

THE RHODE ISLAND CONVENTION CENTER AUTHORITY
429th MEETING OF THE
BOARD OF COMMISSIONERS
February 28, 2018

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 February 28, 2018, pursuant to notice, at the Rhode Island Convention Center, One Sabin Street, Providence, Rhode Island.

Board members present were Bernard Buonanno, Dale Venturini, Catherine Parente, George Nee, Jeff Hirsh, John Hooper and Patrick Butler.

Mr. MacDonald, Mr. Mendez, Mr. Israel and Ms. Aptaker were unable to attend.

Also present were James P. McCarvill, Executive Director, Rhode Island Convention Center Authority; Larry Lepore, Amanda Wilmouth, Bob Cappalli, Cheryl Cohen and Kristin Murphy, the Convention Center and DDC; Martha Sheridan, PWCVB; Dan Schwartz and Michael Gravison, the VETS; Alan Chille, PFM; Michael Crawley, Citrin Cooperman; Mark Liff, JP Morgan; Gene Bernardo and David DiSegna, Partridge Snow & Hahn; Steve Maceroni, PFM; Burnell Goldman, Omni Hotel; Bruce Leach, Legal Counsel and Eileen Smith, Recording Secretary.

Mr. Buonanno called the meeting to order at the meeting at 9:05 AM. He noted that the minutes of the January meeting were not included in the Board package and assured the Commissioners that they would be available soon.

Mr. Buonanno recognized Gene Bernardo from Partridge, Snow & Hahn and asked him to address the Board. Mr. Bernardo noted the inclusion of several documents that were distributed to the Board for today's meeting. Mr. Leach stated that he had sent the documents prior to the meeting via electronic mail. Mr. Bernardo explained the documents. He said that there is an Open-End Mortgage Deed to secure present and future loans under Chapter 25 of Title 34 of the General Laws of Rhode Island, a Series Resolution authorizing the Rhode Island Convention Center Authority Garrahy Parking Garage Lease Revenue Bonds, 2018 Series A, a General Revenue Bond Resolution authorizing the issuance of Rhode Island Convention Center Authority Garrahy Parking Garage Lease Revenue Bonds, a Lease Agreement between the Rhode Island Convention Center Authority and the State of Rhode Island and a Sublease Agreement between the State of Rhode Island and the Rhode Island Convention Center Authority. **Ms. Venturini** asked if this issuance is only for construction of the Garrahy Garage. Mr. Bernardo said that it was. **Ms. Venturini** asked about the lease with the State. Mr. McCarvill explained the lease and sub-lease agreements. Upon a motion duly made by **Mr. Butler**, seconded by **Mr. Nee** and by roll call vote it was

VOTED : to approve the resolution authorizing the Rhode Island Convention Center Authority to issue bonds to develop, construct and operate a parking garage on the site of the Garrahy Courthouse parking lot.

Bernie Buonanno – yes

Dale Venturini – yes

George Nee – yes

Jeff Hirsh - yes

Patrick Butler – yes

Catherine Parente – yes

Mr. Hooper recused himself for business reasons.

Mr. Schwartz presented the financial report for the VETS. Mr. Schwartz reported that for the month of January the VETS net income was \$20,795 to budget and (\$31,595) to the prior year. Mr. Schwartz stated that year to date the VETS net income is (\$1,176) to budget and \$4,373 to the previous year. Mr. Schwartz noted that there has been an increase in Worker's Comp insurance that is reflected in this month's financials. Mr. Schwartz said that he hopes to get closer to break even next month. **Mr. Hooper** Mr. Schwartz stated that the VETS has been working well with AEG. He also reported that the venue was ranked 165 out of 200 small theaters in the world by Polstar. **Mr. Hooper** asked what the difference is in self presents vs other forms of compensation for the facility. Mr. Schwartz explained and stated that a self present we have all the risk but also the rewards. **Mr. Hooper** complemented Mr. Schwartz and noted that he realizes the difficulty in getting a theater like the VETS to turn a profit.

Mr. Buonanno recognized Mr. Lepore who reported that the month of January was a slow month for the Convention Center. Mr. Lepore reported that for the month of January the Convention Center's net income was (\$318,214) to budget and (\$224,807) to the prior year. Year to date net income is \$705,704 to budget and \$1,085,193 to the prior year. Mr. Lepore said that we continue to perform better than budget and over \$1 million better than last year at this time. He said that overall the Convention Center is doing well.

Mr. Lepore reported that event and transient parking revenue is down. He said that since the Providence Place Mall renovated their garage we have seen a decline in parking revenue for events. Mr. Lepore stated that you can park at the Mall for \$2.00 and we charge \$15.00 for event parking. The surface lots surrounding the building also lower their rates.

Mr. Lepore reported that the Dunk net income for the month of January was (\$342,919) to budget and (\$405,175) to last year. Year to date net income was (\$583,111) to budget and (\$405,175) to the prior year. Mr. Lepore stated that Dunk attendance is down. He said that both P. Buins and PC have played fewer games. **Mr. Nee** asked if the Bruins see an uptick in January and February. Mr. Lepore noted that families come to see their children in pre-game youth hockey or chorus but don't stay for the game. They don't spend money here. Mr. McCarvill said that we will bring in Sportservice and get their ideas on how to increase per caps from this demographic. Mr. Lepore stated that during PC games patrons are not ordering large meals. He

said that they seem to order nachos and cheese. Mr. Lepore said that we should look into ways to increase Food & Beverage revenue.

Mr. McCarvill noted that event parking in January was budgeted to increase dramatically from last year. He asked why it was budgeted so much higher when the number or type of events was not expected to increase at the same pace. **Mr. Hirsh** asked the reason salary and wages increased. Mr. Lepore stated that he thinks that expenses have not been allocated correctly and he said this has been an ongoing issue that Mr. Cappalli will be addressing. Mr. McCarvill stated that if we have less business it would stand to reason that salary and benefits would go down unless there was an unexpected situation like a snow storm. He said that notes of explanation could be inserted to explain these differences. **Ms. Parente** suggested an Executive Summary be added to the statements. Mr. Cappalli noted that he will analyze the allocations for this month and give the analysis to the Board. **Ms. Parente** stated that the reallocations being done by Mr. Cappalli will have an effect on the financial statements.

Discussion ensued regarding the difficulties that we are having with concert bookings. Mr. Lepore explained that the casinos can outbid us for every act that is touring. Mr. Lepore gave some examples of how we were outbid. He also reminded the Commissioners of the casino's non-compete clauses. **Mr. Hooper** said that we should do an analysis to see if paying whatever it takes might be worth the gamble.

Mr. Lepore reported on the PC Game incident with the basketball floor. He said that condensation was having an effect on the floor under the player's bench and around the perimeter. Mr. Lepore said that the floor was picked up after the game was called off and the floor itself was not wet. Mr. Lepore said that in an abundance of caution the referees stopped the game. **Mr. Nee** noted that he was at the game and thinks the refs made the right call. He said that player safety comes first. Mr. Lepore said that the Seton Hall Coach did not react negatively. Mr. Lepore said that he had asked a mechanical engineer why this occurred. The engineer said that in the past the lighting was hotter and therefore could have dried out the air. Mr. Lepore said that prior to the game the humidity level in the bowl was fine. Mr. Lepore then presented a video on dehumidification. **Mr. Nee** asked if this happens in other arenas. Mr. Lepore said that it does. Discussion ensued regarding the possibility of taking the ice out for basketball. Mr. Lepore said that it can't be done because it takes three days to make ice. Mr. McCarvill stated that this was a known threat and we did everything we thought would help. We met with PC two days prior when we knew the weather would be warm. Fans were commenting that the building was cold. **Mr. Nee** reported that PC handled it well and did not take advantage of the situation. **Mr. Hooper** asked where we stand with the contract. Mr. McCarvill reported that there are two sticking points, advertising and schedule. **Mr. Hooper** said that he was impressed that a meeting took place prior to the condensation incident.

Mr. Lepore presented drone footage of the Garrahy Parking Garage construction site and stated that he would show the progress of the project as it moves forward.

Ms. Parente asked if the Board could discuss the P. Bruins conversation that took place at the Finance Committee meeting. Mr. McCarvill brought those that were not at the Finance Committee meeting up to speed. Mr. Lepore stated that he would have Mr. Cappalli do an

analysis of the impact that the P. Bruins have on the Dunk and also what they bring to the City. **Mr. Hooper** said that the value of an empty building is dismal. Discussion ensued regarding the length of the contract. Mr. Lepore said that the contract will be in force for seven more years. **Mr. Nee** stated that without the long contract we might have lost them. **Mr. Hooper** asked what the purpose is of going down this road. He said it doesn't make a lot of sense. **Mr. Nee** suggested that any further discussion should include the P. Bruins.

Mr. McCarvill presented the financial information for the Authority and the combined activity of all facilities. Mr. McCarvill noted that the consolidated statement shows that we are a little better than last year. He stated that he is concerned about parking.

Mr. McCarvill brought to the Commissioner's attention the inclusion in the board package of two press releases. He stated that one is for our wind energy initiative and the other is the result of our Economic Impact Study. Mr. McCarvill said that the study is available if any Commissioner's would like to have a copy. Mr. McCarvill reported that the Economic Impact Study indicates that we have seen 13% growth over the last study. He said that he was interviewed by PBN and he is expecting an article in the next few weeks. Mr. McCarvill thanked Cheryl for getting the press releases out.

Mr. McCarvill reported that a mandatory pre-bid meeting was held and there were several firms represented. **Mr. Buonanno** asked if Gilbane attended. Mr. McCarvill answered that they did not. Mr. McCarvill said that Ray Keough was pleased with the turnout. Mr. McCarvill informed the Commissioners that the bid opening would take place on March 14th and if there is a clear winner we may call a special meeting. **Mr. Butler** asked why not schedule a meeting for the same day and was informed that it would take some time to review the bids and determine the most qualified lowest bidder that meets our specifications. **Mr. Buonanno** stated that he likes what we have done with the lump sum bid.

Mr. Buonanno recognized Ms. Sheridan and asked her to give a report on the CVB. Ms. Sheridan was very pleased to report that after several years of asking DOT she has managed to get a promise for RICC and DDC signage on the highway. She noted that the difficulty has been the federal regulations on highway signs. Ms. Sheridan also noted the deplorable condition of exit 22 and said that she is working with Frank Latorre and Larry to come up with a plan for improvements. Ms. Sheridan noted that this exit is the most used to get into the City from 195 and it makes for a terrible first impression. Ms. Sheridan reported that hotel occupancy grew in January due to a big sports month. **Mr. Hooper** took this opportunity to inform Burnell Goldman, General Manager of the Omni, how much he appreciates the exceptional service that he is shown at the hotel.

Mr. Buonanno asked Mr. Crawley to update the Board on the finance department at the facility. Mr. Crawley was pleased to report that progress is being made. He said that the internal review of the financials went very well. Mr. Crawley stated that all journal entries were reviewed and signed as well as all reconciliations. Mr. Crawley reported that an RFP for Auditing Services had been posted to the State Purchasing Web-site as well as riconvention.com and responses are due on March 15th. Mr. McCarvill noted that the accounts receivable issues are being worked on. Mr. Crawley stated that he is monitoring the progress.

Mr. McCarvill reported that SMG Corporate has been on site and he hopes to bring them in for the March meeting. **Mr. Buonanno** stated that he is more positive about the interest that SMG Corporate has shown. **Mr. Hooper** said that he would like to know what other options we have. He asked if there are other groups that can manage this business. He continued that we should use this opportunity while SMG is being sold to renegotiate our contract. **Mr. Hooper** asked what other firms are out there. Mr. McCarvill noted besides SMG there is Global Spectrum and Delaware North but the players seem to move from one to the other. **Mr. Hooper** said that we need to look at all options. Mr. McCarvill suggested that perhaps this conversation should take place in a closed session of the Finance Committee. **Ms. Venturini** said that she is not questioning SMG but is questioning the length of the contract.

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. Butler** and seconded by **Mr. Hooper** it was unanimously

VOTED: to adjourn at 11:00 AM