

**THE RHODE ISLAND CONVENTION CENTER AUTHORITY 396th
MEETING OF THE
BOARD OF COMMISSIONERS June 25, 2015**

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 June 25, 2015, pursuant to notice, at the Rhode Island Convention Center, One LaSalle Square, Providence, Rhode Island.

Board members present were Chairman Bernie Buonanno, John Hooper, Patrick Butler, Joseph DeLorenzo, Tony Mendez, Dale Venturini, George Nee, Paul MacDonald, Stan Israel and Jeff Hirsh.

Letitia Carter was unable to attend.

Also present were James P. McCarvill, Executive Director, Kim Keough and Betty Sullivan, Rhode Island Convention Center Authority; Larry Lepore, John McGinn, Kathy Masino, Amanda Wilmouth, Pamela Bacon, Cheryl Cohen, Jim Demers and John Ciolfi from the complex; Dan Schwartz, the VETS; Martha Sheridan, PWCVB; Alan Chille, PFM; Harry Cann, SMG Corp; Ray Keough, Keough Construction; Gregory Stack, State Budget Office; Bruce Leach, Legal Counsel and Eileen Smith, Recording Secretary

**Mr. Buonanno called the meeting to order at the meeting at 9:05 AM.
Mr. Buonanno asked for a motion to approve the minutes of the May**

Board Meeting. Upon a motion duly made by Mr. Butler and seconded by Mr. MacDonald it was unanimously

VOTED: to approve the minutes of the May Board meeting.

Mr. Buonanno asked Mr. McCarvill to present the financial information for the month of May. Mr. McCarvill reported that the Convention Center's net income for the month of May was (\$174,784) to budget and (\$303,104) to the prior year. Year to date net income for the Convention Center was (\$1,747,172) to budget and (\$2,400,373) to the prior year. Mr. McCarvill stated that during the month of May, food & beverage numbers were down as well as parking. Year to date unfavorable variance is directly attributed to event, food and beverage and ancillary revenues. Mr. McCarvill again stated that we began the fiscal year behind because we were holding several weeks for the anticipated Grand Prix and other tentative bookings that did not occur. Mr. Buonanno asked about those dates and how much of a difference would those event days have made to that time period. Mr. McCarvill asked Ms. Sullivan to prepare a report that compares this fiscal year's first quarter results to the same past four year period. Mr. Hooper inquired about rent waivers and noted that some events were not charged rent. Mr. McCarvill explained that in the past rent waivers were accounted for by the Authority. Mr. McCarvill said that we have now done away with rent waivers. Mr. Hooper asked why four weeks were held for the Gran Prix Mr. Lepore explained that the promoters were uncertain on the dates holding Victory Day weekend

and Labor Day weekend as well. Mr. McCarvill stated that management assures us that they will do everything they can to make next year better. McCarvill reported that for the month of May the Dunkin' Donuts Center's net income variance was \$50,803 to budget and \$178,909 to the prior year. Mr. McCarvill noted that year to date net income for the Dunkin' Donuts Center was (\$312,385) to budget and \$462,610 to the prior year. Mr. McCarvill reported that for the month of May the variance to budget was favorable due to a concert that was not budgeted and the addition of RIC graduation. Mr. McCarvill said that the Dunk is having a better year this year and the unfavorable variance is primarily due to operational labor from snow cleanup. Mr. Hirsh asked how we determine the breakdown of Dunk vs the Convention Center in management fees. Mr. McCarvill stated that the Dunk bonds are taxable and therefore the Dunk can make a profit. Mr. McCarvill noted that management fees are also being recorded on their books as operating expenses. Mr. Nee asked how the Circus did. Mr. Lepore stated that the numbers were down and he thinks it may be in part because of last year's accident. Mr. Butler stated that he had spoken with Terry Hassett and asked him to delay the proposed ordinance regarding elephants until after the Circus. Mr. Butler asked why parking revenues can't be split. Mr. McCarvill answered that the garage is non-taxable. Mr. Nee asked why there were no parking revenues associated with PC graduation. The answer was not available. (SMG subsequently provided documents that attributed \$11,000 in parking to the event.) Mr. McCarvill reported that for the month of May the VETS net income variance was (\$42,916)

to budget and (\$44,350) to the prior year. Year to date net income for the VETS was (\$230,735) to budget and (\$146,297) to the prior year. Mr. McCarvill stated that we need to keep in mind that the theater was closed for the first quarter of the fiscal year which will not be the case for the next fiscal year. Mr. Butler inquired about Ms. Carter who we haven't seen in a few months. Mr. Schwartz said that he thought she was living in Little Compton and did not make it to the City very often.

Mr. Buonanno stated that he would try to speak with her. Mr. McCarvill reported that the Convention Center Authority's net income variance for the month of May was (\$65,221) to budget and (\$28,533) to the prior year. Year to date net income for the Authority was \$341,811 to budget and \$647,112 to the prior year. Mr. McCarvill stated that consolidated net income variance for the month of May was (\$232,118) to budget and (\$197,078) to the prior year. Year to date consolidated net income was (\$1,949,301) to budget and (\$1,437,769) to the prior year. Mr. McCarvill stated that we will close the gap with the re-funding but we must find ways to increase revenue in the new fiscal year. Mr. DeLorenzo inquired about the \$23 million on the financial statement. Mr. McCarvill said that we budgeted \$23 million but we only received \$19 million leaving a year to date variance of (\$3,774,983) or (\$3,553,647) variance to the prior year. Mr. DeLorenzo asked about an additional \$10 million in the state budget. Mr. McCarvill said that there is no additional \$10 million in the budget. Mr. DeLorenzo asked where the \$1 million budgeted is shown. Mr. McCarvill noted that the \$1 million from RICAP is for capital projects and that is a small fraction of the amount originally

earmarked for renewal and replacement at the Convention Center. Mr. Nee reminded the Board that in the original bond documents renewal and replacement funds were mandated. Mr. Nee stated that in the process of refunding that provision went away. Mr. McCarvill stated that we have over the years, in our attempt to assist the state with cash flow, provided them with much needed cash from refunding or reserves. In place of controlling our own funds we now rely on RICAP funds or state granted funds to make needed repairs.

Mr. Nee wanted to know what happens to our room tax revenue now that there is new emphasis on promoting the State. Mr. McCarvill stated that we were asked to support the Governor in this initiative and therefore we will no longer receive room tax revenue after December 31, 2015.

Mr. Buonanno asked for a motion to accept the financial report as presented. Upon a motion duly made by Mr. MacDonald and seconded by Mr. Hirsh it was unanimously

VOTED: to accept the financial report as presented.

Mr. Hooper cautioned Mr. Lepore saying that the Board must be made aware of any safety issues. Mr. Lepore stated that the garage need repair and the roof on the Dunk should be replaced although they are not safety issues at present. Mr. Hooper asked for a report on needed repairs. Mr. Nee asked who and how often is the roof inspected. Mr. Lepore stated that whenever we have a show that requires a

significant amount of equipment to be rigged we contact an engineer to inspect the roof. Mr. Lepore noted that the Dunk roof is 40 years old but it continues to perform well. Mr. Lepore noted that there is more leakage at the Convention Center. Mr. Hooper asked about the garage. Mr. Lepore stated that the garage is safe but the joints are in need of repair because of the severe winter. Mr. Hooper stated that following the past winter we should have everything inspected. Mr. MacDonald said that we are fortunate that a great many needed repairs can be done by in-house labor. Mr. McCarvill reported that the State is reluctant to reimburse the cost of in-house labor when capital funds are being used for a project. Mr. Hooper asked that a list be prepared of what is needed to be done. Mr. Nee asked if we can request that the budget office fund these projects. He said that we need to lobby harder and raise the level of concern before the facilities show disrepair. Mr. Stack said that we should prioritize our list of projects and submit it to the budget office. Mr. Buonanno inquired about the facilities committee. Mr. McCarvill said that the committees have been dormant for some time but it is time for them to be reactivated.

Mr. Buonanno asked Mr. MacDonald to report on the Garrahy Courthouse Parking Garage Committee meeting. Mr. MacDonald reported that the Committee would meet again on July 13th to choose an architect for the project. Mr. MacDonald said that Walker and Desman would be invited to come in again to assist us with a decision. Mr. MacDonald voiced the concern of the Committee that

the Garage would not be profitable for many years. Mr. Buonanno stated that the Committee still had a significant number of questions that they would like answered before we proceed with the project.

Mr. McCarvill noted that two of our appointments to the PWCVB Board are about to expire. Mr. McCarvill stated that Jeff Hirsh and Scott Gunn's appointments are up and that both had agreed to continue if that is the wish of the Commissioners. Upon a motion duly made by Mr. Nee and seconded by Mr. Butler it was unanimously

VOTED: to reappoint Scott Gunn and Jeff Hirsh as our representatives to the PWCVB Board for a three year term to expire on June 30, 2018.

Mr. Nee commented that Scott Gunn was a very good board member and that he is pleased that he wants to continue in some capacity.

Mr. MacDonald left at 9:55 AM

Ms. Keough distributed a report highlighting the month's activities. Ms. Keough reported on our response to the House Republican Policy Group Report and said that she thinks that we achieved a balance between being diplomatic and confrontational. Ms. Keough reported that she is creating the Annual Report and the marketing team is working on the Fiscal year 2016 Marketing Plans for the

presentation in August. Ms. Keough presented a chart indicating the increase in website, facebook and twitter visitor activity for the months of May and June 2014 compared to 2015. Ms. Venturini said that she liked the layout of the new report and asked Ms. Keough to make sure that all of our people share in the results.

Mr. Butler departed at 10:00 AM

Ms. Sheridan was asked to address the Board. Ms. Sheridan distributed the CVB's report and stated that the room night goal has been achieved for the year and the room nights associated with the Convention Center far outpaced this year's goal. Ms. Sheridan was pleased to report that the 2016 USA Gymnastics competition would be held at the complex. Ms. Sheridan said that this will be a big deal and has taken an extraordinary amount of work in order to book. Ms. Sheridan reported that next week the Irish Step Dancers competition would be held at the Convention Center. She noted that this large group is a valuable piece of business for the State. She said that the economic impact will be huge. Ms. Sheridan stated that if all goes well we could potentially host this event for future years. Ms. Sheridan reported that the CVB is working on a bid for the National Governor's Association. Ms. Sheridan said that the Governor is very interested in hosting the event. She stated that it is a very intensive bid process but the CVB has staff that took part when we last hosted the event. Ms. Sheridan noted that some aspects of the event has been scaled down considerably since we last hosted it.

Mr. Schwartz addressed the Board and presented a Fall preview of events. Mr. Schwartz reported that two time GRAMMY nominee Tommy Emmanuel will be appearing in September. Mr. Schwartz stated that Memories of Elvis would return in October and Zoltan Maga will perform at the theater in October. Mr. Schwartz said that also in October Last Comic Standing will be here following the Summer TV show.

Mr. Schwartz stated that thanks to a grant from the Champlin Foundation signage will be installed at the rear of the building as well as a video board along the side that will advertise upcoming events. Mr. Schwartz noted that this is an exciting time at the Vets. Mr. Schwartz noted that the building will not be closed for renovations this summer and therefore the theater will be occupied. Mr. Buonanno asked if we can break even at the Vets. Mr. Schwartz answered that that is the goal and next year's forecast looks much stronger. He stated that we are getting more attention from promoters.

Mr. Lepore addressed the Board and stated that there is nothing in these buildings that are cause for alarm because of safety issues. Mr. Lepore stated that a hold was put on the Dunk roof during renovations because a review by an engineer indicated that the Convention Center roof should be replaced first. Mr. Lepore noted that in the past snow was not removed from the top of the garage and

have now been informed that melting snow can cause significant damage. Mr. Lepore said that the expansion joints need to be repaired or replaced. Mr. Lepore said that despite those concerns the garage remains a safe well lit structure.

Mr. Lepore reported that the Boston Bruins will be playing an exhibition game on September 17th at the Dunk. Mr. Lepore was pleased to report that Providence College will also be playing two non Big East games with nationally ranked teams.

Mr. McCarvill reported that he had received instruction from the State Budget Office to read the following Disclosure Document at the Board meeting.

Below is the Transmittal by Executive Director to the State Budget Officer signed by James P. McCarvill.

 

Mr. DeLorenzo left at 10:35 AM

Mr. Buonanno stated that he feels very strongly that we should not build a garage unless it makes financial sense and the Governor is aware that it will not make money for several years. Mr. Hooper asked if we could get someone else to hold the debt. Mr. Buonanno said that we have the bonding authority.

Mr. Buonanno asked if there was any other business. Hearing none he asked for a motion to adjourn. Upon a motion duly made by Mr. Hooper and seconded by Mr. Hirsh it was unanimously

VOTED: to adjourn at 10:40 AM