



AUTHORITY BOARD MEETING

Date/Time: Wednesday, February 22, 2017; 12:00 p.m.

Location: BMO Harris Bank Center (Board Room – Lower Level)
300 Elm Street, Rockford, IL 61101

MINUTES

Board Members Present: John Phelps Craig Thomas
Mike Schirger Tom Walsh
Luz Ramirez Marcus Hill
Howie Heaton Sunil Puri

Board Members Absent: Mike Dunn

Others Present: Attorney, Tim Rollins
Alderman, Frank Beach

Guests: Isaac Guerrero, Rockford Register Star
Beth Howard, Friends of the Coronado
Mary Ann Smith, Friends of the Coronado
Brandon Miracle, WIFR (Did not stay for meeting.)
Marissa Lester, WIFR (Did not stay for meeting.)

Staff Present: Troy Flynn; Executive Director, BMO Harris Bank Center
Michelle Evans; Human Resource/Payroll Specialist/RAVE Board Secretary, BMO Harris Bank Center
Gretchen Gilmore; Director of Finance, BMO Harris Bank Center
Jena Keith; Director of Ticketing Services, BMO Harris Bank Center
Julie McIntyre; Office/Purchasing Manager, BMO Harris Bank Center

Chairman Thomas called the meeting to order at 12:05 PM.

MINUTES – The minutes from the January 25, 2017 meeting were reviewed and approved.

MOTION: *Motion to approve January 2017 minutes made by Howie Heaton, second by Mike Schirger. Motion passes unanimously.*

COMMITTEE REPORTS

- **Finance** **Mr. Sunil Puri, Chair**

John Phelps defers to Treasurer's report.

- **Executive** **Mr. Craig Thomas, Chair**

Craig reports that Lon Rosenberg from SMG Corporate was in town last week working with Troy Flynn and staff on the Self-Promotion fund. City Council approved an ordinance to adopt an entertainment tax at 5%, which will increase our current entertainment tax by 2%.

- **Davis Park** **Mr. Tom Walsh, Chair**

No report at this time.

- **Coronado** **Mr. Craig Thomas, Chair**

Craig announces Beth Howard and Mary Ann Smith with Friends of the Coronado. Beth reports that the roof repair has become a restoration project. Architects and subcontractors are recommending an infrared study be done on the roof. That would give the City a 25 year warranty on the product they are recommending. They are also trying to work out who is paying for the infrared study, whether the City will pay or not but it is moving along. The plaster/paint restoration is a little more complicated because of the specialized process. Beth is working with the contractors on that, which is an art organization that does this kind of work. She states that Mary Ann is in attendance today in an effort to identify the role that Friends of the Coronado plays and what value they bring to this organization, to the City, and to the Coronado. Beth brings up the strategies that other venues have adopted for funds to cover repair needs that arise. Craig includes that we will have to take capital budgeting needs into account and plan for them. Sunil adds that the point of working capital, while we have reduced a nearly \$2.5 million deficit to \$300 thousand and while we have been good stewards of the taxpayer's and the City's money, we have not been good long term with making sure that we are prepared when surprises come up. We may or may not have a landlord that will have the resources to fund these needs. The dollars that are being spent and other projects that are being considered are exactly the same dollars we were receiving in a subsidy. If we had to replace a boiler system at the BMO, that would be several million dollars that we do not have. Sunil continues, there is no State or Federal money and we have no reserves. We have \$100 million in assets that we have a fiduciary responsibility to take care of for the taxpayers. It is very customary to have a 1% maintenance reserve fund. We do not have a penny. One percent would be \$1 million. We do not have any reserved funds and we have reduced the deficit by \$2 million. One building is 90 years old and the other building is close to 40 years old. Craig adds that it is a priority and needs to be addressed now. Sunil continues that those monies are about to be given away and believes the Board should make a resolution to say that this is a concern of ours and we need to have some resources allocated toward capital dollars. Craig states that he would be in favor of some statement of resolution and provides that this Board was asked to come on board because the City was no longer willing to deal with immediate operational cash flow requests that were being made. We have relieved the City of that type of burden and anxiety but we are not in a position to relieve them of the same type of request on capital needs and if the City is not fully aware of that and is not anticipating that, we should make it clear to them. Sunil mentions that any 40 year old building or 90 year old building that you want to preserve is going to need reserve funds. Howie asks if we can get this in front of the City in this short window without a resolution. Craig replies that we may not need a resolution to send a letter explaining to them our concern and what our plan is as far as capital planning but that we are not in a position to fund it and we want the City to be aware of that as they evaluate the use of the redevelopment fund. Sunil continues that this redevelopment fund is intended exactly

for that purpose. All we are asking is they set aside a prudent amount that is in reserves for the long-term. Craig goes on to say that he would anticipate his letter to the Administration and Aldermen be a reminder of this situation and at this point and time we are not in a position financially to weather any capital needs and we do not anticipate being able to rely on any State or Federal funding. Additionally, we are at the front end of establishing a capital needs plan that will need to be funded at some point in time and would hope the City will take that into account as they allocate redevelopment fund resources. Sunil continues to provide that all parties concerned are looking out 20 years and he has no visibility to say that we are going to be able to save a whole lot more and that everything is aging. Mary Ann includes that we have to be clear on our mutual expectations. The Coronado was treated as a unique building 25 years ago and it is still the unique building that it was then. It requires very special attention. Beth includes that to replace the Coronado would be \$140 million.

- **Governance**

No report at this time.

- **Program Advisory Group** **Mr. Michael Schirger, Chair**

Mike Schirger reports they are communicating several times a week about not only shows but how we are going to structure the accounting and financing as well as internal tracking. He defers to the GM report for further information regarding the Self-Promotion fund.

- **Capital Improvement** **Mr. John Phelps, Chair**

John Phelps defers to Gretchen for status updates on the HVAC. Gretchen reports they have finished phase 1 at the Coronado and are working on phase 2. There will be a phase 3. We are currently waiting on that quote. We are on target to hit our spending cap for minority owned businesses. Once the quote is received, Gretchen can submit all of the numbers to the State so they will release the remaining funds.

TREASURER'S REPORT – Mr. Sunil Puri

Sunil defers to Gretchen. Gretchen reports that compared to last January, this January was behind because of having six IceHogs games compared to nine games last January. When you look at the budget, income-wise we did well but our largest IceHogs travel trip was in January which affected our budgeting. Year to date, we are still behind. We are still looking at booking more shows that are not currently in the budget. We are meeting with department heads to analyze spending and to see where we can grow ticket sales. We had some discussions with the City regarding our subsidy. There was a misunderstanding, the income we report on our subsidy went down as of January 1. Craig adds that there was a clear disagreement as to what our agreement provides with respect to the parking revenue and we will discuss further in the retreat. The City's position is that certain debt obligations we were relieved of, washed out of the subsidy side. It is an issue we will talk about in further detail as it interplays with this increase in the entertainment tax and the remittance of that entertainment tax to us. It is an issue we are going to have to spend some time walking through. Gretchen continues that the Finance Committee discussed the Self-Promotion fund and they now have a much clearer understanding accounting-wise. They feel they will treat it with the same structure as the resident companies at the Coronado.

MOTION: Motion to approve January 2017 financials made by Mike Schirger, second by Howie Heaton. Motion passes unanimously.

GENERAL MANAGERS REPORT

Mr. Troy Flynn

IceHogs Update: February will close hosting seven games. We have had a five game winning streak so attendance picked up. Our attendance has been at over 5,000 for seven of our last 14 games. IceHogs have

been struggling a little bit. We have eight home games left in the regular season. Right now we are focusing on the events that have done well in the past. March includes Autism Awareness night and country night in addition to providing a lot of incentivized packages for ticket buyers. We are actively searching out opportunities. We are evaluating what we might want to do in the future to minimize travel cost. There are a couple different thought processes on what we might want to do. In speaking with Chicago, they are interested in partnering with us to go east. Troy reached out to the AHL to let them know we would be interested in doing this. They have to find the partners that would make sense to get this done. Craig adds the lack of walk-up traffic at games is a multiplier effect. They are fans that may not have jerseys or hats and maybe we could sell some things to them. Troy continues we have had four Blackhawks come down which created a little different interest. It does impact our numbers. We are concerned about disposable income in the market. If some things fall in place in the league, he will revisit the radius clause in our marketing so we will be able to go into the Chicago area. Our social media is very strong. We are actively engaging the younger generation, which is the next group of ticket buyers. Winnebago County makes up 50% of our ticket buyers. Troy had a meeting with Junior IceHogs to re-evaluate. They are doing so much more travel playing that they are not home to go to the games.

Marketing Update/Events Update: February hosted 20 event days. After February 28, we will have anticipated hosting 66,000 people in February. Per caps are good and Savor is in a decent position. The entertainment that is coming through is good stuff. I Love the 90's was a party. People had a good time. February was a good uptick for us. 66,000 people downtown is a good number. All of the restaurants downtown were packed. We have a very good culture and are getting the events. March is going to host 22 event days. January, February, and March are going to be powerhouse months for us. If it weren't for the travel on the IceHogs side, our numbers would look different. Right now we are really focusing on March, April, and May. With the Self-Promotion fund, we will have to critique ourselves on marketing elements and how we approach that. We are going after some artists and bands that will draw a unique audience. We have identified a list of artists and have gone right into conversations with both promoters and agents. Looking at the last four months we have in the season, Troy is really strong in May and June to get some of these artists to confirm. Now we have an accounting feature to lay out how we utilize this promoter pool. Kristen had a conversation with an agent they have been pursuing regarding a couple of different opportunities. We have had a lot of bookings for 2017-2018 season. We have good artists lined up. We have ideas about additional seating that will be beta tested at a couple of IceHogs game. We are still booking this year but our focus right now is making sure the schedule is tight and making sure we have the right events coming through.

Hiring Update: We hired a part-time person for our social media. She looks at social media as a form of customer service.

COUNSEL'S REPORT – Attorney Tim Rollins

No report at this time.

CHAIRMAN'S REPORT – Mr. Craig Thomas

Craig Thomas reports that he wants to confirm and get a consensus on the Board working session retreat scheduled for March 14. He has circulated ideas for agenda items and will finalize an agenda. They want to work on determining and revising the standing committees, which committees we have, who will work on each committee, and what the overall mission or purpose of the committee is going to be. They want to talk about Board recruitment and what to look for in additional Board members. The budget impact of the issues raised with the City funding along with the entertainment tax is all in conjunction with the capital planning topics to discuss. Finally the other issues that are tied together as one, just the overall RAVE mission for downtown redevelopment and the issue raised in the past about whether or not there is any RAVE staffing that is independent of SMG. Right now we are blocked off starting at 2pm. There is a game that night with a suite available for Board members and significant other. We will start at 2pm and work through 6pm. We will

have the regular Board meeting, which will be 45 minutes to an hour and then Segway into the other items. With the regular Board meeting, Craig believes there will be several hours worth of work to do. We will cancel the previously scheduled March 22 Board meeting due to having it a week earlier on March 14.

OLD BUSINESS:

None at this time.

NEW BUSINESS:

None at this time.

MOTION: Motion to adjourn made by John Phelps, second by Tom Walsh. Motion passes unanimously.

ADJOURNMENT – The Authority Board adjourned at 1:05 p.m.

Respectfully Submitted,

Michelle Evans, Authority Board Secretary