



DECC AUTHORITY BOARD OF DIRECTORS REGULAR MEETING

December 12, 2024, Meeting Minutes

CALL TO ORDER

A Regular Board Meeting was held Thursday, December 12, 2024, in the Senator Sam Solon Board Room. Chair Peter Singler called the meeting to order at 4:00 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
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

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 November 14, 2024, and finance statements for October 2024. MOTION to approve the consent agenda requested by Chair Singler; motion made by Mattke and seconded by Filipovich. Motion carried unanimously.

NEW BUSINESS

Finance Director Denton introduced the Baker Tilly agreement for auditing services. The City of Duluth completed an RFP for separate auditing services for the component units including the DECC, Airport Authority, Spirit Mountain, and Duluth Transit Authority. Having a separate auditor for the component units will shorten the auditing process and allow for the component units to complete their audit to roll up to the City audit on a more favorable timeline. The DECC recommends approval of the agreement with Baker Tilly as their auditing timeline and staffing model was most favorable. Baker Tilly is experienced in governmental, component unit, and municipality auditing. Denton clarified that the new auditor will continue to be in communication with the Board throughout the audit process as they have done in the past. Denton closed by noting the audit timeline for the DECC will be condensed by about two months. Hartman noted the agreement was reviewed by the Finance Committee. The Board discussed the Baker Tilly agreement. MOTION to approve the agreement for auditing services with Baker Tilly requested by Chair Singler. Motion made by Treasurer Sertich and seconded by Filipovich. Motion carried unanimously.

Executive Director Hartman introduced the updated Procurement and Purchasing Policy noting that this version was reviewed and authored by legal to align with auditor guidance. Vincent shared that the policy was reviewed by the Governance Committee. Vincent noted the policy has no substantial changes and that the policy needs to be approved by December 31, 2024, based on the DECC's audit action plan. Murphy confirmed that the updated policy maintains the same Board-level purchasing approvals as required in the previous policy. The policy now aligns with the DECC's Enabling Legislation, DECC Authority Board Bylaws, Minnesota state auditor requirements, and Minnesota contracting/bidding law requirements. MOTION to approve the updated Procurement and Purchasing Policy requested by Chair Singler. Motion made by Mattke and seconded by Schmidt. Motion carried unanimously.

Duluth City Council Liaison Tomanek arrived at 4:07 PM.

Hartman introduced the updated Travel and Expense Reimbursement Policy. The policy has been updated to align with auditor guidance and was reviewed by the Governance Committee. Murphy shared that the policy had minor updates to require receipts for per diem reimbursements. The policy needs to be approved by December 31, 2024, based on the DECC's audit action plan. MOTION to approve the updated Travel and Expense Reimbursement Policy requested by Chair Singler. Motion made by Vice Chair L. Mullen and seconded by Filipovich. Motion carried unanimously.

Hartman introduced the updated Duluth Energy Systems (DES) agreement. Hartman thanked P. Mullen and Peterson for their contributions in support of negotiating an updated agreement with DES. Hartman summarized factors discussed during negotiation such as the DECC's internal boiler systems. Hartman noted that the updated DES agreement is similar in

cost to the DECC operating self-service (boiler heat). Peterson noted that self-service includes additional costs and may make it more challenging to explore other alternative energy options in the future such as geothermal. Peterson further explained that by opting for DES the DECC can continue to focus on bringing in new business and hosting events. Hartman closed by noting that the updated agreement includes incremental increases to bring the DECC up to the standard rate. Over time, the increase will be significant. MOTION to approve the updated Duluth Energy Systems agreement requested by Chair Singler. Motion made by P. Mullen and seconded by Amatuzio. Motion carried unanimously.

Hartman introduced the management agreement for Bayfront Festival Park. Hartman submitted a proposal for the Bayfront RFP. Hartman was invited to present the proposal to City staff. The City has awarded the five year management agreement for Bayfront to the DECC, subject to approval by the Duluth City Council. Hartman summarized the DECC's Bayfront proposal to the Board. The Board discussed the agreement. MOTION to approve the five year management agreement for Bayfront Festival Park with an amendment to include the 3% escalator on the base fee for all five years requested by Chair Singler. Motion made by Mattke and seconded by Filipovich. Motion carried unanimously.

Hartman summarized the paper ballot voting process for 2025 Board Officer elections.

Chair Singler shared that L. Mullen has been nominated for Chair by the Governance Committee. Chair Singler asked for additional nominations three times. MOTION to appoint L. Mullen as Chair requested by Chair Singler. Motion carried unanimously.

Chair Singler shared that Sertich has been nominated for Vice Chair by the Governance Committee. Chair Singler asked for additional nominations three times. MOTION to appoint Sertich as Vice Chair requested by Chair Singler. Motion carried unanimously.

Chair Singler shared that Mattke has been nominated for Treasurer by the Governance Committee. Chair Singler asked for additional nominations. Peterson nominated Filipovich to serve as Treasurer. Filipovich extended a note of gratitude for the nomination and declined the nomination. Chair Singler asked for additional nominations two times. MOTION to appoint Mattke as Treasurer requested by Chair Singler. Motion carried unanimously.

Chair Singler shared that Vincent has been nominated for Secretary by the Governance Committee. Chair Singler asked for additional nominations three times. MOTION to reappoint Vincent as Secretary requested by Chair Singler. Motion carried unanimously.

EXECUTIVE DIRECTOR REPORT

Hartman presented visitation report data collected by Lawrence and Schiller and Belmont. The data is arrivalist (geolocation) data collected via mobile devices. The sample data is collected and extrapolated to represent the population. A visit is measured as someone visiting Duluth from more than 50 miles away. The Data range of the data presented was January 1, 2024, through October 31, 2024.

Hartman shared that 51% of visitors to Duluth are from the Minneapolis/St. Paul DMA. 25.7% of visitors are from the Duluth/Superior DMA. Hartman noted it would be helpful to drill down further in the data to determine what rural areas travelers are coming from. Hartman

shared additional insights related to day trips and overnight visits. Hartman clarified that this data is impactful in determining where to spend marketing dollars for conventions and entertainment.

The Board discussed the visitation data.

Hartman summarized that the DECC expects to have an estimated 517,857 attendees and \$45.7 million economic impact for 2024.

Hartman summarized Duluth Winter Village 2024 noting that the festival was well attended with record-breaking attendance for Saturday.

Hartman shared that Nate Bargatze is selling well in AMSOIL Arena. Hartman noted Bargatze's performance will be "in the round". Hartman shared that it is impactful to host entertainment when they are in the early stages of touring as they are likely to return to venues they liked visiting previously.

Hartman noted that Duluth City Council Liaison Tomanek is ending her rotation as Duluth City Council Liaison on the DECC Board. Hartman and Board Members thanked Duluth City Council Liaison Tomanek for her service. Tomanek shared a note of appreciation for the DECC and DECC Board.

Duluth City Council Liaison Tomanek departed at 4:45 PM.

Hartman thanked Chair Singler for his service as Board Chair for 2023 and 2024. Chair Singler extended a note of appreciation for DECC staff and Board Members. Board Members thanked Chair Singler for his service.

COMMITTEE REPORTS

Strategy

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

1. The new AMSOIL Arena scoreboard is in the process of being installed. The DECC was able to sell sections of the old scoreboard to another facility.
2. The DECC's bonding application has been approved to proceed by DEED.
3. The DECC completed an emergency tabletop exercise with UMD, Duluth Police Department, Duluth Fire Department, and St. Louis County.
4. The Committee discussed Officer elections.

Finance

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

1. The Committee reviewed October financials. October financials and the DECC's forecast show the DECC is still on track to meet budget by year end.

2. Denton reviewed October financials. The Balance Sheet shows that operating cash is down an estimated \$30,000 from the prior month. Accounts receivables is high in part due to the level of activity that occurs at the DECC in October. Total current assets are \$7.4 million and total current liabilities are \$4.5 million. The year-to-date change in retained earnings is a gain of \$495,000. The Consolidated Management Summary shows a change in retained earnings for the month of \$737,000, an increase of about \$200,000 to the positive from the budget. The largest departmental contributors are the Haunted Ship (Irvin), building services, parking, catering, and concessions. Denton closed by noting Haunted Ship admissions were down by about 4% in 2024, with the department about 10% below budget overall.
3. Hartman shared he is pleased with October overall. He has noted improvements due to additional hockey games resulting in additional revenues from concessions and bar. However, Hartman projects that December will be down overall. The Board discussed concessions and bar opportunities.

Governance

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

1. The Committee discussed the 2025 Board Officer slate.
2. The Committee reviewed the Procurement and Purchasing Policy.
3. The Committee reviewed the Travel and Expense Reimbursement Policy.

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 4:57 PM.

UPCOMING MEETINGS

The next regular meeting will be held January 30, 2025. location to be determined.

Submitted by:

Peter Singler, Chair

Jason Vincent, Secretary

Date

Date