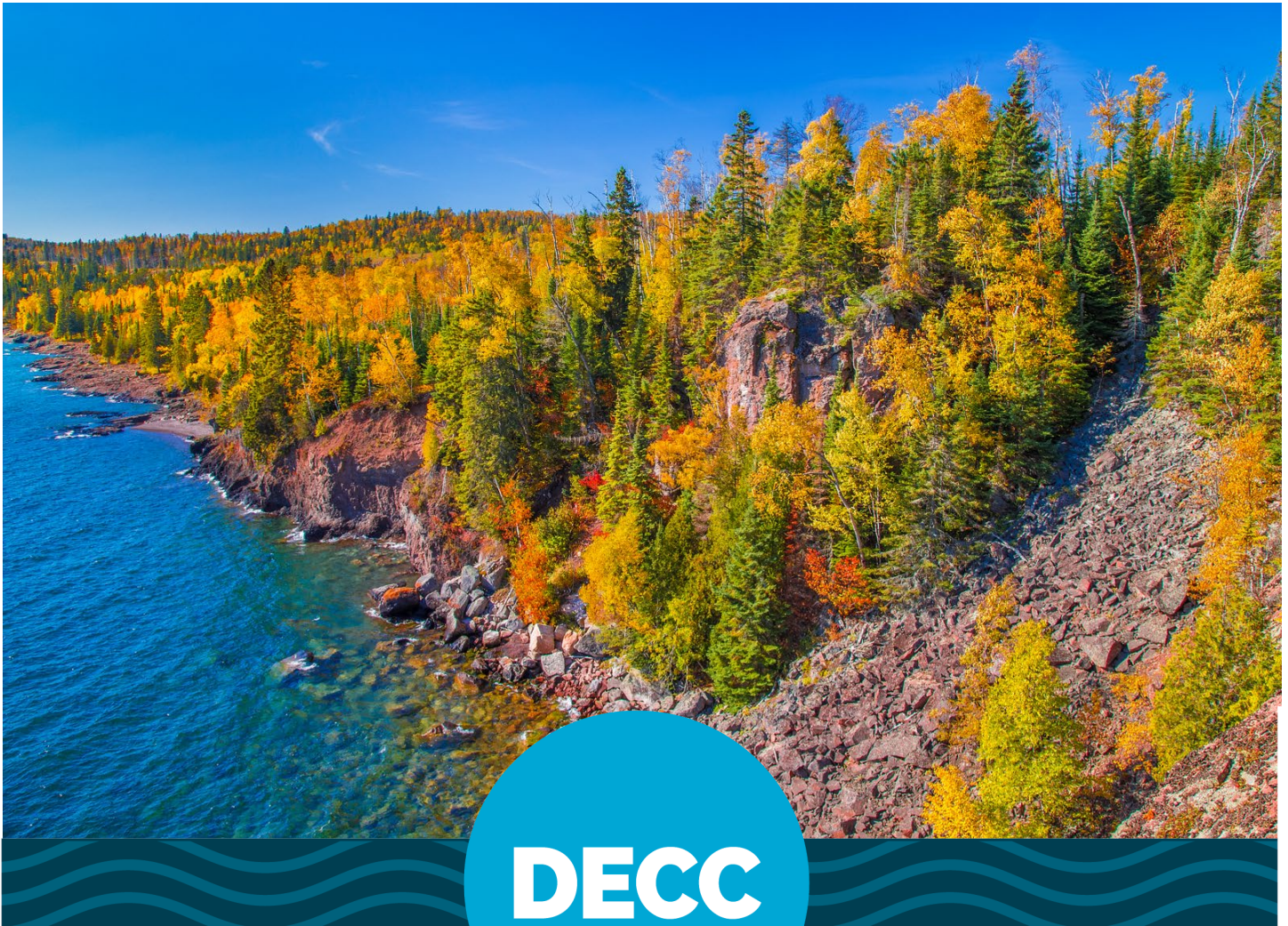


Photo Credit: Ken Harmon



# Regular Board Meeting

## DECC Board of Directors

Thursday, October 31, 2024



## AGENDA

### DECC Authority Board of Directors Regular Meeting

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#### MISSION

We host events, create experience, and drive our regional economy.

#### VALUES

Hospitality | Entertainment | Community | Visionary | Stewardship

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### MEETING AGENDA

- I. Call to Order
- II. Public Open Comment Period
  - a. *Members of the public sign in and each receive 3 minutes to speak.*
- III. Approval of Consent Agenda
  - a. Agenda
  - b. Regular Meeting Minutes - September 26, 2024
  - c. August 2024 Financials
- IV. Executive Director Report
  - a. Strategic Plan Update
  - b. Update
- V. Committee Reports
  - a. Strategy
    - i. Update
  - b. Finance
    - i. Update
  - c. Governance
    - i. Update
- VI. Old Business
  - a. No Old Business
- VII. New Business
  - a. RFP 04-24 OR-CA Services

## VIII. Other

- a. No Other Business

## IX. Adjournment

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### UPCOMING MEETINGS

The next regular business meeting is scheduled for **Thursday, November 14, 2024**. Location to be determined.



## DECC AUTHORITY BOARD OF DIRECTORS REGULAR MEETING

September 26, 2024, Meeting Minutes

### CALL TO ORDER

A Regular Board Meeting was held Thursday, September 26, 2024, in the Symphony Hall Mezzanine. Chair Peter Singler called the meeting to order at 12:00 PM. A quorum of directors was present.

### BOARD MEMBERS PRESENT

Chair Peter Singler  
Vice Chair Laura Mullen  
Treasurer Tony Sertich  
Secretary Jason Vincent  
Zack Filipovich  
Carli Amatuzio  
Shane Peterson  
Pat Mullen  
Maya Mattke

### BOARD MEMBERS ABSENT

### DECC STAFF PRESENT

Dan Hartman  
Amanda Denton  
Ronni Murphy

### OTHERS PRESENT

Chad Rykal, CR-BPS  
Duluth City Council Liaison Tomanek  
Erik Birkeland, City of Duluth  
Media

### OTHERS ABSENT

None

### PUBLIC OPEN COMMENT PERIOD

Chair Singler asked for a review of the public open comment period sign-up sheet. No members of the public signed up for comment.

## APPROVAL OF CONSENT AGENDA

MOTION to amend the August 29, 2024, Regular Meeting Minutes requested by Chair Singler; motion made by Vice Chair L. Mullen and seconded by Treasurer Sertich. Motion unanimously carried.

*Media arrived at 12:02 PM.*

Chair Singler reviewed the consent agenda. The consent agenda included the meeting agenda, amended meeting minutes from the Regular Board Meeting on August 29, 2024, and finance statements for July 2024. MOTION to approve the consent agenda requested by Chair Singler; motion made by P. Mullen and seconded by Filipovich. Motion unanimously carried.

## OTHER

Executive Director Hartman introduced Chad Rykal from CR-BPS and Erik Birkeland from City of Duluth to discuss facilities conditions assessments.

Rykal explained that CR-BPS has worked with St. Louis County and the City of Duluth to complete facilities conditions assessments throughout the past fifteen years. Both entities use asset management software to track facilities data. CR-BPS will assess the facilities and load data about the facilities into the software. The software will provide industry standard cost and lifecycle estimates for each asset and the software is updated at least three times per year. The DECC has an option to partner with the City and the County to fall under the same license. CR-BPS would assess the DECC's facilities and create the asset profile. The DECC could have CR-BPS work on an as-needed basis to provide additional asset updates over time as the DECC works through capital upgrades, etc. The software includes asset information from carpeting and paint to mechanical and HVAC, etc. Rykal closed by noting the software is a powerful planning tool.

*Mattke arrived at 12:07 PM.*

Birkeland explained how the City utilizes the software noting there are high quality reporting capabilities that are helpful for capital planning and project management. Birkeland noted the software is helpful for budgeting and institutional knowledge. The software has helped the City be proactive rather than reactive with capital planning.

Rykal and Birkeland confirmed a phased approach is possible for a facilities conditions assessment. Rykal also shared that once the DECC's data is entered into the software it is still considered the DECC's data and the DECC can utilize the CR-BPS team or get DECC staff trained to make continued data updates in the software. Rykal noted they typically enter annual "not to exceed" fee contracts with organizations.

The Board discussed facilities conditions assessments and the asset management software with Rykal and Birkeland.

*Rykal and Birkeland departed at 12:35 PM.*



## EXECUTIVE DIRECTOR REPORT

Executive Director Hartman provided a strategic plan update to the Board. The six strategic initiatives as approved at the June 2024 strategic planning session:

1. Complete a facilities conditions assessment by 12/31/2026.
2. Clarify the DECC's public purpose by 12/31/2027.
3. Complete a campus master plan by 12/31/2028.
4. Increase revenue by 5% annually beginning 2025.
5. Increase DECC operational profitability by 3% annually beginning 2025.
6. Continue adopting and embodying industry best practices beginning 2025.

Hartman shared several strategic plan updates.

1. Hartman shared that the DECC team is implementing several new ideas for UMD hockey this season. Hartman shared a sample of an updated concessions menu noting that brand names have been added to the items on the menu. Hartman noted that the DECC purchases quality food and beverage items and it is important to showcase that to guests.
2. Hartman shared a photo from the concessions sampling media day noting it was a success. Hartman described several of the new food items as included on the slide. Hartman noted a Suites sampling night occurred this week and attendance was higher than in past years. Hartman and team appreciated having time to connect with Suites Owners and guests prior to the start of the hockey season.
3. Hartman shared that Minnesota Power has agreed to sponsor the UMD Bulldog hockey cup and popcorn bucket for the hockey season. Hartman included a sample photo of the sponsored cup design.
4. Hartman shared that he is still seeking potential sponsors for the new scoreboard in AMSOIL Arena. Hartman shared a photo of the scoreboard noting the sponsorship would be included on the bottom of the board. Hartman encouraged Board Members to share any potential sponsorship contacts with him.
5. Hartman shared a sample of the promotor/ad packet that is being created for the DECC.

Hartman presented a summarized history of the Duluth tourism tax, noting that the intention is to make the city less reliant on property tax to raise revenues by encouraging travelers to visit and spend money in Duluth.

Hartman shifted to review the state of tourism in Duluth. Hartman shared that tourism taxes for the month of July are currently down 0.3% from budget, but up 3.8% from budget for the year-to-date. However, in July of 2023 tourism taxes were up 20.1% from budget, or 19.8% from budget for year-to-date.

Hartman noted the tourism growth slowdown in July 2024 is likely due to the following: rainy/cold weather in June; the Twin Cities market is booming again post-

COVID; Duluth marketing has not had much change in the last three years; the DECC and Bayfront Festival Park have had less large entertainment in July 2024; and the DECC did not have any large conventions in July 2024.

Hartman and the Board discussed tourism and tourism taxes.

6. Hartman shifted to discuss additional strategic plan updates noting that the professional menu photos are complete. Hartman shared a few sample photos noting they will be impactful for menus, website, and social media use.
7. Hartman noted that the Chef video should be complete in October and that he will share the final product with the Board.
8. Hartman shared that there are several updates for UMD hockey this season. The DECC team is working on creating a craft beer station at the south entry to AMSOIL Arena. Hartman and team are working on updates to the Suites experience including Suites-specific branding. Hartman and team are creating some concourse layout changes for grab and go beer stations, etc. Hartman shared that the DECC has received final approval from UMD to create a mixed cocktails station in AMSOIL Arena for UMD hockey. The cocktails station will be located along the windows that overlook the city near the UMD merchandise area and ice cream area.
9. Hartman shared that the guest services team recently underwent training for the upcoming hockey and events season. Training included de-escalation training, a tour, AMSOIL fun facts, and a quiz.
10. The DECC team recently worked with UMD, DFD, and the Fire Marshal's office to complete a fire drill in AMSOIL Arena to prepare for the upcoming hockey season.
11. A weekly facilities repair list has been created and is accessible to management. The Property Maintenance team is working on creating an up-to-date heavy equipment list as well.
12. Hartman and a few team members recently went to a St. Paul Saints game to complete an experimental review. Hartman shared findings from the visit with the Board. Two findings of note included promotional stickers on the backs of chairs and a beer sampling station where breweries bring in samples of their product for guests to try.
13. Hartman shared that Broadway is back at the DECC and ticket sales have already surpassed expected amounts. The community seems very supportive of having these shows available at the DECC.
14. Hartman closed by noting the DECC is in peak busy season. Hartman shared a list of several events, all occurring this week at the DECC. Hartman noted that many staff members are working long days and many days in a row. Hartman asked Board Members to share a note of appreciation if they run into any staff members at the DECC for their hard work during this busy time.

Hartman noted that a handout of the past month of activities was included with the materials for today's meeting.

## COMMITTEE REPORTS

### Strategy

Chair Singler provided an update on behalf of the Strategy Committee.

1. The Committee discussed orientation for new Board Member Mattke. Mattke's orientation will occur on Friday and Singler will be Mattke's Board Mentor.
2. The Committee discussed plans for the Board Retreat in January 2025. Murphy has reached out to Propel to discuss options for board training. Board Members are encouraged to reach out to Chair Singler or Murphy with suggestions or requests for the upcoming retreat.
3. The Committee discussed the DECC's expiring line of credit with the City of Duluth and communication strategies. Chair Singler plans to send out an update on behalf of himself regarding the line of credit in October.
4. The Committee discussed upcoming Officer positions for 2025. Secretary Vincent will be in touch to Board Members to discuss their interest in any Officer positions.

### Finance

Treasurer Sertich provided an update on behalf of the Finance Committee.

1. The Committee reviewed July financials and the recommended architecture and engineering proposal for the DECC's bonding projects.
2. Sertich reminded Board Members that the DECC's forecast balances the DECC's financials swings by year end, but the DECC is currently in its slow season. As Hartman has previously suggested, July's numbers are down. Sertich also noted that the DECC's budgeting is on prior year actuals, and this July the DECC did not have some large scale events that occurred last July, further impacting the financials.

Finance Director Denton reviewed the financials.

1. Denton directed Board Members to the July 2024 balance sheet noting the DECC's total current assets are at \$6.1 million and total current liabilities are \$3.3 million and year-to-date change in retained earnings through July is a loss of \$150,000.
2. Denton directed Board Members to the July 2024 consolidated management summary. The 2024 budget was based on 2023 actuals. July 2023 included several large revenue generating events that did not reoccur in 2024. Additionally, Bayfront Festival Park revenues were included for 2023, but not 2024, further impacting the budget. These adjustments account for the unfavorable variances in July for building services, catering, and entertainment. Concessions currently has a favorable variance due to a payroll reclassification that corrected applicable payroll to catering. The Irvin has an unfavorable variance because revenues are down 17% for the month. Hartman



noted the Irvin will be down for the year because the season was cut short to allow for an earlier start to the Haunted Ship season. Denton redirected to note that overall, for the month of July, there was a loss of \$297,000 with a year-to-date loss of \$150,000.

3. Denton directed Board Members to the forecast through July 2024. The forecast currently reflects a year-end of \$156,000, or \$110,000 after projections.

The Board discussed the July 2024 financials.

## **Governance**

Secretary Vincent provided an update on behalf of the Governance Committee.

1. The Committee did not meet in September and plans to resume meeting when the governance policies are ready for review.
2. Vincent noted there has been no update from the Governor's Office regarding appointments. The City Council is scheduled to meet with a potential Mayoral appointment in October.
3. Vincent is currently connecting with Board Members to discuss their interest in an Officer position for 2025. The proposed slate of Officers will be presented at a future meeting.

## **OLD BUSINESS**

No Old Business was discussed.

## **NEW BUSINESS**

Hartman reminded Board Members that the DECC has \$5 million available in 2023 appropriation funds for upgrades to the DECC. As part of this process, the DECC put out an RFP for architecture and engineering services to design the projects. The DECC had a small committee review proposals and the committee has recommended the proposal submitted by LHB for approval. The proposal was also reviewed by the Finance Committee.

Hartman noted that the DECC continues to work with DEED to get the required administrative approvals for the DECC's appropriation projects. The DECC has experienced delays due to the parking ramp project, because the parking ramp is not specifically mentioned in the Legislative language. Hartman will keep the Board apprised as this progresses.

MOTION to approve LHB's proposal for A/E services (RFP 03-24) for the DECC's 2023 appropriation project, requested by Chair Singler. Motion made by Treasurer Sertich and seconded by Vice Chair L. Mullen. Motion unanimously carried.

## **OTHER**

No Other Business was discussed.

## ADJOURNMENT

Chair Singler requested a motion to adjourn. The meeting adjourned at 1:15 PM.

## UPCOMING MEETINGS

The next regular meeting will be held October 31, 2024, location to be determined.

Submitted by:

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Peter Singler, Chair

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Jason Vincent, Secretary

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Date

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Date

**DULUTH ENTERTAINMENT AND CONVENTION CENTER AUTHORITY**  
**BALANCE SHEET**  
**August 31, 2024**

<u>Assets</u>		<u>Liabilities and Fund Equity</u>	
<b>Current Assets</b>		<b>Current Liabilities (payable from current assets)</b>	
Operating cash	\$ 1,952,738	Accounts payable	\$ 803,517
City pooled account	700,000	Lease purchase payable	884,564
Accounts receivable	864,919	Accrued salaries payable	137,131
Accts Rec-Tourism Taxes	1,357,464	Accrued vacation payable	316,529
Leases Receivable	875,896	Deferred revenue	1,187,991
Inventory	152,356	Interest payable	1,082
Prepaid items	120,729	Software subscription liability	17,016
<b>Total Current Assets</b>	<b>\$ 6,024,102</b>	<b>Total Current Liabilities (payable from current assets)</b>	<b>\$ 3,347,830</b>
<b>Noncurrent Assets</b>		<b>Current Liabilities (payable from restricted assets)</b>	
Leases Receivable	8,109,441	Ticket Office deposits	\$ 1,236,915
Subscription Assets less Accum Amortization	33,024	Employee flexible benefits plan	660
<b>Total Noncurrent Assets</b>	<b>\$ 8,142,465</b>	<b>Total Current Liabilities (payable from restricted assets)</b>	<b>\$ 1,237,575</b>
<b>Restricted Assets</b>		<b>Long-Term Liabilities</b>	
Ticket Office deposits		Capital Lease	\$ 1,271,273
Cash and cash equivalents	1,737,117	Net pension liability	3,573,216
Employee flexible benefits plan		Net other postemployment benefits	1,356,924
Cash and cash equivalents	16,916	Subscription liability	15,293
Debt reserve	0	Accrued Interest Payable	0
<b>Total Restricted Assets</b>	<b>\$ 1,754,033</b>	<b>Total Long Term Liabilities</b>	<b>\$ 6,216,706</b>
<b>Fixed Assets</b>		<b>Total Liabilities</b>	<b>\$ 10,802,111</b>
Fixed assets	\$ 154,010,789	<b>Deferred Inflow</b>	
Less allowance for depreciation	(87,763,055)	Deferred inflow of leases	\$ 8,469,446
<b>Fixed assets (net)</b>	<b>\$ 66,247,734</b>	Deferred inflow of other employ benefits	493,391
<b>Deferred Outflow</b>		Deferred inflow of pension	1,457,732
Deferred outflow of pension	\$ 2,598,190	<b>Total Deferred Inflow</b>	<b>\$ 10,420,569</b>
Deferred other postemployment benefits	425,406	<b>Fund Equity</b>	
<b>Total Deferred Outflow</b>	<b>\$ 3,023,596</b>	Contributions (net of accumulated amortization)	\$ 52,116,478
<b>Total Assets</b>	<b>\$ 85,191,930</b>	Prior period retained earnings	12,101,687
		Current period retained earnings	(248,915)
		<b>Total Fund Equity</b>	<b>\$ 63,969,250</b>
		<b>Total Liabilities and Fund Equity</b>	<b>\$ 85,191,930</b>

**DULUTH ENTERTAINMENT AND CONVENTION CENTER AUTHORITY**

**CONSOLIDATED MANAGEMENT SUMMARY**

August-2024

(Summary)

**CURRENT MONTH**

**YEAR TO DATE**

**DEPARTMENT PROFIT / (LOSS):**

	BUDGET	ACTUAL	VARIANCE	VAR %	2023	BUDGET	ACTUAL	VARIANCE	VAR %	2023
BUILDING SERVICES	51,043	(7,357)	(58,400)	-114%	15,216	482,102	476,942	(5,160)	-1%	83,904
PROPERTY MTNC	(339,708)	(339,332)	376	0%	(233,478)	(2,728,883)	(2,125,042)	603,841	22%	(1,892,094)
CONVENTIONS	(71,444)	(38,452)	32,992	46%	(75,363)	(438,385)	(266,484)	171,901	39%	(468,111)
CATERING	(20,192)	80,310	100,502	498%	(49,271)	652,327	463,423	(188,904)	-29%	557,961
CONCESSIONS	(18,659)	(4,060)	14,599	78%	(17,701)	147,619	296,963	149,344	101%	59,907
ADMINISTRATIVE	(91,285)	(20,414)	70,871	78%	(122,757)	(697,597)	(634,838)	62,759	9%	(1,267,478)
IRVIN	113,825	120,769	6,944	6%	80,862	169,545	164,761	(4,784)	-3%	83,742
ENTERTAINMENT	95,683	(50,236)	(145,919)	-153%	283,616	85,347	(66,266)	(151,613)	-178%	559,640
PARKING	97,526	84,021	(13,505)	-14%	82,114	817,024	930,691	113,667	14%	663,875
CRUISES	19,122	21,548	2,426	13%	6,939	53,207	74,441	21,234	40%	52,814
<b>TOTAL OPERATING PROFIT / (LOSS):</b>	<b>(164,089)</b>	<b>(153,203)</b>	<b>10,886</b>	<b>7%</b>	<b>(29,823)</b>	<b>(1,457,694)</b>	<b>(685,411)</b>	<b>772,283</b>	<b>53%</b>	<b>(1,565,839)</b>

**NON-OPERATING REVENUES/(EXPENSES):**

CITY TOURISM TAXES	169,683	169,683	0	0%	153,142	1,357,464	1,357,464	0	0%	1,225,136
AMSOIL ARENA NAMING RIGHTS	16,667	16,667	0	0%	16,667	133,336	133,336	0	0%	133,336
AMSOIL ARENA BOND PAYMENTS	(95,788)	(95,788)	0	0%	(94,116)	(766,304)	(766,304)	0	0%	(752,928)

**SUBTOTAL OPERATING PROFIT / (LOSS)**

	(73,527)	(62,641)	10,886	15%	45,870	(733,198)	39,085	772,283	105%	(960,295)
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**LESS: DEPRECIATION**

DEPRECIATION (NET)	(36,000)	(36,000)	0	0%	(36,000)	(288,000)	(288,000)	0	0%	(288,000)
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**NET CHANGE IN RETAINED EARNINGS**

	(109,527)	(98,641)	10,886	10%	9,870	(1,021,198)	(248,915)	772,283	76%	(1,248,295)
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**DULUTH ENTERTAINMENT AND CONVENTION CENTER AUTHORITY**

**CONSOLIDATED MANAGEMENT SUMMARY**

**August-2024**

(Detail)

**CURRENT MONTH**

**YEAR TO DATE**

	BUDGET	ACTUAL	VARIANCE	VAR %	2,023	BUDGET	ACTUAL	VARIANCE	VAR %	2,023
<b>REVENUES:</b>										
BUILDING SERVICES	186,850	116,198	(70,652)	-38%	283,062	1,666,350	1,639,757	(26,593)	-2%	2,523,811
CONVENTIONS	0	4,602	4,602	0%	0	0	55,527	55,527		0
CATERING	86,500	177,764	91,264	106%	71,716	2,340,750	1,911,978	(428,772)	-18%	1,953,166
CONCESSIONS	7,500	37,011	29,511	393%	18,798	766,700	857,715	91,015	12%	685,395
ADMINISTRATIVE	118,896	143,062	24,166	20%	34,093	991,371	1,002,207	10,836	1%	386,645
IRVIN	161,983	161,096	(887)	0%	161,856	522,332	478,782	(43,550)	-8%	523,103
ENTERTAINMENT	192,300	12,419	(179,881)	-94%	297,674	768,600	578,592	(190,008)	-25%	767,554
PARKING	138,500	109,443	(29,057)	-21%	118,434	1,123,300	1,133,149	9,849	1%	1,063,193
CRUISES	25,000	36,916	11,916	0%	35,763	116,000	177,419	61,419	53%	95,980
<b>TOTAL OPERATING REVENUES</b>	<b>917,529</b>	<b>798,509</b>	<b>(119,020)</b>	<b>-13%</b>	<b>1,021,397</b>	<b>8,295,403</b>	<b>7,835,126</b>	<b>(460,277)</b>	<b>-6%</b>	<b>7,998,848</b>

**OPERATING EXPENSES:**

BUILDING SERVICES	135,807	123,555	12,252	9%	267,847	1,184,248	1,162,815	21,433	2%	2,439,907
PROPERTY MTNC	339,708	339,332	376	0%	233,478	2,728,883	2,125,042	603,841	22%	1,892,094
CONVENTIONS	71,444	43,084	28,390	40%	75,363	438,385	322,011	116,374	27%	468,111
CATERING	106,692	97,454	9,238	9%	120,987	1,688,423	1,448,555	239,868	14%	1,395,206
CONCESSIONS	26,159	41,070	(14,911)	-57%	36,499	619,081	560,752	58,329	9%	625,487
ADMINISTRATIVE	210,181	163,476	46,705	22%	156,850	1,688,968	1,637,045	51,923	3%	1,654,123
IRVIN	48,158	40,328	7,830	16%	80,995	352,787	314,021	38,766	11%	439,361
ENTERTAINMENT	96,617	62,684	33,963	35%	14,058	683,253	644,858	38,395	6%	207,915
PARKING	40,974	25,422	15,552	38%	36,320	306,276	202,459	103,817	34%	399,318
CRUISES	5,878	15,367	(9,489)	-161%	28,824	62,793	102,978	(40,185)	-64%	43,166
<b>TOTAL OPERATING EXPENSES</b>	<b>1,081,618</b>	<b>951,712</b>	<b>129,906</b>	<b>12%</b>	<b>1,051,220</b>	<b>9,753,097</b>	<b>8,520,537</b>	<b>1,232,560</b>	<b>13%</b>	<b>9,564,688</b>

**OPERATING PROFIT/(LOSS)**

	(164,089)	(153,203)	(29,823)		(685,411)					(1,565,839)
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Duluth Entertainment Convention Center												
Departmental Net Profit/(Loss) Year-End Forecast with August YTD Actual Results and Remaining Budget												
Month	1571 Building Services	1572 Property Maint.	1573 Conventions	1574 Catering	1575 Concessions	1577 Admin	1578 Irvin	1579 Entertain.	1580 Parking	1581 Cruises	Non- Operating	Total
August YTD Actual	476,942	(2,125,042)	(266,484)	463,423	296,963	(634,838)	164,761	(66,266)	930,691	74,441	724,494	(248,915)
September Budget	156,578	(369,216)	(64,029)	150,698	(14,451)	(88,030)	(11,855)	83,406	89,676	45,164	905,62	32,503
October Budget	146,303	(335,058)	(49,484)	175,888	47,242	(89,534)	512,955	(44,846)	118,227	(5,868)	905,62	530,387
November Budget	187,558	(329,986)	(47,229)	43,753	13,020	(115,030)	(40,578)	38,356	97,586	(1,325)	905,62	(99,313)
December Budget	118,323	(377,938)	(48,384)	109,333	57,572	(80,684)	(10,508)	(38,336)	168,227	(1,368)	905,62	(49,201)
<b>Roll</b>	<b>1,085,704</b>	<b>(3,537,240)</b>	<b>(475,610)</b>	<b>943,095</b>	<b>400,346</b>	<b>(1,008,116)</b>	<b>614,775</b>	<b>(27,686)</b>	<b>1,404,407</b>	<b>111,044</b>	<b>1,086,742</b>	<b>(432,000)</b>

Projected Excess Tourism Tax Collections: 305,000  
 Projected Unbudgeted Items: (351,000)

**Total w/ Projections: 119,461**