MONTGOMERY COUNTY CONVENTION FACILITIES AUTHORITY
BOARD OF DIRECTORS
Regular Meeting
November 3, 2022
Dayton Convention Center – In Person Room 208 - 4:00 PM

AGENDA

I. Roll Call

II. Approval of minutes of the September 1, 2022, Regular Meeting and September 22, 2022, Special Meeting — Action

III. Reports and Communications

A. Finance Committee
   i. Approval of Additional Funding for Retro Commissioning — Action
   ii. Approval of DCC Water Heater Replacements — Action
   iii. Approval of Board Room 208 Training Tables/Chairs — Action

B. Marketing and Branding Committee
   i. Naming Rights/Sponsorships-DCC Valuation RFP — Information
   ii. Exterior Digital Signage RFP — Information

C. Executive Committee
   i. Report on ASAE "Exceptional Boards: Strengthening the Governance Team" Conference, Oct. 13-14, 2022 — Information

D. Fiscal Officer Report, Sean Fraunfelter, Fiscal Officer
   i. September 2022 Financial Report — Action
   ii. Capital Asset Policy — Action
   iii. DBE Report — Information

F. Executive Director Report, Pam Plageman, MCCFA Executive Director
   i. DCC Updates with Kelli Donahoe, GM — Information
   ii. Updates on Hotel/Motel Tax Collections — Information
   iv. 2023 Board Meeting Schedule Proposal — Action
   (8 Board meetings; 1 work session; 1 retreat)

IV. Executive Session – If needed, to consider the purchase of certain real and personal property for public purposes, pursuant to the authority set out at Ohio Revised Code Sections 121.22(G)(2). Upon conclusion of the executive session, the Board will reconvene its meeting of the Board of Directors.

V. Other Business

VI. Next Meeting Date: December 1, 2022, 4:00 p.m. – In Person Room 208

VII. Adjournment — Action

MCCFA

MONTGOMERY COUNTY CONVENTION FACILITIES AUTHORITY
BOARD OF DIRECTORS
Regular Meeting Minutes
September 1, 2022, 4:00 p.m.
Dayton Convention Center, Room 208

BOARD OF DIRECTORS

PRESENT: Walter Reynolds, Chair; Belinda Kenley, Secretary; Amy Schrimpf; Paul Gruner; LaShea Lofton; Kevin Weckesser; Jeff Gore; Jacquelyn Powell; Tom Whelley

EXCUSED: Mike Stevens, Vice Chair; Michael Roediger

GUESTS

Pam Plageman, MCCFA Executive Director
Sean Fraunfelter, MCCFA Fiscal Officer
Shannon Martin, Bricker & Eckler
Vicki Giambrone, CBD Advisors
Rebecca Caprini, Owner's Representative, JLL
John Page, Regional Manager, ASM Global
Kelli Donahoe, General Manager, ASM Global
Jonathan Boeckling, Senior Project Executive, Messer Construction
Abby Crews, Estimating Principal, Messer Construction
Mike Burns, Director, Robert W. Baird & Co. (and guest)
Teri Lemman, MCCFA Executive Assistant

I. **Roll Call**

Chairman Reynolds called the meeting to order at 4:02 p.m. Ms. Lemman called the roll. Ms. Plageman introduced invited guests.

II. **Approval of minutes of the July 7, 2022 Regular Meeting (Action)**

Chairman Reynolds asked for edits to the July 7, 2022 Regular Meeting minutes. Ms. Powell requested that the following language at III(B)(c) be amended as follows: "The exterior structure will be demolished …." to "The exterior <u>metal rotunda</u> structure will be demolished …." (Emphasis added.) Hearing no objections to the amended language, Chairman Reynolds called for a motion.

> **MOTION:** It was moved by Secretary Kenley, seconded by Mr. Whelley, and unanimously voted to approve the July 7, 2022 Regular Meeting minutes with edits.

III. Reports and Communications

A. Operations Committee

i. DCC Project – Value Engineering, Cost Overrun, Actions, Keeping the Project Integrity Intact (Information)

Ms. Schrimpf said the Operations Committee met on August 9, 2022 to discuss the Value Engineering (VE) exercises and how cost increases would be handled. Ms. Plageman then summarized the outcome:

Cost escalations and materials have increased nationwide, creating an original $9 million delta in the Master Plan, excluding the recently discovered asbestos abatement estimate of $2.4 million. Conversations with the City of Dayton continue regarding life-safety systems to determine what work will be mandatory. The Owner's contingency funds will be increased from $900,000 to $1.5 million to help address the project unknowns.

Ms. Plageman said the Finance Committee met, with Executive Committee members present, to provide an update on the funding delta. The five VE sessions have attempted to balance the need for critical infrastructure and life-safety system improvements, while not jeopardizing the integrity of the improvements that modernize the center and make it more marketable. For example, the reduced scope includes removing the theater improvements in anticipation of possible sponsorship. Ms. Plageman referred to the Operations Committee report for additional detail regarding recommended actions for reductions and add-backs, which create a $4,842,000 delta. This recalculated delta is the impetus for the additional $5 million financing approval being discussed later in today's meeting.

Mr. Whelley referred to previous discussions about determining the cost to locate and remove all the additional asbestos in the center. Ms. Plageman said the estimate is an additional $2 million. Ms. Powell asked if all the abatement work could be done at the same time. Because the additional abatement is unfunded, Ms. Plageman said the work will need to be scheduled in the future when penetration happens in those specific areas.

Ms. Plageman said efforts are ongoing to identify external asbestos abatement funding sources. Ms. Martin said additional funding may be opened at the federal level and they are watching for that communication. Per Mr. Fraunfelter, the MCCFA would likely not qualify for Brownfield funding because the building is not changing the use.

Ms. Plageman referred to the critical timeline in the committee's handout in anticipation of the Board's approval today of the $5 million additional bond funding. If approved, Bricker & Eckler will prepare a resolution, R.W. Baird will prepare the closing documents, and a special meeting of the Board will be needed to ratify the action. She said the next arbitrage requirement, in the amount of $5.9 million is due before November 23, 2022, and the restroom work, escalator scope and asbestos abatement may address this requirement.

ii. **Long Term Capital Planning – Life Expectancy of Existing Equipment – Retro-Commissioning (Information)**

Ms. Plageman addressed the need to create a long-term capital plan for the replacement of large infrastructure and mechanical items. She referenced a 20-year Renewal & Replacement Plan template that ASM Global uses. She approved the commissioning of a smaller study to assess the status of some mechanical items. Approval is being sought to conduct a more comprehensive study to determine the end-of-life timeline for all mechanical items and the building envelope. Ms. Caprini said the idea of performing retro-commissioning is to have knowledge of all the assets and to then develop and prioritize a long-term plan to address them. Ms. Plageman stated that normally there is an existing document with life expectancies in place when a facility transfers ownership, however, since this is not in place, the Retro-Commissioning study will establish a base line.

CMTA is the MEP (mechanical/engineering/plumbing) consultant conducting the short-term analysis. Ms. Plageman said it will cost approximately $50,000 to commission the long-term plan. Ms. Powell asked how long the study will take, and Ms. Plageman said two months. Ms. Powell then relayed her concern that there may be items from the long-term capital plan that need to be funded within the next two project years when additional funding may not be possible to cover them. When those results are received, Ms. Plageman said we would need to pivot and reassess during design and development, and possibly use contingency.

Ms. Lofton said the retro-commissioning needs to be reviewed every year to determine how capital replacements will be funded. Ms. Lofton shared her concern that something significant could result from the long-term study while the Board is being asked today to approve additional debt. Mr. Fraunfelter replied that the operating reserve could be used. Eventually, he said, the goal is to reach $1.5 million for operating reserves. Ms. Plageman used the example of the water heater replacements that will be paid from operating reserves versus the renovation budget. She recommended a future self-sustaining operating budget for these types of repairs/replacements.

B. Finance Committee

i. Funding Options w/ Mike Burns, Baird (Information)

Mr. Fraunfelter distributed two revised handouts to replace materials in the packet: 1) Hypothetical Financing Illustrations; and 2) Preliminary Aggregate Debt Service Coverage Analysis. He said the bank interest rates changed within the last hour which impacted the analysis.

Mr. Fraunfelter introduced Michael Burns of R.W. Baird and MCCFA's Financial Advisor, to address his debt analysis and recommendations for the additional $5 million financing sought by the Board. He said rates are changing regularly, and he cannot predict the future, therefore locking in the rate now is advised. He discussed his analysis of two funding sources: PACE and Key Bank. Based on his analysis of fees and interest rates, the Key Bank financing is his recommended option. Thinking long-term, he recommends keeping all the financing models the same timing structure to provide the most flexibility for lower interest rates and early pay-off.

Ms. Powell asked if the Key Bank rate is locked in. Mr. Burns said Key Bank is willing to hold the rate for seven days, and there is usually a 45-day window to close. Mr. Burns then discussed his model of using the 10-year Treasury rate and basis points to justify the interest rate. He recommended to the Board that it approve Key Bank's terms and lock in the interest rate now to avoid anticipated future rate increases by the Federal Reserve. In three or four years, the MCCFA can refinance the bonds. Mr. Weckesser asked what refinance costs would be, and Mr. Burns said approximately $50,000, but it is always dependent on several factors. Mr. Burns would conduct an analysis of whether and when it was advantageous to refinance, and he agreed with Ms. Lofton's remarks that using a net 3% savings to justify refinancing is sound.

Mr. Burns then addressed the health of the MCCFA's cash flow for upcoming debt service coverage using Maximum Annual Debt Service (MADS). His analysis includes the additional $5 million bond. Based on his analysis of upcoming payments, he said the MCCFA will not have to worry about default; that the MCCA's debt coverage of 1.9% without the additional debt is very strong and the MCCFA has a healthy buffer with the new debt included. Mr. Burns also said he believes the MCCFA has been conservative with its revenue projections due to new and renovated hotels.

Mr. Fraunfelter said the Finance Committee is asking for the Board's concurrence to move forward. A special meeting in the next two weeks would be needed to ratify and execute a Board resolution.

Hearing no objections, Chairman Reynolds recommended that the Board move forward with the financing proposal, to be ratified at a special Board meeting.

ii. **2022 Budget Amendment (Action)**

A budget amendment was presented and approved at the August 19, 2022 Finance Committee meeting. Mr. Fraunfelter summarized the amendments:

- The Pepsi contributions did not reach estimated revenues.
- Other Revenues will increase by $26K due to sales of used equipment.
- Tax collections are larger than expected.
- Operating expenditures for maintenance and equipment increased.
- Neglected to include annual fee for ACH transactions.
- Increases in promotional amounts and conferences.
- Technology costs were under-estimated.
- Added $200,000 for debt service reserve.

Mr. Fraunfelter said an additional budget amendment is anticipated in December. Also, if there are extra funds, a portion can be allocated to the operating reserve and a portion to debt service reserve.

MOTION: It was moved by Mr. Gore, seconded by Ms. Lofton and unanimously voted to approve the 2022 Budget Amendment as presented.

C. **Marketing and Branding Committee**

i. **Naming Rights/Sponsorships-DCC Valuation RFP (Action)**

Secretary Kenley said the committee recommends using a third party to commission a valuation of the center to determine potential revenue for naming rights and sponsorships, and it recommends issuing an RFP to hire a firm to manage the outreach and negotiation of sponsorships. Because the anticipated costs could exceed $50,000, Board approval is requested to spend up to $50,000 in operating revenue to secure a sponsorship/naming rights management individual or firm.

Mr. David Liebowitz has been retained, in the amount of $6,000, to provide the draft RFP and consult on the RFP selection process. A discussion took place between the Board and Ms. Plageman regarding the MCCFA's ability to administer a naming rights and sponsorships program in-house to avoid paying

20%-25% commissions for local opportunities. Mr. Weckesser said the Board must be mindful of its fiduciary responsibility. Ms. Plageman said it is a special skill that requires a subject matter expert, and a consultant with national exposure and industry relationships is recommended to maximize potential. She also said that the fees will be negotiable.

Secretary Kenley and Ms. Plageman said the committee may seek to pay back the operating account for the cost of retainers and commissions from sponsorship revenue, but it would be negotiated with sponsor to determine how the money is allocated.

Ms. Lofton suggested that language in the RFP be included to protect city bonds to avoid conflicts with the center's public use mandate. Ms. Martin said it will be addressed in the RFP, and she referred to the Marketing and Branding Committee handout that estimates the Maximum Sponsorship Amounts against the total project cost to remain in compliance. She noted that the amounts will be adjusted to include the additional $5 million for the project budget, and the city's bond counsel will be required to sign off.

> **MOTION:** It was moved by Secretary Kenley, seconded by Mr. Weckesser, and unanimously voted to approve the creation and issuance of an RFP, up to maximum of $50,000 to conduct a valuation study of various assets of the Dayton Convention Center for sponsorships and naming rights.

D. Fiscal Officer Report, Sean Fraunfelter, Fiscal Officer

i. July 2022 Financial Report (Action)

Mr. Fraunfelter said the MCCFA auditor asked that bank reconciliations be included in the Board's packet.

July revenue was strong, and he summarized the following:
Total lodging tax is $537,000 which includes the City's quarterly contribution. Food and Beverage revenue was $364,000. Directors and Officials liability policy was renewed with a higher coverage amount at almost the same cost. $121,000 was transferred in July to the debt service reserve. Capital expenditures included new office space for ASM. There will be higher capital expenditures in August for the metal sculpture removal and exterior coating. Some investments will mature in Q1 2023. The overall investment rate will be going up, and there are sufficient funds to fully pay the debt service in December.

Mr. Whelley inquired about the $264,000 for food and beverage. Mr. Fraunfelter said $158,000 are the direct expenses which are reported under the revenue to help show the net impact.

MOTION: It was moved by Ms. Powell, seconded by Mr. Gruner, and unanimously voted to approve the July 2022 Financial Report as presented.

E. **Executive Director Report, Pam Plageman, MCCFA Executive Director**

i. **DCC Updates with Kelli Donahoe, GM (Information)**

Ms. Donahoe referred to the DCC Events/Updates slide and summarized the following:

July and August sales efforts include 13 definite bookings for 2022 and beyond with an estimated revenue of $900,000. Twelve site visits have been conducted, and 13 visits to local corporations were made. The DCC is now sending direct mail to over 200 regional contacts. The new Food & Beverage director is on board, the alternate entrance has been activated for the renovation, and more efficient HVAC control is being realized through the new remote controls. Year-to-date gross revenues through July are $829,500, and $1,077,159 is forecasted for August to December.

ii. **Updates on Hotel/Motel Tax Collections – 2022 (Information)**

Ms. Plageman said 2022 year-to-date lodging tax revenue is $2.3 million, and it may be possible to reach $3.5 million at the end of the year. The Hotel Ardent is opening soon, and the AC Marriott is scheduled for opening in January 2023.

IV. Executive Session – If needed, to consider the purchase of certain real and personal property for public purposes, pursuant to the authority set out at Ohio Revised Code Sections 121.22(G)(2). Upon conclusion of the executive session, the Board will reconvene its meeting of the Board of Directors.

Chairman Reynolds asked whether there were matters before the Board for executive session. No executive session matters were raised.

V. Other Business

No other business was presented.

VI. Next Meeting Date

Mr. Reynolds announced that the next Regular Board Meeting is November 3, 2022, at 4:00 p.m. There will be no meeting in October, but there will be a special meeting scheduled in September to address additional renovation project financing.

VII. Adjournment (Action)

MOTION: It was moved by Ms. Schrimpf, seconded by Chairman Reynolds, and voted unanimously to adjourn.

The meeting adjourned at 5:32 p.m.

CERTIFICATE

The undersigned Secretary of the Board of Directors of the Montgomery County Convention Facilities Authority hereby certifies that the foregoing is a true copy of the minutes of the September 1, 2022 meeting of the Board of Directors of said Convention Facilities Authority, as approved by the Board on November 3, 2022.

Belinda Kenley

Secretary, Board of Directors
Montgomery County Convention Facilities Authority