

**THE RHODE ISLAND CONVENTION CENTER AUTHORITY 342nd
MEETING OF THE BOARD OF COMMISSIONERS August 26, 2010**

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 26, 2010 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, Paul MacDonald, Jeff Hirsh, Bernie Buonanno, Patrick Butler, Letitia Carter, Dale Venturini, William Daugherty, Jason Fowler and George Nee,

Mr. Gavitt was unable to attend.

Also present were James P. McCarvill, Executive Director, Betty Sullivan, Ken Mancuso and Kim Keough, Rhode Island Convention Center Authority; Tim Muldoon, Debbie Tuton, Nancy Beauchamp, Annie Anthonty and Kathy Masino, Convention Center; Larry Lepore, Hank Abate, Robert Cappalli, and Cheryl Cohen, Dunkin' Donuts Center; Steve Habl , VMA/PFM; Neil Schriever, PWCVB; Bruce Leach, Legal Counsel; Susan Calise, Bank of New York/Mellon; Robert Bromley, Senate Fiscal Office; Joseph Solomon, House Policy Office; Tom Crocker, Jerry Freed and John Valez, Sport Service; Frank Russo, Global Spectrum; Richard Beretta, ADdler Pollock & Shehan; Jenna Carlin and many representatives from Local 217, Unite HERE;

Camilo Viveiros, Rhode Island Jobs with Justice, and Eileen Smith, Recording Secretary.

Mr. Duffy called the meeting to order at 9:02 AM.

APPROVAL OF MINUTES

Mr. Duffy entertained a motion to accept and approve the minutes of the 341st meeting, June, 2010. Upon a motion duly made by Ms. Venturini and seconded by Mr. Buonanno it was unanimously VOTED: to approve the minutes as distributed

Mr. Duffy announced that the time has come for the election of officers to serve the Authority for the next two years. Mr. Duffy asked if anyone wished to nominate someone other than the current slate of officers. Hearing no new nominations he asked for a motion to reelect the officers now serving. Mr. Butler moved that pursuant to Article 6 of the Authority's bylaws

David A. Duffy – Chairman

David Gavitt – Vice Chairman

Paul MacDonald – Secretary

Jeffrey Hirsh – Treasurer

Be nominated as officers of the Rhode Island Convention Center Authority the motion was seconded by Ms. Venturini and it was unanimously

VOTED: to reelect the officers currently serving the Authority

Mr. Duffy asked Mr. McCarvill to present the financial information.

Mr. McCarvill noted that because the Board did not meet in July he would be presenting both the year end numbers and the current figures. Mr. McCarvill stated that the VMA finished the year with net income of \$13,023 which was (\$107,910) to budget but \$125,548 to the prior year. Mr. McCarvill stated that for the month of July net income was \$16,327 to budget and \$6,601 to the prior year. Mr. McCarvill reported the Convention Center year end net income was \$468,664 to budget and \$691,268 to the prior year. Mr. McCarvill reported that the Convention Center net income for the month of July was \$157,475 to budget and \$198,386 to the prior year. Mr. McCarvill stated that the Dunkin' Donuts Center net income for the year ended June 30, 2010 was \$552,200 to budget and \$894,108 to the prior year. Year to date net income was \$104,316 to budget and (\$59,362) to the prior year. Mr. McCarvill reported that the Authority ended the year (\$1,375) to budget and \$3,355,275 to last year. For the month of July net income for the Authority was (\$13,358) to budget and (\$33,233) to last year. Mr. McCarvill reported that consolidated net income for the year end was \$1,019,491 to budget and \$4,937,471 to the prior year. July consolidated net income was \$247,001 to budget and \$107,295 to the prior year. Mr. McCarvill congratulated the management of each of the facilities for a fantastic year.

Mr. Duffy noted that Ms Sullivan had completed the revised budget

for the fiscal year ending June 30, 2011 and budget for the fiscal year ending June 30, 2012. Mr. Duffy asked Ms. Sullivan to address the Commissions. Ms. Sullivan stated that a budget summary was included in the package distributed prior to the meeting. She thanked all those involved in preparing the budget and said that the entire budget is available at the Authority's office for review. Ms. Sullivan stated that she would be pleased to respond in detail to any questions. Mr. Hirsh moved that the Authority's revised budget for fiscal year ending June 30, 2011 and the budget for fiscal year ending June 30, 2012 be accepted as presented and that copies be transmitted by the Authority's staff to the Budget Office for acceptance. The motion was seconded by Mr. Butler and it was unanimously

VOTED: to submit the revised June 2011 budget and the budget for the fiscal year ending June 30, 2012 for acceptance by the Budget Office.

Mr. Duffy asked Ms. Sullivan to update the Board on the status of the June 30, 2010 audit. Ms. Sullivan was pleased to report that the audit was nearing completion. She stated that the auditors are wrapping up their work. Ms. Sullivan said that the team did a fantastic job on this year's audit. She noted that there will be no audit adjustments this year.

Discussion ended regarding the management contract. Mr. Duffy

stated that we have had several Executive Sessions and work sessions vetting SMG and Global Spectrum. He said that both firms have been interviewed numerous times. Mr. Duffy said that prior to the official vote he would like the Commissions to briefly let us know which firm they are voting for and why. Ms. Venturini stated that either firm would be a good choice but that she has been mostly happy with the current firm and her vote will be for SMG. Ms. Carter said that her vote will be for SMG. Mr. Fowler noted that both firms presented well but in his opinion Global Spectrum would bring more creativity and aggressive promotion of the facilities. Mr. Hirsh said that because SMG has a proven record especially this past year and because of their willingness to co-promote his vote goes to SMG. Mr. MacDonald thanked both firms for their presentations and their willingness to meet on numerous occasions. He said that because of the people that we have worked with, some since the building opened his vote will be for SMG. Mr. Nee complimented Mr. Duffy for his diligence in the vetting process. Mr. Nee said that because of their proven track record his vote will be for SMG. Mr. Buonanno said that he could find no reason not to vote for SMG. Mr. Daugherty said that he will vote for Global Spectrum. He stated that he agrees with Mr. Fowler and deeply resents SMG's non-compete clause in their personnel contracts. Mr. Butler said that both companies did a great job in representing their ideas for the Complex but will be voting for SMG. Mr. Duffy noted that he has not always been happy with the effort of SMG Corporate but after some pressure they stepped up to the plate. He said that because of Dunkin' Donuts Presents and the

Scoreboard his vote will be for SMG. Mr. Duffy noted that there are eight votes for SMG and two votes for Global. He asked if someone would make the motion to select SMG. Mr. Buonanno said that for the reasons discussed and based upon the evaluation criteria of the RFP, I move that the Chairman and the Executive Director of the Authority be authorized to negotiate a new Management Contract for a term beginning December 1, 2010 and ending June 30, 2013 with SMG in accordance with the terms of their proposal, as amended, and to report back to the Board the results of the negotiations for further action. The motion was seconded by Mr. Nee.

VOTE: SMG 8

Global Spectrum 2

Mr. Duffy told Mr. Russo that Global Spectrum made the decision difficult and thanked him and his team for participating in the process.

Mr. Duffy recognized Richard Beretta of Adler Pollock & Sheehan who updated the Board on the status of the Providence Ordinance. Mr. Beretta reported that oral arguments were heard on June 28th at which time both sides did a commendable job of stating their positions. He said that some amendments have been proposed but no action has been taken. Mr. Beretta noted that the original ordinance will go forward unless both sides come to some conclusion. Mr. Nee asked if there is enough time for anything to

take place to avoid further litigation. Mr. Beretta said that there is always a chance that a resolution can be found.

Mr. Nee noted that several members of Local 217 Unite HERE were present and would like to say a few words to the Board. Mr. Duffy said that the group was not on the agenda but as a courtesy to Mr. Nee and the union they would be allowed speak. Aubine Ramsey stated that she no longer has a job or health insurance and is living below the poverty level. She said that the Authority, because we receive taxpayer dollars should be looking out for the workers at the Westin. Albert Palumbo said that his job has been terminated and is being replaced by a subcontractor. Ana Corey who worked at Twin River said that Providence should set a precedent on how workers should be treated. Mr. Duffy thanked the union members and reminded them that we are a union facility and have always had a great relationship with our unions. Mr. Nee thanked the Board for listening noting that the workers are frustrated with the progress of negotiations. Mr. MacDonald said that these people are fighting for a little respect. He said that he is disappointed that the Procaccianti's think they can bring more to the bottom line at the expense of the workers. Mr. Duffy said that we should not be included in the Ordinance because of our history with the union. Mr. MacDonald said that the ordinance would not be needed if the people were treated right.

Local 217 Unite HERE departed at 9:40 AM

DUNKIN' DONUTS CENTER

Mr. Lepore reported that the Aventura concert was a success and that we are looking at other artists that would appeal to the diverse population in the area. Mr. Lepore said that the staff is ready and looking forward to the sold out Justin Bieber concert. He noted that this is a ticketless ticket through Ticketmaster and is something new for our box office and turnstile attendants. Mr. Lepore noted that he is putting together a number of offers taking advantage of Dunkin' Donuts Presents. Mr. Lepore said that the Dunkin' Donuts Center will hit the ground running.

Mr. Lepore said that he is negotiating with Providence College and the Providence Bruins to create an enhanced team store that would sell both PC and P Bruins merchandise. He stated that the P Bruins will be investing in PC merchandise and will man the store. Mr. Lepore noted that the space will double in size but will preserve 900 plus square feet as a swing space for meet and greets, special events, a sponsor room, etc. Mr. Lepore said that the space could be used by Dunkin' Donuts if they decide to revisit the Dunkin' Donuts store. Mr. McCarvill noted that per their contracts both Providence College and the Bruins are guaranteed retail space. Mr. Crocker stated that the expanded retail space and the adjacent multi use space will be a win-win for both Pc and the Bruins.

Mr. Lepore stated that the Public Art project is approximately 2 weeks behind schedule but they will make adjustments for the Justin Bieber concert. McCarvill said that Gilbane is working on the step repair. Mr. Lepore noted that the concrete apron project is complete. Mr. McCarvill noted that the next City Planning meeting would take place in September and we are hoping for approval of the marquee. He said that Daktronics is ready to go. Mr. Lepore noted that we are reluctant to send them their 30% down payment on the marquee until we have a license. Mr. McCarvill said that he would like to get RIDOT on board for the sign on the back of the building. Mr. Lepore noted that a moratorium has been imposed on new electronic boards. Mr. Duffy asked Mr. Beretta to check with DOT to determine what is necessary for the back of building signage.

Tom Crocker of Sportservice distributed their State of the Season Report. Mr. Crocker reported that despite the economy overall food & beverage and merchandise increased 2% during the past year. Mr. Crocker noted that even without beer sales the NCAA Basketball Tournament was a financial success for food & beverage. Mr. Crocker said that working with the Dunkin' Donuts Center staff to identify new areas that can be used as party places. Mr. Crocker stated that food & beverage sales were down in the suites due to the lack of hockey playoff games. Mr. Crocker stated that Sportservice is looking at some creative ideas such as pay your age. He said that knowing your customers is very important. Kid friendly items have been added to suite menus and merchandise, hat, tee shirts, etc. can

be pre-ordered

Mr. Freed addressed the Board and announced that Tom Crocker would be leaving the Dunkin' Donuts Center to take a position in Carolina. Mr. Freed stated that John Valez would be taking over the General Managers duties at the Dunk. Mr. Duffy congratulated Mr. Crocker and Mr. Valez for their promotions. He said that the food & beverage component at the building has come a long way under the direction of Mr. Crocker. Mr. MacDonald noted that he had brought a friend to the Providence Players Club that had some diet restrictions and the staff was very accommodating. Mr. Crocker noted that the chef does a lot behind the scenes to make sure that we can serve everyone. He also noted Sportservice's great union relationship.

Mr. Butler thanked Mr. Crocker for all his help especially during Cirque. Mr. Fowler said thank you and said that Mr. Crocker had done a fantastic job during his tenure at the Dunk. The Board echoed their comments.

CONVENTION CENTER COMMITTEE

Muldoon reported that fiscal year 2010 was the best year in the history of the Convention Center.

Mr. Muldoon noted that food and beverage is a great story. He noted that SMG likes to see a 25% flow through in F&B and Kathy and her team has consistently reached 35%.

Mr. Muldoon reported that Ms. Tuton has been negotiating for natural gas pricing for both buildings. He stated that the facilities will see a savings of \$125,000 over the next year. Mr. Muldoon said that lighting timers are being installed in the building. Mr. Muldoon reported that the lighting project is 80% complete. Mr. Muldoon noted that because the normally slow Summer months were busy the projects scheduled for this time of year have been condensed into a short period of time. Mr. Muldoon said that the facilities have received a new employee training manual. He said that the facilities have a great safety record that he would like to see continue. Mr. Muldoon stated that they are close to a decision on the furniture in the pre-function areas.

Mr. Muldoon thanked his staff for the best financial year ever. He stated that they are efficient and knowledgeable and put forth a great effort during the year. He also stated that this year is off to a great start. Mr. Abate thanked the Board for their support during the year. Mr. MacDonald thanked Mr. Abate and SMG Corporate for the leadership team here at the Complex.

VMA

Ms. Carter stated that she is looking forward to the year. She reported that the VMAF has approved a new logo that will be rolled out soon. Ms. Carter stated that they are working on a co-promote

model for future events at the theater. Ms. Carter noted that she will have a copyright for the art and has purchased the domain name the VETS. Mr. Duffy stated that the VMAF will limit their activity to co-promotes and raising funds for the theater.

Mr. Hahl reported that the theater had some significant progress at the end of the fiscal year. He noted that the Film Festival was a great success that received a lot of publicity. He also noted that the movie screen was left at the theater for our use. Mr. Hahl said that there are now new compressors so that the air conditioning is working fine.

Mr. Duffy asked Mr. McCarvill to explain the funding of the renovations. He stated that we have been authorized to spend \$3.5 million this year and a total of \$14 million over 6 years in RICAP funds have been proposed for future budgets. Mr. McCarvill noted that we had nine responses to an RFQ for Architecture/Engineer. We will narrow the field and invite three or four firms to meet with us. Mr. McCarvill said that we are most interested in improving the loading dock and dressing rooms during the first year. Mr. Duffy reported that the legislature is committed to the renovations. Mr. McCarvill said that Bob Bromely has been helpful with Senate Financing.

MARKETING

Ms. Venturini reported that the Marketing Committee had met on Tuesday. Mr. Schriever reported on fiscal year 2010 results. He

stated that definite room nights associated with the Convention Center were 73,733. Mr. Schriever was pleased to report that the destination was the recipient of the Meetings & Conventions magazine Gold Service Award, the Successful Meetings Magazine Pinnacle Award and the Facilities and Destinations Magazine Destination Award. Mr. Schriever reported that several local establishments are welcoming back of house tours. He said that Lifespan visited Venda Ravioli, Scialo Bakery and Gasparos. Guests were allowed to watch as ravioli was made at Venda and visit their butcher shop and Scialo opened their kitchen.

Ms. Sheridan reported that the CVB has formed the R.I. Sports Marketing Commission. Mr. Duffy asked if that meant that the RI Sports Council is officially dead. Ms. Sheridan said that they are not getting any funding but they are not officially disbanded.

Ms. Sheridan invited everyone to the Gubernatorial Forum being held at the Crowne Plaza at the Crossings on September 21st sponsored by the Rhode Island Hospitality & Tourism Association. Ms. Venturini said that the candidates will respond to questions on issues relating to the tourism industry. Ms. Sheridan noted that Projo's John Kostrzewa's economic story did not mention tourism as having an impact on the State. Ms. Sheridan stated that we do the best we can to let people know of the importance of tourism.

Dunkin' Donuts Center

Ms. Cohen reported that we have Bieber fever in the City. She said that the sold out concert will be a huge success. Ms. Cohen explained some special arrangements made for the Bieber concert. She said that the CVB coordinated hotel rooms for a bus tour from Toronto for a 3 night stay. Sportservice is putting together a food and beverage package for the group from Toronto for a pre-show reception. She reported that a Bieber Fever VIP pre-show reception will be held in the Convention Center where dinner will be served prior to the concert. Parking in the North Garage is also being promoted for the Bieber VIP package holders. Ms. Cohen presented the sales of sponsorships and signage objectives for the fiscal year. Ms. Cohen reported that the Providence Bruins, Dave & Busters, Coca Cola Recycle Sponsorship, WBRU and Hershey Ice Cream have signed contracts. Under negotiation are Panera Bread, Nathan's, Dippin Dots and Cassarino. Ms. Cohen said that Ms. Duclos is busy selling the party suites. Justin Bieber and Aventura have been sold. There are party suites available for Toy Story 3, Back to Stool, Phish, TSO and PC non-conference games. Ms. Cohen stated that she proposes keeping the suite renewal fee at \$50,000 annually. Ms. Duclos has contacted all current suite holders to secure renewals. Ms. Cohen noted that they are looking into incentive programs such as payment option plans and ticket package incentives for suite renewals. Ms. Cohen said that a deadline of February has been set for renewals. Ms. Cohen stated that this will be a challenging year. She said that there needs to be some creative thinking. Mr. Duffy said

that we had asked both Global and SMG if they would be any help in suites sales. Ms. Cohen said that SMG is helpful in that they let us know what is being done in other buildings.

Convention Center

John McGinn reported a positive trend in the meetings market. Mr. McGinn noted that the fiscal year 2011 revenue goal is \$8.5 million and currently \$1,396,597 is required to reach that goal. Mr. McGinn stated that the sales team is working to secure 35 tentative events and have contracted 37 events that include 4 conventions, 15 meetings, 11 public shows 2 trade shows and 5 stand alone food and beverage events. Mr. McGinn said that there were 18 site tours from July 1 through August 20th. Mr. McGinn noted that the team attended the Meeting Professionals International trade show with the CVB and came away with some prospective clients. He said that from August 21st through the 24th the CVB and members of the Convention Center staff will be manning a booth at the American Society for Association Executives Annual Meeting in Los Angeles. Mr. Muldoon noted that holding Mixed Martial Arts events has been approved.

Discussion ensued regarding the impact of the labor dispute at the Westin on future business for the City and the Convention Center. Ms. Sheridan stated that some groups will not even consider the destination because of the labor issue. Mr. Muldoon noted that we have in the short term benefited from the conflict due to some groups

that have moved from the Westin into the Convention Center but in the future the dispute will have a negative affect.

Mr. Hirsh asked if there was any news regarding the use of solar energy. Mr. McCarvill said that he and Betty had met with Larry Kunkle of the Governor's Office to discuss issuing an RFP for a feasibility study. Mr. McCarvill noted that the roof of the Convention Center is past warranty and would need to be replaced soon. He also noted that we did not replace the Dunk roof as part of the recent renovations. He stated that this would be the time to investigate the use of solar. Mr. MacDonald suggested issuing an RFQ. Upon a motion duly made by Mr. MacDonald and seconded by Mr. Butler it was unanimously

VOTED: to issue an RFP for a feasibility study for installing solar power

Mr. Daugherty stated that we need to be sure that it is financial feasible

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 10:40 a.m.