



AUTHORITY BOARD MEETING

Date/Time: Wednesday, August 29, 2018; 12:00 p.m.

Location: BMO Harris Bank Center (Mercy Health Club Lounge – Ground Level)
300 Elm Street, Rockford, IL 61101

MINUTES

Board Members Present: John Phelps Howie Heaton
Sunil Puri Mike Schirger
Tom Walsh Craig Thomas
Rudy Valdez

Board Members Absent: Marcus Hill, Sr.
Mike Dunn
Fred Wescott

Others Present: Alderman, Frank Beach
Alderman, Chad Tuneberg
Attorney, Tim Rollins

Guests: Thierry Gray; Senior Vice President of
Stadiums and Arenas
Patrick Lamboy; Vice President of Sales
Todd Cagnoni; City
John Groh; RACVB

Staff Present: Troy Flynn; Executive Director, BMO Harris Bank Center
Lauren Hurt; Staff Accountant/RAVE Board Secretary, BMO Harris Bank Center
Jena Keith; Box Office Director, BMO Harris Bank Center
Mike Walsh; Director of Operations, BMO Harris Bank Center
Kristen O’Halloran; Booking Manager, BMO Harris Bank Center
Julie McIntyre; Purchasing/ Office Manager, BMO Harris Bank Center
Mike Peck; Director of Business Operations, BMO Harris Bank Center

Chairman Craig Thomas called the meeting to order at 12:18 PM.

MINUTES – The minutes from the July 25, 2018 meeting were reviewed and approved.

MOTION: Motion to approve July 25, 2018 minutes made by John Phelps, second by Tom Walsh. Motion passes unanimously.

COMMITTEE REPORTS

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

Defer to Treasurer's report.

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

No report at this time.

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

Tom Walsh defers to John Groh. John Groh states a big question the task force has are the live entertainment, related venue and infrastructure of the Park. Second big question for the task force is the Lorden Building, what are the current and potential uses other than its current one as back of house or restroom facilities for patrons. The task force is working on attractions and deciding if the park should be used as a recreational park or concerts.

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

Craig informs the Board of a new MOU presented by the City which will be discussed in the retreat planning session.

- **Governance** **Attorney Mr. Tim Rollins,**

None at this time.

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

None at this time.

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

John Phelps states Wiss, Janeey is coming to investigate the BMO Harris Center concrete separation and a curtain issue. There is also going to be an evaluation done at the Coronado for the issue of the façade and third floor window concrete.

TREASURER'S REPORT – Mr. Sunil Puri

Sunil states we are close to what last year's numbers are. We have been able, in the last few months, to make up for the \$800,000 deficit from last year and \$400,000 deficit from this year, in budget. Troy reports July is typically a slow month. August had 11 events, compared to 9 in July, of which Jerry Seinfeld is included.

MOTION: Motion to approve July 2018 financials made by Sunil Puri, second by Howie Heaton. Motion passes unanimously.

GENERAL MANAGERS REPORT

Mr. Troy Flynn

IceHogs Update: Troy states ice is in mid-month. On Sept 22, 2018 we will have an open skate for season ticket holders. Craig asks if there was an issue with the under carriage mid-season. Troy responds that mid-season the pipes under the ice were floating and not tied to the bridgework. There has been a repair of the pipes and it is no longer an issue. Sept 28, 2018 there will be a fan fest. This is an open house event with bouncy houses, team practicing on the ice, the team will also sign autographs. Ticket sales are double compared to last year. We are 86% renewed on full and half season tickets and 172 new packages which are multiple seats. Troy

associates these numbers as a result of the sales teams being more engaged in the community. The relationship with the river district has been beneficial as well.

Marketing Update/Events Update: Troy states the access to fans with technology is the direction marketing is heading towards to reach a younger fan base. There will be some technology upgrades that will be discussed in the retreat. July events; Friday Night Flix, Britt Floyd, Graduation, 4 Jehovah's Witnesses days. August events; 8 Jehovah's Witness days, Friday Night Flix, Jerry Seinfeld, and Kid Culture. There are 11 events coming up in September; Alabama, Shun Yun, The Nut Cracker, Glen Miller Orchestra, and much more.

Coronado: Troy reminds the Board the façade damage at the Coronado is going to be evaluated by the architects to determine how to best preserve the historical being of the Coronado. Craig reminds the Board that it wasn't vandalism just deterioration.

BMO: Troy states the POV marketing group is looking to uncover new revenues for us. They will evaluate our assets and disclose what is most beneficial for us.

Corporate Sponsorships: We are just over 75% renewed and almost 6 figures in new revenue. Corporate has consistently grown each year. Craig asks if we have ever done a flash sell. Troy states that we do not have any promotions currently, we can look at doing a ticket package. Jena states she will follow up with ticket master to gather more information on preloaded concession sales on a ticket. Craig asks for an update on Jehovah's Witness event. Troy states that everything went smoothly and they are planning on booking for next year.

COUNSEL'S REPORT – Attorney Tim Rollins

None at this time.

CHAIRMAN'S REPORT – Mr. Craig Thomas

Defer to retreat planning session for further reports.

CLOSED SESSION

None at this time.

OLD BUSINESS:

None at this time.

NEW BUSINESS:

None at this time.

PLANNING SESSION:

- **2017-2018 Annual Report:** Troy states the annual report works in conjunction with the City Council report. 2017-2018 was a strong year 179 events days, 130 ticketed events. The entertainment and attention to detail is what produced the results. The IceHogs did have a slip in tickets this year but the post season helped with meeting our numbers. Event dates with multiple sell outs include George Lopez, Jeff Dunham was a sold out BMO show and a few more. Troy would like to remind the Board that 35% of the patrons are from surrounding areas and 60% are online purchases. Craig would like to know how each percentage of attendance and net income are now, compared to past years. Troy responds, with regard to attendance the sponsorships tickets are counting against them if the sponsor is not distributing them for the game. Attendance is down, significantly, in walk ups.

Coronado summary: Troy informs the Board of the Coronado's recognition in an industry recognized magazine for being one of the top 200 theatres. The Coronado has also been rated the highest by our guests, with ratings provided by turnkey.

BMO: The numbers are trending up, due to the banquets diversifying our business and maximizing our revenues. Alan Jackson provided premium revenue that brought direct revenue back to the organization.

IceHogs Summary: Social activity has increased. The "Our Town, Our Team" platform is going to be a part of the marketing strategy again this year. Our team store has out-performed other league stores despite having a down year. Premium seating is at 85% which is something we can grow on. Craig asks how that number is compared to other facilities. Thierry Gray responds that generally 90-95% is considered to be excellent in most venues. A few boxes being reserved for Ad Hoc sales and try to sell as many season tickets as possible, but this is close to excellent. We have 25 new partnerships. Tom asks if there is a connection between overall ticket sales and the success of the team. Troy states the success of the team this last season brought 30,000 extra fans through the doors in the post season. Thierry Gray states the sponsors want as many people seeing their ads as possible.

Marketing: Troy gives the social outreach numbers for last year. Troy states Snapchat will be added to our social networking marketing tool. During the AHL meetings Troy was advised to create more community outreach. Troy states our social interaction is top 10 in the league. Our affiliation with the Blackhawks does bring more attention to our social pages. John Phelps asks if we have made any progress on linking the websites of the Coronado, BMO, and IceHogs because it is clumsy. Troy states that they are looking for a new developer for the websites. John Phelps asks if there can be better outreach to the surrounding businesses to inform them of the events going on so they can be properly prepared. Troy believes a hand delivered letter to each business will help the communication.

Savor: Savor had a great year; with a \$1 million profit. They had a 34% increase in sales. Craig states this is great, his concern comes from the turnkey reports with two food related ratings below 8. Thierry states this rating is a normal rating for most venues.

Events: Troy states events such as the 8-1-5 Beer Fest were in efforts to make up the bottom line. This event was so successful that they are looking to expand next year. Best of Preps was just over 800 to 1,000 guests. General Mills is the next event set up in the BMO Center, which is expecting about 700 people. Thierry states that programming is key to accomplishing our goals. It may be a risk but it is an acceptable risk, to make these programs profitable.

IceHogs: Troy states this year's playoffs brought in more income. Due to seed placement in the playoffs we had to pay more but because of the turnout we were able to make about \$85,000 in the last few months. The board would like to see more tickets sold in concert events rather than just depending on the IceHog games alone to make the year.

Safety training: The safety training that was conducted in conjunction with first response personnel was successful. They were able to get everyone out safely in 30 minutes.

- **Management Organizational Chart:** Troy states that we are looking to hire multiple sales positions but are having a difficult time filling those slots.

Parking: Troy states the Board submitted a letter to the City, looking to get back into the parking. This was driven by turnkey experience reports and involvements in parking meetings. Looking at parking revenue presented Parking Whiz. This can provide some revenue as well as help identify parking for tickets purchased online. Troy urges that we get back into parking revenue. Todd states the ABM contract is going to be up in 2020 and an RFP has been put out to look at other options. Troy states that Park Whiz is a ticket master

preferred service. 60% of the tickets are purchased online and this service uses Wayz map as the form of direction. Troy believes this will be helpful for the 35% of visitors from out of town.

- **Venue Strategic Planning:**

BMO Center and Coronado- Capital Repair and Replacement report was handed out. John Phelps' long range capital improvement plan was presented to the Board, previously, with a budget that did not include the concrete issues with the BMO. The capital improvement plan is based on depreciation and what may occur over time. \$400,000 a year over the long term. With the subsidy over our operating loss we are at a surplus of \$500,000. Craig asks if the aggregate \$900-950,000 includes current repair work conducted. John Phelps states Gretchen had made adjustments for prior year maintenance expenses so the capital budget wasn't double counting. Mike Walsh put together a schedule of what the anticipated expenses would be including ongoing maintenance they wanted to deduct from what has been spent in the past to account for the fact that it is being done and it is built into our current subsidy. Total repair and replacement is \$950,000 plus the amount we are currently spending. Craig asks if this planning budget is ready to go to the City. Mike Walsh replies they are awaiting two investigations, with the façade and seating. Craig would like to set up a date to give the report to the City along with the financial responsibility the organization has historically dedicated to the Coronado. Todd recommends a draft be submitted until the final investigations can be completed. Craig directs Troy to give the City a draft of the budget numbers.

Davis Park- Craig states the Board needs to know the future of the park in conjunction with the Task Force. Tom Walsh states the park is difficult to determine the infrastructure when we don't know what the programming is going to look like. Patrick recommends that a market evaluation be done to decide what the existing structure of Davis Park could be used for or should it be restructured. Craig states the organization would like the Task Force to know The Board would like to be in charge of programming at Davis Park.

Others- John Phelps informs the Board of the Times Theatre being under consideration for a project spearheaded by Peter Provenzano. John Phelps asks the Board to decide if they want to pursue this.

Friends of the Coronado: Troy asks what restrictions are in place for sponsorships of the Coronado. Craig states the only restriction he is aware of is the Monk auditorium otherwise it's what is appropriate. This topic will more than likely make its way into the MOU. The City has made clear there needs to be a three-way MOU. Craig states he has a copy of MOU draft the City and Friends have provided. Craig would like feedback on the presented MOU from the City and Friends. Craig asks for all feedback from RAVE board members, regarding this MOU, be directed to Troy for a revision.

- **Management Contracts**- Craig points out the few contracts/agreements that are going to be ending in the next three to four years and he would like to appoint subcommittees to start evaluations. Amendments and agreements are passed around for each Board member to read. SMG and Naming rights are due to expire sooner than the City IGA and Blackhawks agreements. Craig would like each Board member to look over the contracts/agreements and prepare to adjust/renew those.
- **SMG Management**: Craig would like to evaluate SMG contract and make sure there are best practices, from an industry standpoint, are appropriate. Sunil believes we need to look at any options presented to the Board to make sure they do what is best for the taxpayers. Concerns are raised by Sunil and he asks SMG to present them with a sales pitch once again as well as follow through with promises made previously. Patrick and Thierry ask for time to evaluate the organizations account and come back better prepared to address the Boards concerns.
- **IceHogs/AHL/NHL**

Mike Peck IceHogs review: Mike Peck presents his review of the IceHogs.

Community relations- Last year, generated over \$160,000 that was donated to the community. One jersey auction brought in \$80,000. Mike states the IceHogs probably have the highest jersey auction in the league. In 19 years, the jersey auction has raised \$1 million. BMO Harris Bank has joined in efforts with the IceHogs to donate money to develop a reading/study outdoor space at Washington Elementary. The area is going to be landscaped, with grass and picnic tables for teachers to take their students. This year is the 20th anniversary of the IceHogs. There will be a nice logo to celebrate this on the ice. The calendar this year will have the top 13 moments in IceHogs history.

Marketing: In recent years the focus has been expanding outwards. The best avenue to reach outside markets is digital marketing. This year up to 35% of our marketing budget will be spent on marketing out reach. This will be focused on suburbs of Chicago and a few counties in Wisconsin.

AHL updates and trends: Troy informs the board of off-ice officials, it was ratified by the Board of Governors, needing to be covered by the work-man's comp in each organization. It is most likely that off-ice officials be considered, technically, SMG employees. Troy informs the Board that he is estimating the salary of the off-ice officials will be \$30,000 a year, not including the insurance. Craig asks for an update on game schedules. Troy responds the league is looking to unify so there isn't separation between East coast and West coast leagues. This kind of unification could lead to less games for the west coast league. Troy informs the Board of a possible league expansion into Seattle. There has been discussion on the cost of opening a franchise. Last year, the expansion was in Colorado so the Blackhawks will be playing them this year. The franchise values have increased since our purchase, which has increased our value.

Threats/Opportunities

Industry Changes: Thierry states artist guarantees have increased over the years. The largest expense in promoting shows are the artist's guarantees. Since SMG is not a promoter we rely on concert promoters to do this for us. Since there is a significant cost associated with this we take a gamble on using a promoter. A way to get artists over here is by using incentives. John Phelps raises concern to Thierry of a recent purchase called The Silvee, in downtown Madison with Live Nation. Troy states there is an interest to get Live Nation to promote the Coronado, without luck, because Live Nation does not typically promote theatres. Troy states this opening of a Live Nation stadium should be considered a threat/opportunity.

Blackhawks: Craig states that the Blackhawks are in a rebuilding period that may last a year or two that could impact us.

Casino: Craig wants to know the thoughts the Board has on the casino being built because it will be a direct competitor for The BMO Harris Bank Center. Troy confirms this will be a direct threat to us if it is meant to be an entertainment venue like the proposal states. Howie states he does not believe this will come to light.

City Council: Troy presents the City Council presentation that will be presented to City Council at a later date. Troy asks the Board to review this and give feedback for when this is presented. Craig asks Todd to give them an idea for dates. Troy requests dates in early October. The Board agrees on October 9th as a possible date to go over the report.

ADJOURNMENT – The Authority Board adjourned at 4:05 p.m.

Respectfully Submitted,

Lauren Hurt, RAVE Secretary/FOIA Officer