. Mr. Nee asked if the Dunk's e-mail list would be of any use to the VMA. Mr. Singleton said that they are using PPAC's list that is most likely comparable to the Dunk's. Mr. Duffy said that we are pleased with the efforts of Mr. Habl. He said that Steve is doing a great job. Mr. Singleton thanked Mr. Duffy. Mr. Singleton stated that he agreed with Mr. Lepore regarding the purchase of one night concerts and events. He said that one nighter's have fallen off a cliff. Mr. Singleton said that in this environment you play not to lose. He said that PPAC is being very cautious.

Mr. Duffy reminded the Board that December's meetings would be held on Monday, December 22nd beginning with Marketing at 12:30 followed by the Dunk and then the Convention Center meeting. He said that the Board meeting would be at 9:00 am on Tuesday the 23rd.

Mr. Duffy reported that the Authority had hired a part time PR/Marketing manager. He said that Kim Keough would join the Authority on December 2nd. Mr. Duffy asked if there was any new business. Hearing none he asked for a motion to adjourn. Upon a motion duly made by Mr. Hirsh and seconded by Mr. Daugherty it was

unanimously

VOTED: to adjourn at 10:35 AM