



AUTHORITY BOARD MEETING

Date/Time: Wednesday, October 25, 2017; 12:00 p.m.

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

MINUTES

Board Members Present: Craig Thomas, Tom Walsh, John Phelps, Mike Dunn, Sunil Puri, Michael Schirger, Rudy Valdez

Board Members Absent: Howie Heaton, Marcus Hill, Sr.

Others Present: Alderman, Frank Beach, Alderman, Chad Tuneburg

Guests: Beth Howard, Friends of the Coronado

Staff Present: Troy Flynn; Executive Director, BMO Harris Bank Center
Jollene Haney; Staff Accountant/RAVE Board Secretary/RAVE FOIA Officer, BMO Harris Bank Center
Gretchen Gilmore; Director of Finance, BMO Harris Bank Center
Mike Walsh; Director of Facilities, BMO Harris Bank Center
Jena Keith; Director of Ticketing Services, BMO Harris Bank Center
Kristen O’Halloran; Booking Manager, BMO Harris Bank Center
Julie McIntyre; Office Manager, BMO Harris Bank Center
Lakin Eckhardt; HRD/Payroll Admin/AP Clerk, BMO Harris Bank Center

Chairman Craig Thomas calls the meeting to order at 12:00 PM.

MINUTES – The minutes from the September 27, 2017 meeting were reviewed and approved.

MOTION: *Motion to approve September 27, 2017 minutes made by Sunil Puri, second by John Phelps. Motion passes unanimously.*

COMMITTEE REPORTS

- **Finance**

Mr. Sunil Puri, Chair

Sunil Puri defers to Treasurer's report.

- **Executive**

Mr. Craig Thomas, Chairman

Craig Thomas reports there have been discussions with the City about raising the entertainment tax. They would like to change the current tax on both facilities from 3% to 5%. The proposal is that the City would set the additional tax aside for capital reserves for the facilities. Troy Flynn and Gretchen Gilmore have analyzed the impact this would have. From a qualitative perspective, it would make it more difficult to book shows because promoters look at what it is going to cost the ticket buyer. If the City does plan to go ahead with the new tax, Craig Thomas has discussed with finance, as part of our capital planning, we should set aside a certain amount of reserves on our own to assist with incentives for Promoters. We wouldn't reserve as much in our Capital Planning Reserve because the City will be holding some as well. This additional tax would be around \$100K annually. Mike Dunn questions if there will be wording in the proposal that these Capital Funds would be reserved for the BMO and Coronado only and not to be used for any other City projects. Craig Thomas states that has been the discussion with Carrie Eklund and Todd Cagnoni. There is an issue with the boilers that was found when doing our winter inspection. There are four boilers and three have issues, one of which we fixed last year. The boilers are around 16-17 years old. The issue is with the heating coils and has been accelerated by the water coming into it not being of good quality. The discussion has been had with the City that they need to be replaced which is going to cost multiple six figures. The fix looks to be about \$10K each for two of them and should give us 2-5 more years. Sunil Puri questions if we have insurance on the boilers and states most insurances have boiler insurance. Chad Tuneberg states there were discussions on this at City Council to look into whether any parts are still under warranty. Sunil Puri states warranty on boilers is usually 20 years. Craig Thomas states the capital plan will hopefully be ready to be approved at the beginning of the year to address our needs long term.

We have coordinated with the City to do our Annual Report Presentation at City Council on Monday evening. Gretchen Gilmore states every Board member is invited. We start with the timeline of Rave as we do every year but this year we added the renewal of BMO Harris Bank Naming Rights. Next we have the Operating Income. In June 2010, the Metro Centre alone was at a negative \$1.5 million operating income which did not include the additional support the City had to provide the managers of the Coronado at the time. We are now down to a negative \$300K which includes BMO, Coronado, and Davis Park. We then show a graph that splits the net income between IceHogs, Coronado, Davis Park and BMO. There is a significant decline in IceHogs. We noted a couple of factors on this graph one of which is the impact the parking agreement has had. We not only forfeited our parking revenue, we also pay \$1 per drop count per IceHogs game as an additional expense. We also felt it was important to highlight the significant impact RAVE has had on the Coronado since taking over. There has been an analysis done on the contribution that RAVE has given to Coronado when it comes to Capital Expenditures and Repairs and Maintenance. The Capital Expenditures slide shows that RAVE has contributed over \$500K to the theater which includes repairs, maintenance, HVAC and the kitchen. Craig Thomas states that has been highlighted because, unlike the BMO, the City owns the Coronado and these expenses are not things that we are obligated to cover per our lease because they are permanent fixtures. Grant funds were used for a third of these contributions, however the grant funds were designated for the BMO and the RAVE Board chose to spend them on the Coronado. Gretchen Gilmore states we also wanted to highlight our increase in sponsorship revenue last year because it was significant. Troy Flynn states this year we are

already 100% renewed and growing. Gretchen Gilmore wants to make a point to City Council that RAVE has made it a top priority to work on establishing a capital maintenance program and create a capital reserve fund to ensure the protection of the Coronado and BMO.

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

Tom Walsh is waiting to hear back from Todd Cagnoni on a meeting. Craig Thomas will supplement this discussion in the Chairman's report.

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

Craig Thomas reports he is working with Bobbie Holzwarth who is assisting the FOC to create an updated MOU. They have exchanged drafts and had a meeting this week to focus on the value FOC brings as the preservation steward and fundraising arm for the theater. Craig Thomas is also having a meeting with the executive committee of FOC tomorrow to work through some of the ongoing communication issues. Beth Howard reports they are looking into setting up an endowment for the theater and looking at the replacement schedules over the next 10-15 years to see what would be needed from an endowment contribution. The corporate footprint the FOC has established is not going to grow with more corporations purchasing local businesses. The future seems to be family contributions. 90% is going to be legwork and planning and 10% is going to be execution but FOC is ready to start it when they know what the needs are going to be. Back in 2006, Lois Stevens with Artsmark recommended that \$2 million was a base mark for an endowment to make sure you are able to continue to have a top of the line theater. Beth Howard states this is happening all over at historical theaters. She is working with RSO in regards to the sound enhancement system. It is getting noticeable during events and it was put in there to convert the theater into a performing arts center. She believes it is worth exploring to upgrade the system. Mike Dunn states that over the 5 years that RAVE has overseen the Coronado, we have put \$500K into the theater. He would like to know how much FOC, as the fundraising arm of the Coronado, has given to the theater. Beth Howard states FOC's mission is not just to buy capital items for the building and they contribute approximately \$30K per year in just Outreach Projects such as Reach for the Stars and All City Music Festival. Mike Dunn asks if the original MOU stated specifics about how much fundraising would be done and how much would be put towards the Coronado. Craig Thomas states this is part of discussions in updating the MOU.

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

Mike Schirger reports the push remains diversification in the programming. The programming has increased and is better than before aside from booking programming in "Americana." He believes that is a type of programming that attracts younger crowds and that is our push. A lot of the struggle is getting promoters to take a chance on us. A lot of the offers we have been receiving are fly dates which are more expensive and we have not been comfortable with the risk. Craig Thomas states Troy Flynn should comment at the City Council about the reputation and the network we have created among the promoters. There is still a perception of some in the community that Coronado is not a place that promoters want to come and put shows in and that is not the case any longer. Troy Flynn reports we have a reporting tool when tickets are purchased online that creates a survey for purchasers. The surveys for the Coronado show customers reporting a satisfaction rating of 9.0 out of 10.0 and there must be at least 50 responses before a report is generated. The Coronado is exceeding expectations of Corporate.

- **TREASURER'S REPORT**

Mr. Sunil Puri, Chair

Gretchen Gilmore reports September was a slow month and in comparison with last September we were up against the loss from the Steve Miller Band so this September looks great. We missed budget by only \$500. Year to date through September we are also surpassing budget. Troy Flynn and Gretchen Gilmore have been meeting weekly in regards to the IceHogs ticket sales. We are anticipating a decline in October ticket sales. We are also starting our forecasting so hopefully next month we will be able to report some forecasting numbers after getting replies from managers and updates from Kristen O'Halloran on holds throughout the year. Regarding the audit, prior to this meeting we were missing three board members forms. Now we are down to just Howie Heaton's questionnaire and we cannot finalize the audit until we have it. Craig Thomas will reach out to him. Gretchen Gilmore states the auditors will be at the financial meeting on November 8 as well as the November Board Meeting.

MOTION: Motion to approve September 2017 financials made by Rudy Valdez, second by Mike Dunn. Motion passes unanimously.

GENERAL MANAGERS REPORT

Mr. Troy Flynn

IceHogs Update: Troy Flynn reports this weekend we have 4 ticketed events; Dirty Dancing, RSO Wizard of Oz, and two IceHogs games. That will wrap up October. We have 45 events from October to the end of December which is 92 days. The show load from January into the back end of the year is pretty enhanced as well. For the year, RSO has 12 events, RCCA has 3 events, and LOLTOS has tours but no ticketed events. January and April are going to be exceptionally busy this year. We have a tremendous country hold in the back end. In October, the team is 5-1 and they are playing in Iowa this evening. Last year they did not meet our expectations on the ice and that seems to be some of the problems we are experiencing currently this year with ticket sales. They are exceeding our expectations right now and hopefully will create a turn around with fans. This month we are down in our ticketing revenue. October was a 6 game month and November is a 7 game month. Craig Thomas states that the attendance isn't good but the product is good this year. There have been a lot of discussions about our marketing. The lack of ticket sales is not a result of us not spending money to market, it's because the money we are spending to market isn't resulting in ticket sales. Craig Thomas has talked to Troy Flynn about SMG's involvement and assistance. We need to know what the forecasting is going to be so that we can amend the budget by the January meeting if need be. Sunil Puri states the median household income in Winnebago County dropped by almost 20% from 2000-2016, adjusted for inflation, while it went up nationally and we lost 10,200 residents. We need to get expertise from SMG and assistance with getting shows in the door. This community cannot continue to support these venues. Sunil Puri states we need to expand our marketing area as well. Craig Thomas states the conversation with SMG Corporate is at the top of the list to discuss marketing assistance. Sunil Puri also wants to know what the liquidated damages are at this time. He is concerned with how to get the community to continue to buy tickets when the City wants to increase the entertainment tax and the household budgets are not getting better. Craig Thomas states this is not a reflection of the staff here. Our concern is that the staff is being required to handle the burden and load without as much support from SMG as the Board feels should be there. He also states that the marketing restrictions on the AHL appear to be in part things that are being

done because that is how they have always been done and partially because there are some limitations in the agreement. The limitations are targeted more towards the actual playing of games rather than on marketing. Troy Flynn reports we have actively engaged in a marketing campaign toward the suburbs of Chicago which should start the beginning of November. It is going to be based on establishing our affiliation with the Blackhawks, the convenience of getting in to Rockford, and the pricing of our events. Troy Flynn has already been contacted by the Wolves and they are not happy with us stretching our marketing arm into their area. He reports that 25% of our audience comes from within 20 miles, 21-50 miles is 27% and 51+ miles is 48% of our audience. Our opening night for team store sales was 17% better than opening night last year. The Rockford IceHogs and the Autism Program of the Easterseals has been awarded the Award of Confluence from the Chamber of Commerce for our Autism Awareness and Anti Bullying partnerships.

Marketing Update/Events Update: Troy Flynn reports we are at 86% and 74% capacity at two of the upcoming events. Kristen O'Halloran just came back from meetings that resulted in at least one show that we will be confirming and two new promoters. Jeff Dunham has been hugely successful for us. He was initially booked as a half house but has moved to a full house because of strong sales and looks to have the potential to sell out. Justin Moore just went on sale today. HD upgrades have been completed in the arena. This enhances our television broadcast which could bring in more sponsorship revenue. The roof replacement at Coronado has been completed. Active Shooter drill hosted on October 11 was hugely successful and most likely will result in more grant money for improved security efforts. Corporate sales are 100% renewed with new business. There is an initiative Troy Flynn has been looking into with cheerleading events. They are standard stand-alone events and we have a good shot at a few dates. Parking is the struggle because Sears Center has not been charging parking. We need to get an understanding of what we can do with parking in our agreements.

COUNSEL'S REPORT

Attorney Tim Rollins

No report at this time.

CHAIRMAN'S REPORT

Mr. Craig Thomas

Craig Thomas reports he and Troy Flynn were asked to meet with Peter Provenzano regarding the Times Theater and potential renovation and management of the theater. We have no idea what it would cost to renovate and that would be someone else's issue. Our questions are, does it fit a footprint for programming in terms of its size and would it hurt the Coronado. Lon Rosenberg and Troy Flynn are going to do a walk through and SMG is going to provide an analysis on it. It would be much smaller than the Coronado. Also, the Aquarium Group has approached the City and have identified the Lorden Building at Davis Park as the place to put their aquarium. They are sending a report to Troy Flynn that he will share with the Board when he gets it.

OLD BUSINESS:

None at this time.

NEW BUSINESS:

None at this time.

MOTION: Sunil Puri made a motion to adjourn; seconded by John Phelps. The motion passes unanimously.

ADJOURNMENT – The Authority Board adjourns at 1:15 p.m.

Respectfully Submitted,

Jollene Haney