



DECC AUTHORITY BOARD OF DIRECTORS REGULAR MEETING

August 29, 2024, Meeting Minutes

CALL TO ORDER

A Regular Board Meeting was held Thursday, August 29, 2024, in the Senator Sam Solon Board Room. Chair Peter Singler called the meeting to order at 12:01 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
Pat Mullen
Maya Mattke

BOARD MEMBERS ABSENT

DECC STAFF PRESENT

Dan Hartman
Amanda Denton
Ronni Murphy

OTHERS PRESENT

Duluth City Council Liaison Tomanek
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 July 25, 2024, and finance statements for June 2024. MOTION to approve the consent agenda requested by Chair Singler; motion made by Filipovich and seconded by Bremer. Motion unanimously carried.

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 has received a quote for the cost of a facilities conditions assessment. The FCA is estimated to cost \$397,000. The Venulogix consultation report from October 2023 highly recommended the completion of an FCA for future planning and strategy. Hartman noted that the DECC does not have the funds to pay for the FCA and is exploring options to secure funding. Additionally, the DECC plans to utilize the same vendor that does FCA work for the City and County. This will allow the DECC to fall under the same license for some cost savings and will ensure the content of the DECC's FCA is compiled in a similar manner to the local municipalities.

P. Mullen asked when the DECC would be planning to complete the FCA and what would be included in the assessment.

Filipovich asked how long the FCA would take to complete.

The Board discussed the FCA and potential next steps.

2. Hartman shared that Visit Duluth and the DECC have created a joint sales plan. The DECC and Visit Duluth are meeting regularly to strategize and discuss the plan.
3. The DECC has implemented client/guest parking signs, a standard industry practice.
4. The DECC is currently compiling a pricing sheet for all pricing. The sheet is currently at an estimated 500 entries and will provide a comprehensive look at all pricing across the facility from food and beverage to exposition supplies. The DECC can use this information to compare pricing with other similar venues and adjust accordingly.
5. The "Chef Showcase" filming process is near complete. The DECC will use this content to share more from "behind the scenes" of DECC catering.

6. Hartman noted that dates have been booked to showcase concessions to the media and the Suites menu to Suites owners.
7. Hartman shared that plaques in the main lobby celebrating the DECC's history have been moved to be more accessible to patrons. Additionally, this change allows for more directional signage leading to Paulucci Hall.
8. TVs and digital menus have been placed for AMSOIL Arena Bulldog hockey. Hartman shared a note of appreciation for Citon, the company that donated 27 TVs for the digital menus. Hartman shared a sample infographic of the DECC's new digital menu for concessions noting it will be more efficient for the DECC to update menus in real-time.
9. The DECC is creating a branded popcorn bucket and soda cup for Bulldog hockey. Hartman is currently seeking sponsorships to contribute to the specialty items. Hartman shared a sample graphic of the branded soda cup noting it has gone through official UMD licensing channels.

Mattke asked if UMD would be contributing funds for the branded concessions items. Hartman explained that the DECC benefits from concessions sales and expects positive gains from the branded items. Hartman is currently seeking sponsorships to contribute to the cost of the items.

10. Grab and Go locations will be adjusted this hockey season to allow for better access and flow of traffic. Hartman shared he is in talks with UMD about adding a mixed cocktail bar on the main concourse during hockey for this season as well.

Mattke asked if the DECC provides alcohol safety training to staff. Hartman confirmed that staff receive alcohol safety training.

11. All director-level job descriptions have been reviewed and updated.
12. Hartman closed by noting he is seeking sponsorships for the bottom of the new scoreboard in AMSOIL Arena. Hartman shared a photo of the planned location, noting Board Members can forward him contact details for any potential interested sponsorship contacts they may have. Hartman also plans to name the mixed cocktail area the "insert name" lounge, opening up an additional sponsorship opportunity.

Hartman transitioned to discuss the a/c challenges at the DECC. Hartman reminded Board Members that the DECC installed a temporary chiller unit for a/c in City Side Convention Center, Pioneer Hall, and DECC Arena. The installation cost was an estimated \$30,000 with an estimated \$20,000 per month reoccurring cost. The DECC expects to keep the temporary unit on site until Mid-October and plans to get the unit reinstalled April to October of 2025 for cooling. Hartman explained that with the variable Duluth weather it is challenging to accurately determine the need for additional cooling, and the DECC's priority is to provide the best event experience.

Hartman shared that he is continuing negotiations for the Duluth Energy Systems agreement and expects to have an update for the Board in the coming months.

Hartman reminded Board Members that the DECC took out a line of credit with the City of Duluth in October 2023 due to cashflow issues. Hartman reported that the DECC has not accessed the line of credit and does not plan to access it. The line of credit will expire in October 2024. Hartman noted that there have been discussions as to whether the DECC should ask to renew the line of credit. Hartman shared he is in favor of not renewing the line of credit. Hartman asked the Board to discuss the line of credit.

The Board discussed the line of credit and next steps for the DECC.

Council Liaison Tomanek departed at 12:37 PM.

Hartman pivoted to discuss entertainment and conventions at the DECC. Hartman shared that the Finance Committee has been reflecting on the following question: is there a wall or threshold of potential new business that the DECC will be able to book? For example, most bands only tour every couple of years and are not accessible on an annual basis. The discussion led to additional questions: how much new business can the DECC expect to book, how many big bands can the DECC book, and how many big conventions can the DECC book? Hartman noted that the DECC's larger business focuses include: entertainment and conventions. For entertainment, there are agents, promoters, and self-promote options. It is typical for a promoter to purchase the tour and book the band at venues. This option is the least risky and most advantageous for the DECC. However, it can be more challenging to book the band at the DECC due to our limited space availability and tour scheduling constraints. Hartman further explained that the larger events have the greater impact for the DECC, particularly 4,000+ attendees for concerts and 1,000+ for multi-day conventions. Hartman and team will continue to focus on bringing larger entertainment and conventions to the DECC.

The Board discussed entertainment and convention strategies for the DECC.

Hartman noted that a handout of the DECC's past month of activities is included in the meeting materials. Hartman closed by noting the Pink Launch Party for the Barbie exhibit was a success. Hartman shared several photos from the event. Hartman shared that attendance has not been as high as expected, but the DECC continues to market the event through a variety of channels including coasters at local establishments, social media, and large banners on the DECC's parking ramp.

COMMITTEE REPORTS

Strategy

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

1. The Committee discussed the public purpose conversations strategic initiative. Hartman has engaged a consultant that Apex used for public purpose conversations as a potential vendor for those discussions. Hartman is currently looking into the associated costs of hiring a consultant.

2. The AMSOIL Arena scoreboard installation is currently in process. The DECC is working with Daktronics to create an installation plan and timeline.
3. Hartman and team attended the International Association of Venue Managers (IAVM) Venue Connect conference and brought learnings back to the DECC team for discussion.
4. The Committee discussed the agenda and added Bayfront Festival Park as a discussion topic at the August Board Meeting.

Finance

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

1. The DECC's financials are currently in good shape, but the DECC is in the slow season, and this will impact financials going forward.

Finance Director Denton reviewed the financials.

1. Denton directed Board Members to the June 2024 balance sheet noting the DECC's total current assets are at \$6.3 million and total current liabilities are \$3.2 million and year-to-date change in retained earnings through June is \$147,000.
2. Denton directed Board Members to the June 2024 consolidated management summary. The net change in retained earnings for the month is \$5,000 compared to \$147,000 year-to-date. Denton reviewed variances including a \$82,000 favorable variance in building services due to increased event revenues from events like the quilt show, Harbor Monsters games, and Mission of Mercy dental event. Property Maintenance had a \$75,000 favorable variance due to decreased expenses including decreased repairs and decreased capital repairs/replacements. Catering had a \$37,000 unfavorable variance due to less event revenue. To illustrate, in June 2023 catering brought in \$96,000 of revenue from the League of Minnesota Cities conference that did not reoccur in 2024. Sertich noted that during the DECC's budgeting process it is challenging to account for planned vs. expected revenues because some events do not reoccur and some events are added to the calendar after budgeting is complete. The DECC reviews event information and makes the best estimate for the following year. Entertainment had a \$116,000 unfavorable variance due to decreased revenue. Less entertainment events happened during this period for 2024, resulting in less facilities fees, etc.
3. Denton directed Board Members to the forecast through June 2024. The forecast currently reflects a year-end of \$576,000, or \$530,000 after projections.
4. Hartman reminded Board Members that he expects July to be worse than budget. Hartman noted in 2024 the DECC does not have a large AMSOIL event and a Live Nation entertainment event that occurred in 2023, that had significant positive revenue impacts. In the future, Hartman would like to add events that are booked post-budgeting to the forecast as unbudgeted revenue to more accurately reflect

where the DECC should be by year-end. Hartman closed by noting Duluth tourism was down in July and expected to be down in August.

The Board discussed the June 2024 financials.

Governance

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

1. The Committee did not meet in August 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. New Board Member Mattke has been appointed by the Mayor's Office. Vincent has had an interview with the City Council for reappointment and expects to receive an update regarding reappointment soon.
3. Vincent shared that Bremer has submitted her resignation, effective September 1st. Vincent shared that Bremer's seat is open in the application portal and applications are coming in.

Hartman and Board Members thanked Bremer for her contributions to the DECC Board and presented Bremer with a print of Duluth by Tin Cup Design.

OLD BUSINESS

No Old Business was discussed.

NEW BUSINESS

No New Business was discussed.

OTHER

Hartman summarized the DECC's previous management of Bayfront Festival Park. Hartman noted the City provided a management agreement with an annual fee. The DECC did not receive revenue from alcohol sales or ticketing for most events. The DECC did receive revenue from alcohol sales at Hairball. The DECC received some parking revenue from some events, but it was dependent upon if the promoter charged for parking and the revenue split as determined by the promoter. Previously, the DECC has had significant expenses related to staffing, set up, specialty security staffing, etc. Hartman does expect some additional revenue could be made from upcharges for trash, food vendors, etc. and sponsorships. Hartman noted there is complication with sponsorships due to the array of events that occur in the space. Hartman noted that by the end of 2023 the DECC estimates \$50,000 profit from managing Bayfront. Hartman believes if the DECC adjusted management such as charging for lifts, etc. the DECC could generate an estimated \$100,000 in revenue from Bayfront.

Hartman transitioned to share a long-term opportunity that may be more advantageous to the DECC. Hartman noted the DECC plans to activate space in the parking lot and Harbor Drive near the Irvin. This space can be programmed for entertainment and other outdoor

events. The significant benefit is the DECC can use the DECC's catering and collect revenues from food and beverage sales including alcohol. The DECC can also program this space with an open calendar, whereas, many of the Bayfront dates are reserved year-after-year by returning clients. Hartman noted this space could compliment Bayfront by offering an alternative option or smaller events. Ideally, Hartman would like to use a third party to book the Harbor Drive space. Hartman closed by noting the space is close to Canal Park and can provide additional economic impact to the area.

Hartman stated he feels it is in the DECC's best interest to continue pursuing DECC opportunities such as activation of Harbor Drive. If the City asked the DECC to resume management of Bayfront as they have done in the past the DECC could be open to exploring the management agreement in the future.

The Board discussed Bayfront Festival Park management and the Harbor Drive space activation. The Board is in agreement with Hartman's current plan regarding Harbor Drive activation and with exploring managing Bayfront Festival Park again if the City asks the DECC to resume management of the space.

ADJOURNMENT

Chair Singler requested a motion to adjourn. The meeting adjourned at 1:35 PM.

UPCOMING MEETINGS

The next regular meeting will be held September 26, 2024, location to be determined.

Submitted by:

Peter Singler, Chair

Jason Vincent, Secretary

Date

Date