

**THE RHODE ISLAND CONVENTION CENTER AUTHORITY 331st
MEETING OF THE BOARD OF COMMISSIONERS August 27, 2009**

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 August 27, 2009 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 Duffy, Commissioners, Jeff Hirsh, William Daugherty, Bernie Buonanno, Letitia Carter, Patrick Butler, Dale Venturini, Paul MacDonald and Jason Fowler.

Mr. Gavitt and Mr. Nee were unable to attend.

Also present were James P. McCarvill, Executive Director, Betty Sullivan, Ken Mancuso and Kim Keough, Rhode Island Convention Center Authority; Bruce Leach, Legal Counsel; Tim Muldoon and Nancy Beauchamp, SMG/RICC; Larry Lepore, Bob Cappalli, Cheryl Cohen, Eleanor SanAntonio and Jodi Duclos, SMG/DDC; Steve Habl, VMA; Neil Schriever, PWCVB; Thomas Mullaney, Budget Office; Joseph Solomon, House Policy Office; Chantale Sarrasin, House Fiscal Staff; Robert Bromley, Senate Fiscal and Eileen Smith, Recording Secretary.

CALL TO ORDER

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

APPROVAL OF MINUTES

Mr. Duffy entertained a motion to accept the minutes of the 330th meeting, July, 2009. Upon a motion duly made by Mr. Butler and seconded by Ms. Carter it was unanimously VOTED: to approve the minutes as distributed

Mr. Duffy instructed the Authority office to send the approved minutes to the Secretary of State's Office via electronic mail. Mr. Duffy announced that the next meeting would be held on Thursday, September 24th at 9:00 AM.

Mr. Duffy asked Mr. McCarvill to present the consolidated financial review. Mr. McCarvill noted that the VMA net income for the month of July was \$4,046. Mr. McCarvill reported that the VMA is trying to entice organizations back to the venue. He said that the theater has been off the radar with non arts related small and mid size local promoters. Mr. McCarvill reported that for the month of July, Convention Center net income was \$38,316 to budget and \$94,642 to the prior year. Mr. McCarvill noted that Food & Beverage and Parking exceeded budget expectations due to strong catering and event parking. He also noted that cost savings methods have been implemented with very good results. Mr. McCarvill reported that for the month of July the Dunkin' Donuts Center net income was \$112,312 to budget and \$45,558 to the prior year. Mr. McCarvill stated

that suite revenue contributed greatly to the favorable variance and significant savings were achieved through seasonal lay offs and the continued monitoring of costs. Mr. McCarvill reported that July's net income for the Convention Center Authority was (\$1,517,442) to budget and \$15,515 to the prior year. He said that the annual startup funds for the year have not been received from the State. Consolidated net income for July is (\$1,354,624) to budget and \$112,811 to the prior year. Mr. Butler noted that at a previous meeting there was some discussion regarding segregating parking revenue for events at the Dunkin' Donuts Center from other parking revenue. Mr. Muldoon reported that parking revenue for Cirque du Soleil was approximately \$19,000. He said that it would be difficult to accurately distinguish Dunkin' Donuts Center event parking if simultaneous events were occurring at the Convention Center or the Westin Hotel.

Mr. Duffy reported that Ms. Sullivan had completed the 2011 budget process. He asked Ms. Sullivan to address the Commissioners. Ms. Sullivan was pleased to report that the audit is two weeks ahead of schedule. Ms. Sullivan began the discussion of the 2011 budget. Ms. Sullivan reported that a summation of the budget is included in the package that was distributed prior to the meeting. She noted that the entire budget would be available to the Commissioners at the Authority office. Ms. Sullivan stated that 2011 budget reflects expense decreases attributed to the elimination of the 2001 Series A bonds and expenditures from both the Convention Center and the

Dunkin' Donuts Center. Mr. Duffy asked Ms. Sullivan what is the Authority's total debt. Ms. Sullivan stated that she would be addressing debt later in her report. Ms. Sullivan noted that the decrease in expected revenue for the Authority is due to the slow down in hotel room tax revenue. Discussions ensued regarding room tax. Ms. Sullivan reported that she budgeted a revenue increase for the VMA and reflects management's aggressive approach to booking events. Ms. Sullivan stated that the decrease in revenue projected for the Dunkin' Donuts Center reflects a downturn in non-returning events. She stated that management needs to take a more aggressive approach to attracting events year round. Ms. Sullivan noted that after four years she still has not received a strategic plan for attracting more events. Mr. Duffy stated that the problem has already been addressed with SMG and Mr. Lepore. Ms. Sullivan reported that she had budgeted a loss of \$1.2 million for Fiscal Years 2010 and 2011. Mr. MacDonald asked Ms. Sullivan to explain the phrase labor elimination used in her comments concerning the Dunkin' Donuts Center. Mr. Lepore answered that seasonal lay-offs had been budgeted and that there were no jobs eliminated at the Dunk. Mr. MacDonald stated that elimination means that jobs were eliminated therefore it was a poor choice of words by Ms. Sullivan. Ms. Sullivan stated that the wording will be amended as suggested. Mr. Duffy asked Ms. Sullivan what she thought was the principal reason for the projected loss. Ms. Sullivan stated that she thinks the non aggressive pursuit of events for the Dunkin' Donuts Center and the economic climate are the major issues. Mr. Buonanno took exception

to Ms. Sullivan's contention that our projected loss is mostly due to the Dunkin' Donuts Center. Ms. Sullivan stated that she was only attempting to get the attention of SMG. Mr. Buonanno reiterated his comment that the loss is not exclusively attributable to the Dunk. Mr. Duffy asked about our debt. Ms. Sullivan responded that our debt service payment for 2010 is \$22.4 million. Mr. Duffy said that he would still like to know our total debt. Mr. McCarvill answered that it is approximately \$270 million. Mr. Duffy stated that in 2011 the budgeted loss for the VMA appears to be conservative. Ms. Sullivan noted that we have not taken over complete responsibility for the VMA and we are unsure when or if that will happen. Ms. Carter asked what the outstanding debt is for the VMA. Mr. McCarvill stated that it is a couple of million from the 1990's and is part of the Public Building Authority debt. Mr. Hirsh asked Ms. Sullivan if she feels that the budget is reality. Ms. Sullivan said no. Mr. Duffy asked Ms. Sullivan how she could expect the Board to vote on the budget if she doesn't think it is realistic. Mr. McCarvill explained that the budget is a projection and that it is very difficult to predict the number of events and the success of those events in this economy. Ms. Carter asked Ms. Sullivan how she thinks the State will look at this budget. Mr. McCarvill stated that the Budget Office will not be receiving this summary with Ms. Sullivan's comments. They will only be getting the actual budget. Mr. Fowler said that he would like to see a couple more columns that would compare what had been forecast and actual in the past to what is being budgeted now. Mr. Daugherty stated that in order to understand the budget we need to understand the

assumptions. Mr. Duffy said that Ms. Sullivan took a conservative approach and assured the Commissioners that Ms. Sullivan's comments would not be included in the submission to the State. Mr. McCarvill noted that if things are not tracking as expected the budget will be revised. Mr. Fowler stated that he would like to have a base to compare 2011 budgeted numbers to the past. Ms. Sullivan stated that we include 2009 actuals in the Budget Books. Ms. Carter asked if there is a fine for not submitting the budget on time. Mr. Duffy said that there is not. Mr. MacDonald said that he is confused by Ms. Sullivan's comments when she refers to management. He said that in some instances management is building management and in other management is the Authority. Mr. McCarvill again assured the Commissioners that Ms. Sullivan's budget summary would not be a part of the submission to the State. Upon a motion duly made by Mr. Buonanno and seconded by Mr. Fowler it was unanimously

VOTED: to accept the Fiscal Year 2011 Budget for submittal to the Budget Office.

DUNKIN' DONUTS CENTER

Mr. Buonanno reported that Chairman Duffy, Jim McCarvill and Larry Lepore had met with Hank Abate and Mike Evans. Mr. Buonanno said that he thinks that SMG has a clearer understanding of our needs. Mr. Lepore stated that SMG may establish a fund to assist us in attracting performers. Mr. Lepore reported that a person from SMG's

Corporate office will be assigned to the Dunk to locate events for the facility. Mr. Lepore noted that SMG is taking the risk and bringing a special laser light presentation, similar to TSO, of the Starwars series featuring the London Orchestra. Mr. Lepore reported that Jay Z will be appearing at the Dunkin' Donuts Center and offers have been made to Phish and Kanye West. Mr. Lepore noted that we have difficulty overcoming the booking window imposed by Disney/Feld. He said that no family shows can be booked sixty days before or after a Disney/Feld show. Mr. Lepore stated that we have now proven to artists that we can sell tickets in July given the success of Cirque du Soleil. Mr. Lepore reported that Spirit of America will have a tremendous economic impact on the City. He also reported that Guido Petrosonelli and his Dunkin' Donut franchises had donated \$5,000 to help pay for busses for school groups attending the Friday matinee.

Mr. Lepore was pleased to report that we are instituting a recycling program that would make the Dunkin' Donuts Center the only arena in the country where people will be able to deposit bottles and cans in recycling machines, where the patron can earn points toward prizes, contests and other perks. He said that in arenas people tend to throw everything on the floor and that it will take some effort to educate the crowd. Mr. Butler asked how many receptacles we will have. Mr. Lepore said that we will have two for now because they are expensive. Mr. Lepore stated that there has been a concerted effort to reduce utility costs. He said that the staff has been walking the

building and turning off everything that isn't being used. Mr. Lepore stated that the utility bill was reduced by \$20,000 in the most recent month.

Mr. Duffy reported that he and Mr. Buonanno had met with Hank Abate and Mike Evans because we do not feel that Mr. Lepore is getting enough support from SMG. Mr. Duffy said that SMG has agreed to explore setting up a marketing fund and will provide a dedicated individual to booking events at the Dunk. Mr. Duffy noted that the SMG contract ends on October 31, 2010.

Mr. Lepore stated that the Demi Lovato concert had been postponed and that the delay will work in our favor because there will be less of a change over. Mr. Butler asked if many people had asked for refunds. Mr. Cohen answered that there have not been many requests.

MARKETING

Ms. Venturini reported that very detailed and comprehensive Marketing Plans were presented at the last Committee meeting. Ms. Venturini noted that due to the length of the presentation the Communication Plan prepared by Ms. Keough was postponed. Ms. Venturini asked Ms. Keough to briefly present the plan. Ms. Keough reported that the objectives are communicate our core values, have coordinated and consistent messages, actively engage key

audiences, generate positive news coverage and raise awareness of our facilities. Other objectives are to launch the website and the branding of the complex. Ms. Keough stated that core values include uncompromised customer service, a safe and clean environment, and unique venues that are fiscally responsible to taxpayers. Ms. Keough noted that we will strive to manage messaging across all venues, commissioners and internal departments to ensure a well coordinated and consistent message. Ms. Keough described our target audiences and strategy to reach those audiences. She said that we will focus on customers, the general public, and meeting and event planners and promoters who can be reached individually and through broad-based communications. Ms. Keough expanded on the strategy that will be used to increase awareness of the complex. Mr. Duffy stated that every Commissioner should receive a copy of the plan. Mr. Fowler suggested that the Chamber of Commerce be included in all direct mail campaigns. Ms. Keough assured the Board that all bases will be covered. Ms. Keough reported on the action plan to launch the web site. Ms. Venturini said that a meeting will be held on September 2nd to review the progress on the web site and to decide on the final Rhode Island Convention and Entertainment Complex logo. Ms. Venturini also noted that the September Marketing Committee meeting had been changed to Tuesday, September 29th at noon and the discussion will focus on the web design. Ms. Venturini reported that Mr. Fowler had suggested a luncheon with the legislature. Mr. Fowler said that we need more people to buy in to what we are trying to do. Ms. Venturini said that

she would try to set something up for November. Mr. Butler asked if we have a video commercial. Ms. Keough said that although we have the potential to produce a video in house purchasing air time would not be cost effective. Ms. Venturini asked that a motion be made to accept the Marketing Plan as presented on at the Marketing Committee meeting. Upon a motion duly made by Mr. Fowler and seconded by Mr. Butler it was unanimously

VOTED: to accept the Marketing Plan as presented on at the Marketing Committee meeting.

CONVENTION CENTER COMMITTEE

Mr. Hirsh reported that the Convention Center Committee had met on August 25th. He stated that July was a very good month at the facility. Mr. Hirsh also reported that a long term electrical contract had been signed that will result in approximately \$170,000 per year savings. Mr. Hirsh noted that Mr. Muldoon and the staff are continuing their efforts to be more efficient. Mr. Muldoon reported that National Grid had pulled back on some incentives. He said that the pull back will necessitate a reevaluation on the timing of projects. Mr. Muldoon was pleased to report that this has been the busiest Summer that we have ever had in the building. Mr. Duffy asked Mr. Muldoon to thank his people for the great job that was done with GovEnergy. Ms. Venturini stated that the attendees were blown away by the job that was done and reported that the customer service was

phenomenal. Mr. Hirsh noted that Mr. Muldoon has some prospects for monthly parkers. Mr. Butler asked if the parking rate for Spirit of America will be the \$10.00 family rate. Mr. Muldoon said that it would.

Mr. Duffy thanked Mr. Muldoon and said that he was very pleased that July and August were so busy.

VMA

Mr. Habl reported that things are happening at the VMA. Mr. Habl noted that a major dance competition is coming to the theater. He said that although the event will not sell many tickets it will be good exposure for us and Providence Festival Ballet. Mr. Habl reported that the Philharmonic had moved its rush hour series to Friday evenings and that he thinks more people will take advantage of the opportunity to enjoy the music. Mr. Habl said that the Ballett is considering moving their administration office to the theater. He said that the arts community is a little more tolerant of the inconveniences. Mr. Habl reported that 80 events were held in the building last year and that we have 116 booked to date for this year. Mr. Habl noted that there have been some generator issues and that the State has provided a backup. He said that the old one is on its way out. Mr. Habl said that the hand rail parts are on their way.

Mr. Duffy announced that the War Memorial dedication will be held on September 24th at 11:00 AM. He urged everyone to attend and noted that the Board meeting is at 9:00 AM on that day. Mr. McCarvill stated

that work on the site has proven to be quite a challenge He reported that the project has been very difficult because of underground utilities.

Mr. McCarvill noted that we should have 50% construction drawings for the Public Art by the end of the month.

Mr. McCarvill reported that an agreement is close on the Dunkin' Donuts Store and the naming rights. Mr. Butler said that we would be better off settling the naming rights contract at this time.

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. Butler and seconded by Mr. Fowler it was unanimously

VOTED: to adjourn at 10:55 AM