



DECC AUTHORITY BOARD OF DIRECTORS REGULAR MEETING

July 25, 2024, Meeting Minutes

CALL TO ORDER

A Regular Board Meeting was held Thursday, July, 25, 2024, in the Harbor Side Convention Center Room 203. Chair Peter Singler called the meeting to order at 12:03 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
Martha Bremer

BOARD MEMBERS ABSENT

Pat Mullen
Bill Nelson

DECC STAFF PRESENT

Dan Hartman
Amanda Denton
Ronni Murphy

OTHERS PRESENT

Duluth City Council Liaison Tomanek
Bob Long, McKinstry
John Neville, McKinstry
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

Chair Singler reviewed the consent agenda. The consent agenda included the meeting agenda, meeting minutes from the Regular Board Meeting on June 27, 2024, and finance statements for May 2024. MOTION to approve the consent agenda requested by Chair Singler; motion made by Filipovich and seconded by Bremer. Motion unanimously carried.

OTHER

Chair Singler requested a moment of silence in remembrance of Board Member Mary K. Finnegan.

Board Members shared reflections about working with Finnegan and reflected on her contributions to the DECC and DECC Board.

Chair Singler and Hartman introduced John Neville and Bob Long from McKinstry to present about the energy efficiency work their company does as a potential option for the DECC to explore. McKinstry's goal is to leave every building they touch more efficient in terms of energy usage.

Secretary Vincent arrived at 12:10 PM.

McKinstry serves as a partner to assist with facility assessments, design and bidding processes, securing financing, warranty/savings guarantees, training, and implementation of measurement and verification related to energy consumption. With preliminary audit data, McKinstry projects an \$11.5 million dollar savings for the DECC in 25 years with the completion of \$7 million in energy and facility project work. Neville stated a potential DECC energy project would be self-funded and budget neutral with \$0 down payment contribution from the DECC and an estimated 17% operational cost savings over 25 years.

Hartman reminded Board Members that the DECC has been looking for options to support significant energy upgrades throughout the facilities. Hartman noted that the City of Duluth recommended McKinstry as a potential vendor for the DECC's energy projects. Hartman shared that he thought it would be beneficial for the Board to hear McKinstry's presentation as one option for completing necessary energy upgrades as the DECC continues to assess capital planning needs.

The Board discussed the presentation with McKinstry representatives. The Board thanked McKinstry for their presentation.

EXECUTIVE DIRECTOR REPORT

Executive Director Hartman provided a strategic plan update to the Board. Hartman reminded Board Members of the six strategic initiatives as approved at the June 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 noted he would be sharing the existing facilities plan with Board Members today.
2. Hartman has a meeting scheduled to explore pricing for the facilities conditions assessment.
3. Hartman is discussing options with Praxis Strategy Group to facilitate public purpose conversations in January 2025.
4. Hartman shared that the DECC has hired an accountant.
5. A new system to streamline laundry and uniform management is in process.
6. Hartman trained the team regarding line management procedures to better align with industry best practices.
7. Hartman is working with a local business to sponsor furniture in City Side Convention Center as a convention/event lounge space.
8. Hartman is in discussion with Discover the Iron Range regarding the creation of a wall mural to highlight the Range at DECC facilities. Media USA is also interested in partnering on this project.
9. Hartman shared that the DECC will send representatives to the International Association of Venue Management conference next week. This event will aid the DECC in learning more about industry trends and best practices. Hartman also plans to gather information about the criteria for the IAVM best small convention center award as a potential goal for the DECC to strive toward.
10. Hartman is working with Story North Productions to showcase the DECC's Executive Chef and the DECC's catering. Story North will create a "Chef's table" video about Chef Jerry and will create staged photos of the DECC's food for use in menus, on social media, etc. Hartman shared a "Chef's Table" introduction video as a sample of what Story North may create for the DECC. Hartman noted videos like these provide a personal narrative and connection to the Chef that created the food experience. The video will be used to connect with clients and to highlight the quality of the DECC's catering.
11. Hartman is working on upgrades to signage in Symphony Hall. Hartman has ordered "neon" (LED) signage to replace the outdated and non-functional signage in the area. The new signage will help create a new vibe and cohesive brand for the space, similar to the W Hotel experience.

12. Hartman shared a newly created DECC Suites custom logo that will be used for the 2024/2025 season. Hartman noted that the DECC is working on extra touches that are reflective of the premium experience in the space such as specialty napkins and towels in addition to the new logo. Hartman's aim is to spark additional interest in purchasing VIP experiences at the DECC.

Hartman shared an update related to the DECC's air conditioning challenges. Hartman shared a map of DECC facilities and explained that 30 years ago the DECC had separate chillers that supplied each section of the DECC such as DECC Arena, Harbor Side Convention Center, and Pioneer Hall. However, due to cost, as chillers stopped working the DECC created bypass systems to pull the air conditioning from chillers that still worked rather than repairing the broken chillers. Hartman noted that three years ago the DECC had three ice chillers that supplied air conditioning throughout all DECC facilities. When the Curling Club ice chiller broke in 2021, the DECC lost ice and air conditioning in Pioneer Hall and lost air conditioning in City Side Convention Center. At this time, the DECC spent \$100,000 to install piping from AMSOIL Arena to bring air conditioning to City Side Convention Center. Last spring, the DECC Arena ice chiller was decommissioned due to equipment erosion, resulting in a loss of air conditioning for DECC Arena and Harbor Side Convention Center and a loss of ice for DECC Arena. At this time, the DECC completed an emergency purchase of a chiller unit for Harbor Side Convention Center for cooling. Currently, the AMSOIL Arena chiller is providing cooling for AMSOIL Arena, Symphony Hall, City Side, Pioneer Hall, Paulucci Hall, and DECC Arena. Hartman noted the chiller is overextended, resulting in poor cooling in large spaces such as DECC Arena. Hartman also noted that recent Harbor Monsters games were impacted by this. Hartman shared that last week's game was impacted more significantly due to cruising operations as the doors to the Arena Link were open and sucked the cooling from DECC Arena to the outside. Hartman is currently exploring alternative options for cooling throughout DECC facilities. Hartman reminded Board Members that \$2.8 million of the DECC's 2023 appropriation will be used for cooling repairs and cooling redundancy, but there are significant supply chain issues that will impact the receipt of the chiller and associated equipment. Amatuzio noted that media reported hot temperatures at the last Harbor Monsters game. Amatuzio asked about guest experience and comments related to the temperature DECC Arena. Hartman noted that some attendees did leave due to the temperature and that the DECC team continues to work on cooling options. Filipovich asked how much money is needed to buy new air conditioning units for the DECC. Hartman shared that the 2023 appropriation unit will supply the entire DECC, but the DECC expects supply chain issues that will delay the receipt of the unit. Hartman noted the DECC has not yet reached the design phase of the 2023 appropriation project but expects to soon. Hartman closed by noting that in the long-term he would like to implement measures to ensure cooling redundancy throughout the DECC. The Board discussed cooling options and long-term plans for the DECC.

Hartman shared that the DECC, City, and Duluth Energy System (DES) are in discussions regarding the proposed updated DES agreement. Hartman expects to present an updated draft agreement to the Board in coming months. Hartman shared a note of appreciation for P. Mullen and Peterson as they are assisting with the DES-related discussions.

Hartman shared that the DECC will be hosting a Barbie exhibit in Paulucci Hall from August 6th to September 22nd. Hartman noted this is the DECC's first true travel exhibit, and Hartman

is hopeful that the DECC will continue to host more exhibits in the future, particularly during slower summer months. Hartman shared that the DECC is creating a Pink Launch Party to launch the exhibit and the Paulucci Hall doors will be painted pink for the exhibit. Hartman encouraged Board Members to attend the Pink Launch Party noting that an invitation would be distributed in the near future.

Hartman presented the DECC's master repair list noting that the list has not been updated since 2019. Hartman reviewed the list with the Board and discussed several examples of repairs such as piping upgrades to City Side Convention Center bathrooms and elevator upgrades. Hartman closed by noting the DECC intends to build a plant fund to continue to chip away at repairs going forward. The plant fund would aid the DECC in reducing outstanding capital repairs long-term. The Board discussed the repairs list.

Hartman noted that Board Members were provided with a handout of past month activities that included updates related to attendance, Harbor Monsters, FinnFest, TacoFest, Brantley Gilbert, and the Irvin.

COMMITTEE REPORTS

Strategy

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

1. The Committee discussed social media commentary related to Taco Fest, noting that while some were upset about the event, many individuals were supportive of the DECC. Chair Singler noted that the Board tasked Hartman with developing entrepreneurial endeavors for the DECC. Chair Singler noted that these efforts may cause upset from time to time.
2. The Committee discussed the DES agreement, noting there are no additional updates at this time.
3. The Bayfront Festival Park agreement will be up for renewal. The DECC Board will need to discuss if the DECC wants to pursue bidding on the agreement for a potential three year term.

The Board discussed the Bayfront Festival Park agreement.

4. Hartman is currently connecting with other venue leaders in Minnesota for potential lobbying efforts. Hartman noted venues may have a greater chance at securing funding for projects like escalators and elevators if a separate funding pool was set aside for these projects.
5. Hartman will bring a few DECC staff to the IAVM Venue Connect conference to learn about industry trends and best practices.

Finance

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

1. The DECC's budget is in good shape. However, the DECC is currently in its slow season and this will likely impact future financials.

Finance Director Denton reviewed the audit and financials.

1. The DECC's 2023 audit is complete. There were no findings related to the DECC's financial statements. The DECC had one finding related to public purpose and the DECC has created an action plan to address this finding. The DECC will make updates to the travel and expense reimbursement policy, create a promotional expenses policy, and discontinue Irvin discounts for employees.
2. Denton reviewed the May 2024 financials noting that the balance sheet shows current assets of \$5.5 million with liabilities of \$2.4 million and current period retained earnings of \$141,000. On the consolidated management summary for year to date through May there was \$141,000. For May, there was a loss of \$245,000, but the DECC budgeted for a loss of \$333,000. There were three departments that contributed to the variance: property maintenance was a positive variance due to decreased snow removal expenses, utilities, and repairs; catering contributed a negative variance due one less large catered event in 2024 compared to 2023; and Irvin contributed a positive variance due to lower food and merchandise purchases compared to budget.
3. Denton reviewed the forecast noting \$141,000 for May year to date with a current year end of \$558,000, or \$590,000 after projections. Denton noted overall, we are happy with the trends we are seeing, but we continue to work hard to keep our bottom line in check. Of note, the last half of 2024 has budgeted revenue increases. We will continue to monitor this as the year progresses.
4. Hartman reminded Board Members that July financials will not look as good. In 2023, the DECC had a large AMSOIL event in July that will not occur in 2024. Additionally, summer is a slower time for the DECC.

The Board discussed the May 2024 financials.

5. Treasurer Sertich shared that the Finance Committee reviewed the DECC's current procedures for financial reporting. The DECC experiences delays in receipt of several invoices of note each month, making it a challenge to opt for prior month financial review. Additionally, other similar institutions follow prior-prior month review of financials. The Committee agreed to continue with prior-prior month financials review with the expectation that Hartman and Denton will provide an oral update regarding any trends they are aware of.

Governance

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

1. The Committee did not meet in July as several governance policies are being reviewed by legal. The Committee plans to resume meeting in August.

2. City Council interviews for pending Mayoral appointments are expected to happen in late July or early August.

OLD BUSINESS

No Old Business was discussed.

NEW BUSINESS

No New Business was discussed.

ADJOURNMENT

Chair Singler requested a motion to adjourn. The meeting adjourned at 1:25 PM.

UPCOMING MEETINGS

The next regular meeting will be held August 29, 2024, location to be determined.

Submitted by:

Peter Singler, Chair

Jason Vincent, Secretary

Date

Date