



DECC AUTHORITY BOARD OF DIRECTORS | REGULAR MEETING

June 29, 2022 Meeting Minutes

CALL TO ORDER

A Regular Board Meeting was held Wednesday, June 29, 2022 in the Senator Sam Solon Board Room. Chair Lynne Williams called the meeting to order at 11:30 AM. A quorum of directors was present.

BOARD MEMBERS PRESENT

Chair Lynne Williams
Vice Chair Peter Singler
Secretary & Treasurer Matthew Baumgartner
Don Ness
Carrie Heffernan
Jason Vincent
Laura Mullen
Mary Finnegan
Bill Nelson

BOARD MEMBERS ABSENT

Pat Mullen
Martha Bremer

DECC STAFF PRESENT

Dan Hartman
Ronni Murphy

OTHERS PRESENT

Media
Brent Malvick, Hanft Fride
Craig Chilcote, AKA Accounting

APPROVAL OF CONSENT AGENDA

The consent agenda included the meeting agenda and meeting minutes from the regular meeting on May 25, 2022. The consent agenda did not include a financial statement for

April or May due to the current vacancy in the Finance Director position. MOTION to approve the consent agenda with an amendment to reflect Board Member Mary Finnigan as absent in the May 25, 2022 minutes requested by Chair Williams; motion made by L. Mullen and seconded by Vice Chair Singler. Motion unanimously carried.

EXECUTIVE DIRECTOR REPORT

Update

1. Executive Director Hartman provided an update regarding the DECC finance statements. Craig, the consultant with AKA Accounting was able to gain access to the financial data systems and expects to have draft financial statements for April and May in advance of the July board meeting. Hartman also shared that interviews for the Finance Director position will begin the first week of July.
2. Hartman shared that no additional cancellations occurred in June and that the DECC's budget is not currently reflecting any additional significant financial changes. Additionally, account payables and receivables continue to look as expected compared to prior years. The DECC's current, point in time cash position is: \$2,179,502.51 as reported by the City of Duluth.
3. Hartman commented that Trampled By Turtles is sold out and Jurassic Quest is nearly sold out.

Vincent arrived at 11:35 AM

Heffernan arrived at 11:37 AM

4. Hartman provided an update on convention sales, currently 57% toward goal, or \$1,280,150.
5. Hartman provided an update related to challenges ahead including a need for robust systems (policies, procedures, and protocols) as indicated by the Mock OSHA site visit findings and audit findings.
6. Hartman discussed the results of the audit and outlined the findings, the DECC is in need of a federal procurement policy and protocols. The audit was changed to single year audit status due to the DECC spending its entire budgeted grant amount for the Shuttered Venues Grant within one year, rather than the projected two years. This is a sign that business is returning to the DECC.

COMMITTEE REPORTS

Executive

1. Chair Williams provided an update on behalf of the Executive Committee. On behalf of the Board, Chair Williams thanked Don Ness for his service to the DECC Board.

Chilcote arrived at 11:50 AM and provided a finance update, reference Finance section for details

2. Vice Chair Singler and Secretary & Treasurer Baumgartner, in conjunction with Terch and Associates, completed a market analysis of Executive Director compensation. In 2018 an analysis was completed showing a median salary of \$166,000. Current market analysis shows a low salary range of \$140,00 - \$155,000. Hartman's current salary is roughly 12% below the low salary range. Vice Chair Singler recommended that the Board take action to mitigate potential turnover risk by decreasing the gap between Hartman's current salary and the current low market rate salary. After further discussion, Chair Williams asked for a motion to increase Hartman's current salary by 5-6%. MOTION to increase Hartman's salary by 6% made by Finnegan and seconded by L. Mullen.

Finance

1. Chilcote provided a finance update. Chilcote shared that there are currently knowledge gaps in the finance department and noted that knowledge gaps are a common occurrence with long-tenured positions due to the loss of institutional knowledge. Chilcote has learned how to extract data out of the DECC's data storage systems and is currently working on draft financial statements. Chilcote will work with the finance team to build financial systems including written policies and procedures in addition to drafting financial statements. Chilcote noted appreciation for the support he is receiving from the finance team throughout this process.

Chilcote departed at 1:10 PM

Governance

1. Vice Chair Singler provided an update on behalf of the Governance Committee. The committee is currently reviewing applications to fill Ness's position. The Board can expect an in depth update next month regarding the status of the current vacancy.

Ad Hoc - Guest Experience

1. L. Mullen provided an update on behalf of the Ad Hoc Guest Experience Committee. The committee met and reviewed experience survey results and pulled out themes for continued review and discussion.
2. The committee plans to review event set up prior to an event during a future meeting. The committee was able to do a short review for Steve-O set up during the last meeting.
3. Hartman shared that feedback from previous surveys helped inform new food and beverage set up in Paulucci Hall for Symphony Hall events.

OLD BUSINESS

No old business.

NEW BUSINESS

Hartman provided the Board with an update related to the ice chiller. The DECC put out a Request for Proposal (RFP) for the lease funds needed for the ice chiller in Pioneer Hall. The RFP process concluded on June 27th at 10:00 AM and included the submission of two bids: U.S. Bank and MPECU. The U.S. Bank proposed interest rate is 5.44% and the MPECU proposed interest rate is 4.99%. The requested lease amount is \$700,000 with a 10 year leasing period.

Hartman shared some additional history related to the Curling Club (CC) with the Board. The CC was partially responsible for the federal legislation that built Pioneer Hall. The CC has contributed \$400,000 for the ice floor and last year paid \$15,000 a month for the temporary ice unit though not contractually obligated to do so. Hartman also noted that curling is a significant part of Duluth's heritage, and the CC in particular has been the home of multiple Olympians.

Hartman shared some additional history related to the past ice chiller with the Board. The previous chiller was heavily used by the DECC to cool other parts of the DECC in addition to the Curling Club (CC).

Hartman reviewed the existing Curling Club (CC) contract components with the Board. The contract stipulates the CC is required to pay \$90,000 a year for the space. The DECC estimates that the DECC covers roughly \$60,000 a year in utilities for the space.

The Board reviewed and discussed the proposals, the Board recognizes a significant opportunity cost within the space as it is a highly targeted event space. The Board determined that additional information is needed to be reviewed in conjunction with the lease proposals from U.S. Bank and MPECU. In particular, Finnegan asked for access to data that shows the full cost of the interim chiller work and chiller replacement; Ness asked for data showing if utilities would be positively impacted by the chiller replacement; and Finnegan asked for data showing what potential sales could be booked within the space if available.

The Board did not take action on the proposals and is open to further discussion via a special meeting or regular meeting in advance of the proposal expiration dates.

Chair Williams shared that the DECC is in communication with the Environmental Protection Agency (EPA) regarding the July 2021 ammonia leak at the DECC.

Chair Williams moved the Board to a closed session at 12:43 PM referencing section 13D.05, subdivision 3(b) to discuss attorney-client privileged matters in relation to the July 2021 ammonia leak and potential pending litigation, refer to June 29, 2022 closed session minutes for details.

Media departed at 12:44 PM

Vincent departed at 12:53 PM

Chair Williams requested a motion to move to an open session at 1:10 PM; MOTION to open the session made by Vice Chair Singler and seconded by Nelson. Motion unanimously carried.

Heffernan departed at 1:10 PM

OTHER

No other items to discuss.

ADJOURNMENT

Chair Williams requested a motion to adjourn. The meeting adjourned at 1:13 PM.

UPCOMING MEETINGS

The next regular meeting will be held July 27, 2022 at 11:30 AM in the Senator Sam Solon Board Room.

Minutes reported by Ronni Murphy, Office and Project Manager.

Submitted by:

Lynne Williams, Chair

Matthew Baumgartner, Secretary &
Treasurer

Date

Date