



DECC AUTHORITY BOARD OF DIRECTORS REGULAR MEETING

November 14, 2024, Meeting Minutes

CALL TO ORDER

A Regular Board Meeting was held Thursday, November 14, 2024, in the Harbor Side Convention Center. Chair Peter Singler called the meeting to order at 12:00 PM. A quorum of directors was present.

Chair Singler welcomed new Board Members: Schmidt and LaFleur. Chair Singler asked Board Members and DECC staff to introduce themselves.

BOARD MEMBERS PRESENT

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

BOARD MEMBERS ABSENT

None

DECC STAFF PRESENT

Dan Hartman
Amanda Denton
Ronni Murphy
Lucie Amundsen

OTHERS PRESENT

Duluth City Council Liaison Tomanek
Media

OTHERS ABSENT

None

Media arrived at 12:02 PM.

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 meeting agenda by moving New Business to follow Consent Agenda requested by Chair Singler. Motion made by Filipovich and seconded by Secretary Vincent. Motion carried unanimously.

Chair Singler reviewed the consent agenda. The consent agenda included the meeting agenda, meeting minutes from the Regular Board Meeting on October 31, 2024, and finance statements for September 2024. MOTION to approve the consent agenda requested by Chair Singler; motion made by P. Mullen and seconded by Mattke. Motion carried unanimously.

NEW BUSINESS

Executive Director Hartman introduced the 2025 Operating Budget, noting it has been reviewed by the Finance Committee. Hartman asked Finance Director Denton to provide a summary of the 2025 Operating Budget to Board Members.

Denton directed Board Members to the supplemental 2025 Operating Budget packet. Denton noted the summary page includes the 2025 Annual Budget, prior year actuals that include January - August of 2024 actuals plus September - December 2023 actuals for reference, and the 2024 Annual Budget. The 2025 Operating Budget includes revenues of \$13.7 million and expenses of \$14.4 million. The net of the non-operating revenues/expenses is estimated at \$1.1 million, leaving \$545,000 profit (before depreciation) by year-end.

The budget philosophy for 2025 includes: a lean staffing model, increased events bookings, and the assumption of a mid-level winter. The DECC continues to refine internal capital equipment budgeting. Additionally, the DECC continues to seek outside investments for capital improvements.

Hartman shared that the 2025 Operating Budget includes \$250,000 set aside as a separate plant fund for capital investments/repairs. Hartman noted that with the plant fund and lease agreements included, the DECC will likely be close to \$0, rather than \$545,000 by year-end as reflected in the budget.

Denton summarized the steps taken to develop projections for the creation of the 2025 Operating Budget noting that the budget is challenging to create due to the variability of events scheduling, staffing, weather, and utilities.

Treasurer Sertich summarized that the Finance Committee reviewed the budget and is comfortable with how the data was put together. There are many unknowns when putting together a budget for an entity like the DECC. The revenue goals included in the budget are truly stretch goals, the utilities assumptions may be impacted significantly due to weather and potential fee increases, and staffing is significantly impacted by the number of events. If the

DECC books more business to increase revenues, staffing and other associated costs will increase. It will be important to follow the forecast throughout 2025 as that will be updated to reflect more real-time information such as new business booked.

The Board discussed the 2025 Operating Budget.

MOTION to adopt the 2025 Operating Budget requested by Chair Singler. Motion made by Treasurer Sertich and seconded by Filipovich. Motion carried unanimously.

Chair Singler introduced the proposed Board Officer slate for 2025. The slate included: Laura Mullen, Chair; Tony Sertich, Vice Chair; Maya Mattke, Treasurer; and Jason Vincent, Secretary.

The Board discussed the proposed slate. Several Board Members were interested in Officer positions. The Board may be interested in updating the process for creating the Officer slate. Treasurer Sertich suggested that the 2025 Governance Committee create an updated process for developing the Officer slate going forward. The Committee can present the updated process to the Board for review. Council Liaison Tomanek suggested that a paper ballot could be used to select Board Officers.

Chair Singler introduced the proposed 2025 Regular Board Meeting schedule. The Board reviewed and discussed the schedule. MOTION to approve the 2025 Regular Board Meeting Schedule with an amendment to adjust the December meeting time to 12:00 PM to 1:30 PM requested by Chair Singler. Motion made by Vice Chair L. Mullen and seconded by Mattke. Motion carried unanimously.

Hartman announced that the City of Duluth has opened an RFP for the management of Bayfront Festival Park (Bayfront) with a five-year agreement. Hartman stated that he believes the DECC should apply for the management contract. Hartman shared that the City and several local promoters have also asked the DECC to consider applying for the RFP. Hartman believes that the DECC has additional reasons to ensure better coordination between Bayfront Festival Park due to the DECC's increased booking activities for indoor summer shows and the planned addition of the outdoor Portside Park space.

Hartman shared that it is part of the DECC's purpose to ask what is in the best interest of Duluth. Hartman believes that the community wants the best use of all of Duluth's big venues. Alternatively, a private Bayfront operator is more likely to think in terms of what is best for their profit margin.

Hartman further explained that DECC staff have a desire to run Bayfront. Walt Aplin, DECC Box Office Manager has a long history of serving as a promoter and assisting with events in the park. Aplin is strongly interested in coordinating the park on behalf of the City and is well-known by many of the regular Bayfront organizers.

Hartman stated that for the DECC to run Bayfront the DECC's role as a coordinator would need to be more defined. The DECC would support organizers by providing education and resources to support their events. The DECC has resources that Bayfront organizers need

such as calendar marketing, heavy equipment, shelter-in-place locations, and industry experience.

Hartman believes there is opportunity for the DECC at Bayfront. The DECC can collect ticket fees, marketing services, parking revenue, and equipment rental fees. Additionally, the DECC can bring shows to Bayfront that result in increased revenues such as alcohol, ticketing, and parking. The DECC continues to develop connections with industry professionals and associations that will support the DECC in bringing entertainment to Duluth. Hartman projects that in the short term the DECC could make \$100,000 a year, and in the long-term potentially \$300,000 a year.

The Board discussed the Bayfront RFP.

MOTION in support of the DECC submitting a proposal for the Bayfront Festival Park RFP requested by Chair Singler. Motion made by P. Mullen and seconded by Filipovich. Motion carried unanimously.

Hartman summarized negotiated updates to the Marcus Theatres rental agreement. Hartman stated Marcus Theatres is a great tenant, they pay on time, and they take care of the space. The previous agreement had a variety of payment terms. Hartman and Marcus Theatres updated the agreement to a typical real estate contract with a square footage model. The new agreement also contains a 3% escalator per year. Additionally, Marcus Theatres will be responsible for paying for utilities such as electricity and heat. Hartman advised approval of the updated agreement.

The Board discussed the Marcus Theatres agreement.

MOTION to approve the updated Marcus Theatres agreement requested by Chair Singler. Motion made by Treasurer Sertich and seconded by Filipovich. Motion carried unanimously.

COMMITTEE REPORTS

Strategy

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

1. The Committee discussed the 2025 Operating Budget.

Finance

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

1. The Committee reviewed September financials, the 2025 Operating Budget, and the Marcus Theatres agreement.

Governance

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

1. The Committee discussed the 2025 Board Officer slate.

OLD BUSINESS

No Old Business was discussed.

OTHER

No Other Business was discussed.

ADJOURNMENT

Chair Singler requested a motion to adjourn. The meeting adjourned at 1:32 PM.

UPCOMING MEETINGS

The next regular meeting will be held December 12, 2024, location to be determined.

Submitted by:

Peter Singler, Chair

Jason Vincent, Secretary

Date

Date