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MONTGOMERY COUNTY CONVENTION FACILITIES AUTHORITY
BOARD OF DIRECTORS

Finance Committee Meeting

Thursday, June 20, 2024 | 10:00 – 11:00 a.m.
Via Electronic Means and In-Person, Dayton Convention Center,
Second Floor MCCFA Conf. Room, 22 E. Fifth St., Dayton, OH 45402

AGENDA

- | | | |
|-------|---|-------------|
| I. | Roll Call – Call Meeting to Order | Action |
| II. | Review and Approve May 23, 2024 Meeting Minutes | Action |
| III. | Review and Recommend Approval of Financials | |
| | A. ASM/DCC April 2024 Financials | Action |
| | B. CFA May 2024 Financials | Action |
| IV. | Updated Five-Year Capital/Spend-Down Plan with Priorities | Information |
| V. | Review and Approve Kitchen Air Handler Replacement | Action |
| VI. | Other Business | Information |
| VII. | Next meeting: July 18, 2024, 3:00 – 4:00 p.m. | Information |
| VIII. | Adjournment | Action |

For Additional Information Contact tlemman@montgomerycountycfa.org | 937-535-5309



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MONTGOMERY COUNTY CONVENTION FACILITIES AUTHORITY
BOARD OF DIRECTORS

Finance Committee Meeting Minutes

Thursday, May 23, 2024 | 10:00 a.m.

Via Telephonic/Electronic Means and In-Person, MCCFA Conference Room,
Dayton Convention Center, 22 E. Fifth St., Dayton, OH 45402

COMMITTEE MEMBERS PRESENT: LaShea Lofton, Committee Chairperson; Tom Whelley; Walter Reynolds (joined at 10:20 a.m.)

COMMITTEE MEMBERS ABSENT: None

STAFF: Pam Plageman, MCCFA Executive Director/CEO; Sean Fraunfelter, MCCFA Fiscal Officer; Teri Lemman, MCCFA Executive Assistant

I. Roll Call – Call Meeting to Order

Ms. Lofton called the meeting to order at 10:05 a.m.

II. Approval of Minutes

The minutes of the March 21, 2024 meeting were presented and reviewed. Ms. Lofton asked for questions or edits. Hearing none, a motion was requested.

MOTION: To approve the March 21, 2024 minutes as presented was made by Ms. Lofton, seconded Mr. Whelley, and approved unanimously.

III. State of Ohio Energy Efficiency Grant

Mr. Fraunfelter reminded the committee that the MCCFA received a \$910,000 grant from the State of Ohio for its energy efficiency projects. The grant documents were received yesterday and have been forwarded to Ms. Martin for legal review. Mr. Fraunfelter said Trane will complete most reporting requirements. Ms. Plageman said there will be a gap to fill, and the plan is to use construction funds for the gap. The MCCFA will be reimbursed after its expenditures. In response to a question, Mr. Fraunfelter said it should not affect cash flow, and he confirmed that the grant was not anticipated in the budget projections. Ms. Lofton asked if the matter will be brought to the Board for action, and Mr. Fraunfelter said it will be on the agenda.

IV. Review and Recommend Approval of Financials

A. ASM/DCC March 2024 Financials

Mr. Fraunfelter presented the financial highlights as follows: The financials are running a loss for income against expenses. Last year, event income was \$87K higher, expenses are down about \$40K. However, there are big events for April, and Mr. King believes the targets will still be met. When looking at financial highlights for the year, attendance through March 2024 is just under 28,000, and last year it was 43,000. One main reason is the event dates (41 event dates last year vs. 28 now), construction, and lack of a headquarter hotel are affecting the numbers. There was discussion about distinguishing event attendance numbers from food and beverage/concession numbers.

MOTION: A motion to accept and forward the ASM March financial report for approval at the June 6, 2024 Board of Directors meeting was made by Mr. Whelley, seconded by Ms. Lofton, and approved unanimously.

B. CFA April 2024 Financials

Mr. Fraunfelter said YTD City of Dayton lodging tax revenue is \$412K; \$68K higher than April of last year. In response to Mr. Whelley's question, Mr. Fraunfelter agreed that some of the increase is due to the new AC Marriott. The MCCFA lodging tax is \$84,500 higher than last year. Food and beverage and income for the month is \$320K, which is a solid number. Combined food and beverage and rental income are up \$57K, 13.7% higher total revenue when compared to the same period last year. Expenditures: Insurance is \$35K per quarter; paid ASM's 2023 incentive totaling \$46K (quantitative and qualitative based on surveys). Following discussion, it was agreed that the DCC general manager should provide survey results quarterly to the Board. Ms. Plageman agreed and said she will discuss this with Mr. King.

Operating expenses of \$1.6M are only 2.5% higher than the same period last year; debt service transfers are up \$511K which was anticipated. When putting all the numbers together, up \$129K in cash, and reserves have increased by \$180K each, totaling almost \$500K in reserves. The MCCFA is one-third of the way to hitting its requirement of the debt service reserve.

Total construction interest earnings are \$540K interest YTD which is double the budgeted amount. Spent about \$94K to date from the interest earnings line item. For the hotel project, the county will transfer \$1.5 million which will be interest bearing, and Mr. Fraunfelter said it will be deposited in a separate STAR Ohio account.

MOTION: A motion to accept and forward the CFA April financial report for approval at the June 6, 2024 Board of Directors meeting was made by Mr. Whelley, seconded by Mr. Reynolds, and approved unanimously.

V. Updated Five-Year Capital/Spend-Down Plan

Ms. Plageman presented the updated capital/spend-down plan with revisions due to earned interest, which is just over \$1.9M. Approximately \$500K is anticipated to conduct environmental and civil engineering studies for the new hotel. Digital signage software is needed, in an amount up to \$25K. The Marketing & Branding Committee is in the process of hiring an art consultant for the DCC art project, and \$150K has been set aside. \$55K is set aside for concession upgrades,

and \$300K is set aside for initial security enhancements. Ms. Plageman said ASM is obtaining quotes, but an additional \$450K could be needed to fully and safely equip the convention center, if we are unsuccessful in the PDAC request. In response to Mr. Reynolds' question, Ms. Plageman will inquire whether a new security system would reduce insurance premium costs. Ms. Plageman also said she has submitted a PDAC application to fund the security system, in addition to the fire suppression needs. Scope has been added back for improvements to the two board rooms, along with air wall upgrades in 307-311. Asphalt for Main and Jefferson Streets has been added, for approximately \$200K. Ms. Plageman said Messer is stating that contingency funds may be added back in the near future. Added furniture for terrace and VIP suite, totaling \$80K. Ms. Lofton asked if there is a priority list for future add-backs from interest earnings, and Ms. Plageman said she will create one but emphasized certain items like additional mechanicals and the junior ballroom/kitchen expansion would easily use those funds. The majority of add-backs will involve mechanical, security, and junior ballroom/kitchen remodeling.

VI. Other Business

No other business was presented.

VII. Next meeting

The next meeting of the Finance Committee is June 20, 2024, 3:00 – 4:00 p.m.

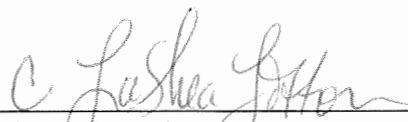
VIII. Adjournment

MOTION: It was moved by Mr. Whelley, seconded by Mr. Reynolds, and unanimously voted to adjourn.

The meeting was adjourned at 10:55 a.m.

CERTIFICATE

The undersigned Chair of the Finance and Budget Committee of the Montgomery County Convention Facilities Authority hereby certifies that the foregoing is a true copy of the minutes of the May 23, 2024 meeting of the Finance Committee of said Convention Facilities Authority, as approved by the Finance Committee on June 20, 2024.



LaShea Lofton, Chairperson
Finance and Budget Committee
Montgomery County Convention Facilities Authority

Montgomery County Convention Facility Authority
 Dayton Convention Center
 Proforma Debt Service Coverage Analysis
 Assuming Final Phase I & Estimated Phase II Debt Payments
Assuming Phase II Issuance of \$25 Million Bonds - Series 2021B
 As of October 28, 2021

	Convention Facility Closed March 2020 - May 2021 County Excise Tax 3% on Lodging Began 3/1/2021 Authority took Ownership of Facility 4/21							
	Portion of Montgomery County Financials			MCCFA Financials				
	<u>Actual 2017</u>	<u>Actual 2018</u>	<u>Actual 2019</u>	<u>Actual 2020</u>	<u>Budget 2021</u>	<u>Budget 2022</u>	<u>Budget 2023</u>	<u>Budget 2024</u>
Total Event Revenues	\$1,545,307	\$1,712,917	\$1,515,367	\$0	\$412,253	\$1,408,025	\$2,309,528	\$2,527,971
Total Other Revenues	\$691,657	\$503,328	\$689,850	\$238,134	\$564,000	\$92,664	\$337,662	\$351,239
City Excise Tax Revenues ^(2,3)	\$645,976	\$708,912	\$888,349	\$361,866	\$300,000	\$560,809	\$910,000	\$916,000
County Excise Tax Revenues ^(1,4)	\$3,125,428	\$3,240,408	\$3,596,100	\$1,858,777	\$1,929,815	\$2,455,718	\$3,720,000	\$3,741,000
Total Annual Revenues	\$6,008,368	\$6,165,565	\$6,689,666	\$2,458,777	\$3,206,068	\$4,517,216	\$7,277,190	\$7,536,210
(Less) Total Operating Expenditures	(\$3,153,150)	(\$2,985,113)	(\$3,018,613)	(\$107,912)	(\$2,449,257)	(\$2,116,421)	(\$3,046,458)	(\$3,113,605)
Total Net Income / (Loss)	\$2,855,218	\$3,180,452	\$3,671,053	\$2,350,865	\$756,811	\$2,400,795	\$4,230,732	\$4,422,605
Addback Energy Conservation Bond Payment	\$115,000	\$115,000	\$115,000	\$115,000	\$120,000	\$120,000	\$125,000	\$125,000
Total Revenues Available for Debt Service	\$2,970,218	\$3,295,452	\$3,786,053	\$2,465,865	\$876,811	\$2,520,795	\$4,355,732	\$4,547,605
Existing Energy Conservation Bond Payment ⁽⁵⁾	\$115,000	\$115,000	\$115,000	\$115,000	\$120,000	\$120,000	\$125,000	\$125,000
FINAL Phase I Debt Payments Per Schedule (Historical MADS) ⁽⁶⁾	\$683,346	\$683,346	\$683,346	\$683,346	\$0	\$239,958	\$395,000	\$683,100
Estimated Phase II Debt Payments on \$25M (Historical MADS) ⁽⁷⁾	\$1,775,142	\$1,775,142	\$1,775,142	\$1,775,142	\$0	\$535,972	\$767,500	\$1,774,960
Total Existing & Proposed Bond Payments	\$2,573,488	\$2,573,488	\$2,573,488	\$2,573,488	\$120,000	\$895,930	\$1,287,500	\$2,583,060
Debt Service Coverage	1.15	1.28	1.47	0.96	7.31	2.81	3.38	1.76
Cash Balance (12/31/2020) & Projected Cash Balance				\$505,267	\$1,262,078	\$2,886,943	\$5,955,175	\$7,919,720

⁽¹⁾ Countywide Excise Tax Revenues were received by MCCFA beginning on March 1, 2021 after the MCCFA was organized and the excise tax was levied. The excise tax is continuing and collecting at a rate of 3.00%. The excise tax is authorized to be used for construction, renovating or improving facilities including cost of financing, funding operating costs of the MCCFA and ongoing maintenance of the facilities. The MCCFA received historical excise tax revenue estimates for a 3.00% bed tax from Montgomery County dating back to 2004. The above budgeted estimates are based upon the County's Budget Book for Montgomery County bed tax.

⁽²⁾ The City excise tax is continuing and collecting at a rate of 3.00%. The excise tax is authorized to be used for construction, renovating or improving facilities including cost of financing, funding operating costs of the MCCFA and ongoing maintenance of the facilities. The MCCFA received historical excise tax revenue estimates for a 3.00% bed tax from City of Dayton dating back to 2016. The above budgeted estimates are based upon the City's historical excise tax.

⁽³⁾ City of Dayton's historical excise tax collections on average for CY2017, 2018 & 2019 were \$747,746. Based upon this figure, the MCCFA is assuming excise tax to begin rebounding in CY2021 and in CY2022 to be approximately 75% of the average historical collections in years 2017 - 2019.

⁽⁴⁾ Montgomery County's Budget Book illustrates on average \$3,274,290 collected in CY2016, 2017 & 2018. Based upon this figure, the MCCFA is assuming excise tax to begin rebounding in CY2021 and in CY2022 to be approximately 75% of the average historical collections in years 2016 - 2018.

⁽⁵⁾ The City of Dayton has an Qualified Energy Conservation Bond ("QECCB") outstanding in the amount of \$615,000. The bonds are a QECCB and the City of Dayton receives a federal subsidy that covers the majority of the interest payment due on an annual basis, therefore the above illustrates principal payments only. The bonds will mature in 2025. The MCCFA and the City of Dayton agreed to rental payments from 2021-2025 for the amount due on the QECCB.

⁽⁶⁾ Series 2021A Bonds (Phase I) in amount of \$10,000,000 with final maturity and fully amortized by 2040. Illustrated debt payments are actual based upon the final numbers. The Series 2021A Bonds have a 10-year rate reset. Illustrated payments in years 2017 - 2020 are MADS and included for the Debt Service Coverage Ratio and Additional Debt Covenant purposes only.

⁽⁷⁾ Proposed Series 2021B Bonds (Phase II) in the amount of \$25,000,000 with final maturity and fully amortized by 2040. Illustrated debt payments are estimated based upon the estimated numbers. The Series 2021B Bonds have a 10-year rate reset. Illustrated payments in years 2017 - 2020 are MADS and included for the Debt Service Coverage Ratio and Additional Debt Covenant purposes only.

FINANCIAL COVENANTS:

1. Maintain Debt Service Coverage Ratio of 1.10x coverage.

2. Additional Debt Covenant - No Facility with a lien senior to this Facility may be issued. No parity lien obligations secured by the Revenues may be issued without coverage of 1.10x. Coverage is calculated based upon the average of the last 2-years unaudited financial statements until the 2021 audited financial statements become available. Including all obligated debt service payments and the maximum annual debt service ("MADS") of the new debt. Lender will use 2019 Revenues in place of 2020 Revenues when calculating the Additional Debt Covenant.