

ERIE COUNTY CONVENTION CENTER AUTHORITY
MINUTES
Thursday, November 21, 2024

Board Members Present: Dahlkemper, Deitrick, Glass, Hilbert, Johnson, Nuber, Richards, Riley, Schmitt, White & Zaphiris

Board Members Excused:

Others Present: Gus Pine, TJ Hesch, Charles Iverson, Ed Snyder, Jim Walczak; Solicitor; Barry Copple

Ms. White called the meeting to order at 3:01 PM.

Ms. White asked for approval of the October 17, 2024 minutes.

Mr. Zaphiris motioned to approve the October 17, 2024 minutes. Mr. Glass seconded the motion. The motion was approved unanimously.

PUBLIC COMMENT:

There was no public comment.

FINANCIAL REPORT

Mr. Hesch presented the October 31, 2024 Financial Statement to the board. He said that October was another strong month in the books for the Authority as a whole. He said that we exceeded our bottom-line budget by about \$74,000. Mr. Hesch said, overall, just about all the facilities contributed to that so it was a very good month.

Mr. Hesch said the arena was the only venue that missed budget. He said that top line revenue missed budget by about \$123,000. He said that we budgeted for six hockey games and a wrestling event. Mr. Hesch said the wrestling event did not actualize, and we only had four hockey games. He said as it relates to the wrestling event, we had budgeted about \$66,000 in revenues for food, beverage, and merchandise. He said if you factor in another two hockey games, which typically do pretty well in food and beverage, about \$50,000. He said that that is the bulk of the revenue miss. Mr. Hesch said we did have the Harris campaign in October, which generated some additional rent and some food and beverage. He said but ultimately it was not enough to make up for the missed events. Mr. Hesch said, with some good expense control, they were able to reduce the bottom-line miss by \$33,000.

Mr. Hesch said the Warner had a very busy month. He said that we had initially budgeted for five events to take place and ended up having 10 events during the month of October. Mr. Hesch said that revenues were very strong. He said that they exceeded budget by \$99,000. Mr. Hesch said this is mainly due to the increased rental revenues from the other events, as well as box office fees because those types of additional ticket events there. He said that one of the events was the Chicago concert which was very well attended. Mr. Hesch said that there was approximately 2100 in attendance for the concert. He said the Warner exceeded budget expectations by about \$50,000.

Mr. Hesch said, just touching on the ballpark, nothing significant with baseball season being over. He said they were slightly ahead of budget by about \$3,600.00 with minimal activity.

Mr. Hesch said, lastly, at the convention center they continue to perform very well with strong event activity. He said their top-line revenues exceeded budget by about \$196,000. He said that a great majority of this was due to the increased rent revenue, which were about \$44,000 as well as food and beverage costs, which were about \$131,000 ahead of budget. Mr. Hesch said that the expenses that were related to those events, such as part time and reimbursable wages, food and liquor costs, those were over budget as well but we would expect that, given the increased event activity. He said, bottom-line, the convention center exceeded budget by \$121,000.

Mr. Hesch said, looking at our year-to-date, the Authority's performance in 2024, January through October 31st, we are now \$456,000 ahead of budget. He said looking ahead as we forecast through the end of the year, November and December, no change as it relates to the arena. He said that we're forecasting it'll come in about \$113,000 below where we anticipate. He said, just as a reminder, we had planned for Disney on Ice in December but that will now be coming in January. He said that there were two less hockey games that impacted it as well. Mr. Hesch said, as it relates to the Warner and the convention center, due to the strong activity, we are increasing the forecast by about \$54,000 at the Warner and \$147,000 at the convention center. Mr. Hesch said the net of those three facilities forecast adjustments is a positive \$88,000 to the bottom-line through the end of the year. Mr. Hesch said are there any questions. Mr. Richards said you know this statistic that we have put in the last two years called the year to day forecast variance, which keeps us current so we don't get surprised by the end of the year. Mr. Richards said we have one more month left, and it looks like we're heading into a successful year, certainly better than budget. He said do you have any surprises for December or are my assumptions correct. Mr. Hesch said there are no surprises for December.

Mr. Glass motioned to accept the October 31, 2024; Financial Statements as presented to the ECCCA Board. Mr. Richards seconded the motion. The motion was approved unanimously.

MANAGEMENT REPORT

Mr. Pine said most of the items in my report will be covered when we move on to the committee reports. Mr. Pine said regarding the ball field turf replacement, they just completed putting down the last section of the turf this morning. He said that the only work that remains is some warning track material that needs to be replaced and some dugout work that needs to be done. Mr. Pine said but the turf is in which is the critical piece. He said that the rain that we're supposed to be getting, I'm told, will really help that start to take root before winter comes.

Mr. Pines said regarding Monacella Massage, we will talk more about that in the Construction Committee update, but we are very close to finalizing a lease for that property. He said that I met with our attorney and the attorney for Missy Hitz, who will be renting that space, last week. He said I think by the time we meet in December; we will have a lease ready to go in anticipation of a middle of January move in.

Mr. Snyder said, I want to highlight our Erie Events Safety Committee. He said they completed their annual training in September and have been re-certified by the Commonwealth, again. He said the committee is made up of multiple staff members from various departments across all of our venues. He said that it is chaired by Barry Cople, our Theatre Operations Manager, who is here with us today, and vice-chaired by Neal Wurst, our Director of Facilities. Mr. Snyder said, achieving certification, that gives us a 5% reduction on our workers compensation insurance. He said that's a big step to keep our staff safe and the discount assists our expense controls.

Mr. Snyder said, also an update on a parkway construction. He said what we understand the realignment, that you saw when you came in today, is how we'll sit until April as they demo the existing parkway and do some site work. He said it is my understanding, that State Street closes the first week of December, north of the parkway, south of Front Street. Mr. Snyder said no other access to this campus should be affected other than State Street moving forward. Mr. Richards said I have a question on the construction staging area that they've been utilizing, which is our land. Mr. Richards said, I had suggested we have other projects that hopefully will come online, hopefully as early as April, May at the latest, are they going to continue, even though they're moving further west to stage their equipment and supplies on our property. Mr. Snyder said that I've had multiple conversations with both PennDOT and their contractor. He said that they're aware that at any given moment I'm going to want that property back and they're very flexible with us so they'll use it until we need it and then they'll vacate and move it to Holland Street. Mr. Riley said when State Street closes, will people who want to access the Sheraton have to go on Holland Street to Front Street. Mr. Snyder said they'll either have to go Holland to Front Street to State Street, which is in front of the Hampton Inn and the library, or Sassafra to Front Street then left on to State Street. He said that the Sheraton's going to update their Google Maps, so when you type it in, they will auto direct you via Front Street. He said that they have coordinated with their guests, and there know before you go, pre-registration email, that the street will be closed. Mr. Snyder said the Sheraton is being proactive by contacting as many people as they can because they'll be definitely affected by this. He said at this moment, I'm not sure how long it'll be closed. Mr. Riley said will PennDOT be posting detour signs. Mr. Snyder said that they are supposed to but that he has not been impressed with the signage on this project so far. He said we'll monitor that and work with them as we see it. Mr. Nuber said what about our convention center sign. Mr. Snyder said our intention is to leave it there until it's in the way. A brief discussion followed.

Mr. Richards motioned to accept the Management Reports as presented. Mr. Glass seconded the motion. The motion was approved unanimously.

OLD BUSINESS

Mr. Glass, Construction Committee Chairperson, said at Monacella Spa the high ceilings are in and the grid work tiles in place, the new light fixtures are set and the mechanical systems, as far as duct work and vac boxes, are in for the high space. He said, at this point, the low partitions are ready to be installed. Mr. Glass said we are running about a week and a half behind schedule. He said they made up a couple of days, over the last two weeks, so I would say they are probably a week behind. He said it looks like occupancy will take place the middle January. Mr. Glass said it looks good the dry walls are in and finished and ready for paint.

Mr. Glass said, regarding the Sheraton window project they installed one pane of glass, earlier in the week, to approve the match. He said there are three panes all together. Mr. Glass said that the center section which is being replaced and then two panes on either side of it. He said they wanted to make sure the tint matched the other two panes and it did. Mr. Glass said they ordered the 100 units and will be ready to start installation. He said the one issue is the time of year, whether or not caulking will work against brick and metal. Mr. Nuber asked who was awarded the Sheraton Window Replacement Project. Mr. Glass said Corporate Glass.

Mr. Glass said the roof top unit for the Sheraton is being shipped to Rabe and the rooftop unit for Monacella Spa is being shipped to Scobell. Mr. Pine said that the rooftop unit, which handles air for the guest rooms, addresses one of the challenges that we had previously, that we noticed through the renovation, which improves make-up air flow through the rooms which reduces moisture issues within the rooms. He said this is an important final piece to the renovations.

Mr. Richards, Strategic Planning Committee Chairperson said, I have three items to report. He said two of them I need to go into Executive Session. He said one of them will be a real estate matter that won't require any board approval. He said the second one

will require board approval. He said my recommendation on that subject matter is, after we have the Executive Session, we'll go back into Formal Session and make a decision as a board. Mr. Richards said the one that I can report on now is you may recall that Mr. Pine and Mr. Snyder have been keeping us informed about an event and marketing relationship with the Port Authority as it relates to Liberty Park. He said that I'm really not that knowledgeable about it, however; I can tell you now, the Strategic Planning Committee unanimously endorsed it, but I'm going to turn this over, to explain in better, to Mr. Snyder and Mr. Pine.

Mr. Pine said, as you recall, this past year, we initiated a relationship and it was done through a contract with the Port Authority. Mr. Pine said the first step for 8 Great was us to manage the artists. He said that Mr. Snyder handled the booking of the artists for 8 Great Tuesdays this year. He said, in addition to that, our staff managed the sale of the tents, which is their VIP and sponsorship relationships. He said that we used that opportunity to send our director of security, our technology director and many of our staff, that if we did events there, would be working that. Mr. Pine said we had the opportunity to go there and see how things operated. He said we felt we had a really good handle on that, and we felt, as a staff from that, that we thought we could continue to make 8 Great successful. Mr. Pine said the Port Authority has since requested that we take a larger role in 8 Great Tuesdays. Mr. Pine said, obviously, they are not an events organization. He said their mission and their expertise lies in other areas, whereas ours does lie in events. Mr. Pine said the upside for us is that, through an agreement, if we manage the events for them, we will also gain the opportunity to host and present our own events. Mr. Pine said I think the biggest upside, from my standpoint, is to do concerts at Liberty Park. He said I have had conversations with promoters, there is a lot of excitement about that. He said we don't have a venue like that, it is right on the water, and attractive for patrons. He said what we've done at this point, Mr. Walczak and I put together an Event Management Agreement. He said the way that agreement is written, we do not receive any consideration financially from the Port Authority. He said what we'll do is we will handle any direct inquiries for people who want to have events at Liberty Park or other areas within the Port Authority's ownership that they allow events. Mr. Pine said we would handle the planning of events and then we would handle the execution of those events. Mr. Pine said, additionally, we would receive compensation through those groups as they book, similar to when we sell a meeting room here at the convention center. Mr. Pine said, in addition to that, we would manage 8 Great and then we would look to book concerts in that space as well. Mr. Pine said if you want more details specifically on the staffing model that we're going to implement, Mr. Snyder has been involved in creating a budget; what would that look like over there and what it is going to require from a staffing standpoint. He said, obviously, there's security concerns. He said there's food and beverage that we would need to take care of and then there's general operations. Mr. Pine said one of the key points that we would like to keep in the agreement is that it is essentially a park, and it will remain a park. He said, on any given day, like today, it's open as a park. Mr. Pine said because of that, the responsibility still lies on the Port Authority to manage that as if it's a park. He said but then when we ultimately shut that down for private events, that becomes our concern, and then we need to return that in the condition that we found it in. Mr. Pine said, essentially, that is what is laid out in the agreement. He said do you any specific questions. Mr. Glass said is there a split as far as the fees for Erie Events. Mr. Pine said, no, we will use the rent that's paid, to offset our cost of staffing. Mr. Pine said, the idea is to create a two-year agreement that allows us to start booking two summers worth of activity. He said for the first year, we will keep the rents the same. He said there's no reason, at this point to change that, and we'll use the first year to identify what exactly it costs us to staff it from a security and operational standpoint. Mr. Zaphiris asked who takes on the primary role regarding insurance. Mr. Pine said I've sent it over to our insurance company to review this issue. He said, obviously, the Port Authority has insurance as do we and we need to figure out what, if anything, we need to include in the contract. Mr. Pine said that actually leads to a good point. He said the resolution that I am asking you to consider is the authorization for me to negotiate and finalize details related Liberty Park. He said the resolution is not to approve the Event Management Agreement as written, because some of those details have not been written yet. He said, secondly, the Port Authority Board is supportive in general, but they need the opportunity to review and have input as well. He said based on the conversations that we've had over the past year; we are very close on finalizing the deal. A brief discussion followed.

Mr. Richards said the Strategic Planning Committee met yesterday. He said we vetted this thoroughly. He said I think we made some comments to legal counsel and to the administration. Mr. Richards said, my recollection is it's a two-year contract and we wanted to provide some flexibility that it could be renewed. He said this is sort of a test tube environment in the first two years but I assume it will probably have something like an evergreen agreement. Mr. Richards said so, Madam Chairman, the Strategic Planning Committee unanimously recommended this to the full board and I would recommend that the resolution be considered and passed at this time.

Mr. Walczak said the Port Authority and Erie County Convention Center Authority will split the cost of doing a study of the park to see what types of capital improvements could be made at Liberty Park to turn it into a premier waterfront venue in the long-term view. He said Erie Events would continue to manage that. He said also that park is in the CRIZ zone at the moment, so would be eligible for CRIZ financing.

Mr. Richards, Chairperson of the Strategic Planning Committee motioned to approve Resolution 2024-008, as recommended to the board. Ms. Dahlkemper seconded the motion. The motion was approved unanimously.

NEW BUSINESS

Mr. Pine said Mr. Hesch would be presenting the 2025 Budget to the Board. He said on Tuesday the 2025 Budget was reviewed with the Budget/Finance Committee and they fully vetted the budget that was provided in the meeting packet and sent to the board, in full, for review.

Mr. Hesch presented the 2025 Budget to the Erie County Convention Center Authority Board. He said the board members could refer to the budget narrative included in their board packet. Mr. Hesch said he will provide a summary highlighting 2024 and

the proposal for 2025 based on the performance in 2024. Mr. Hesch said I will walk through the summary for you with some exciting additions to the 2025 budget.

He said we just discussed Liberty Park's 8 Great Tuesday which is in the budget and it is showing, just ever so slightly in the black, which is great with still some additional room for concerts, if we can get those booked. He said then some other events, by another local company that puts events on at the convention center, we have added those events into our budget as well. Mr. Hesch said the operating budget summary for 2025 we are budgeting for gross operating revenues at \$41.2 million. He said this is a \$1.7 million increase over our projected finish in 2024 of the \$39.6 million. Mr. Hesch said that's about a 4% increase. He said we have some modest increases in event activity across some of the facilities at the Authority. Mr. Hesch said, ultimately, that's what drove those up in 2025.

Mr. Hesch said looking at the hotels, with the Sheraton project completed, we will get to enjoy a full year of increased occupancy, food and beverage revenues at the hotel. He said there was a nice boost in revenues there as well. Mr. Hesch said just touching on the room tax revenue, we have a budgeted increase of about \$157,000 which is also a 4% increase. He said that my understanding is that's pretty standard, that historically, year-over-year, we've seen about a 4% increase. Mr. Hesch said we stayed with that for 2025.

Mr. Hesch said, moving down to the expenses, in total, our operating expense is going to increase to \$34.4 million. He said that's a \$1.8 million increase, or about 5.5% percent. He said in looking at personnel and fringe benefits, we're budgeting \$8.5 million. He said that's a \$685,000 increase, which is 8.7%. Mr. Hesch said, typically, there are some cost of living, merit adjustments, which are happening for 2025 as well. Mr. Hesch said but with the growth and the addition of the new venue, we're going to be hiring some additional full-time staff. He said at the convention center they're doing some shuffling around with the kitchen staff and how it is going to be functioning. Mr. Hesch said there's some additional cooks that'll be coming on. He said with all those full-time wage increases also comes some of the benefits along with that. He said that's mainly what drove numbers up with those new positions. Mr. Hesch said focusing on contracted services, this is going to be increasing to \$19.8 million in 2025. He said there are some operational increases as it relates to expenses of the hotels. He said at the Authority level, we're adding a marketing budget that's going to add about \$200,000 in expense. Mr. Hesch said also with Liberty Park, we're budgeting about \$92,000 of expense for the new events. He said supplies we are going to see an expense of about \$245,000 increase, bringing that to about \$2.6 million. He said that is largely related to increases in event activity, concessions food, beverages and consumable supplies.

Mr. Hesch said then jumping down to our other income, interest income and other revenues, those are going to go down slightly. He said mainly interest income since we're seeing a decrease in favorable rate environment through 2025, so we decrease those revenues. Mr. Hesch said then looking at interest expense, that is going to go up about \$335,000 or 13%. He said this is largely due to the Courtyard Marriott loan that is up for renewal in January of 2025. He said the current rate is 2.95%. He said that fixed rate is from 10 years ago when we were in a very favorable rate environment. He said we anticipate that coming in around 5.25%. Mr. Hesch said that's not yet locked in. He said that's kind of what we're anticipating. Mr. Hesch said that's what drove up our interest expense significantly higher for the coming year. He said are there any questions as it relates to the operating budget summary. Mr. Richards said on the interest rate, is that a tax account. Mr. Hesch said, yes. Mr. Richards said so it's basically 80% of prime then. Mr. Hesch said, yes.

Mr. Hesch said there's also a capital budget detail included in the board packet. He said, just to touch on a couple of those highlights, in total we're budgeting about \$1.4 million in capital improvements in 2025. He said a few noteworthy items to point out, at the arena we're anticipating to be spending about \$205,000 to upgraded concessions and equipment. He said the goal here is to turn around food quality and efficiency a little bit to reduce the wait times, and also maybe just get a little bit more food served. He said we are also budgeting \$154,000 for an ice resurfacers. He said my understanding is that the current resurfacers are old and they've been through multiple rebuilds. He said I think parts come from across the country and there's a long wait time on receiving those parts.

Mr. Hesch said, just touching on the Warner, we're budgeting \$150,000 for production equipment. He said I believe this is just to ultimately reduce the amount of equipment, shows coming to the Warner have to bring along with them. He said we're also budgeting \$100,000 for the VIP green room. He said I believe this was something that when the Warner went through its renovations, this particular room was basically value engineered out of it, and so it's still needs updated. Mr. Hesch said we'd like to invest some capital in to making it a nice space for artists and promoters coming to the Warner.

Mr. Hesch said, at the ballpark, there is an elevator that is not currently functioning. He said we'd like to get that up and running. He said we budgeted \$114,000 for that.

Mr. Hesch said, at the convention center, the work truck we're budgeting \$75,000 for this. He said the current one has holes in the dump beds, so it's not really holding anything at this time.

Mr. Hesch said for administration items, the Entertainment District Use Analysis, there was a plan done in 2007 for the green space in front of the arena. He said we would like to take another look at that to see if there is any updated potential for the use of that space. He said an Office 365 migration system is going to be beneficial for our teams who work in different facilities. He said this will help us collaborate a little bit better. Mr. Hesch said we are budgeting \$40,000 for that. Mr. Hesch said, lastly, we have budgeted \$20,000 for the Ice Plant Life Analysis. He said we would like to bring in a company to evaluate that we are maintaining the current ice plant to see if we are getting the maximum use out of it but also to help us plan and determine when we might have to replace the unit and what it will cost.

Mr. Hesch said those are a few highlights but there are additional items for your review. He said does anyone have any questions on those additional items listed or the capital projects.

Mr. Richards said in your summary, under capital projects and leases, I noticed that under the Warner Theatre you have listed production equipment \$150,000, but in that paragraph, it suggests that that is going to event production equipment and to enhance the green room. He said it also says the replacement of the French Street video board. Mr. Richards said he thought this was already

taken care of. Mr. Snyder said that board is the marquee above the entrance on French Street not the video board from construction. Mr. Pine said these are the small panels on French Street above the entrance. A brief discussion followed.

Ms. Dahlkemper asked about how often we need to replace the tent. Mr. Snyder said we have two tents at the convention center. He said one is on the north terrace and one is located on Anchor Plaza which is located between the convention center and the Courtyard on the second floor. He said both tents needs to be replaced. Mr. Snyder said that we are going to replace the tent on Anchor Plaza in 2025 and then we are going to do an analysis to see if it makes sense to move that tent to the north terrace in 2026 because it is a larger tent and it is more substantial and we won't need the giant concrete blocks to hold down like the existing tent. He said if it can't be moved, we will replace the north terrace tent in 2026. He said the metal frame can be kept it is just the top that needs to be replaced.

Mr. Glass motioned to approve the Erie County Convention Center Authority Budget for 2025. Mr. Richards seconded the motion. The motion was approved unanimously.

Mr. Hesch said that in the board packet is Resolution 2024-010 which is the preliminary summary of terms and conditions as it relates to the Courtyard financing renewal. Mr. Hesch said we have included the terms ultimately mostly everything is staying the same. A brief discussion followed. Mr. Walczak said that this resolution is for the Authority administration to be able to negotiate the terms and then come back to the board for approval.

Mr. Riley motioned to approve the Resolution 2024-010 as presented to the ECCCA Board. Mr. Glass seconded the motion. The motion was approved unanimously.

OTHER BUSINESS

Ms. White said that Mr. Nuber has agreed to be our Chair of the Nominating Committee for our slate of officers for 2025. She said that Mr. Nuber will bring a report to our December meeting with the election in January.

Mr. Pine said that today is Mr. Chuck Iverson's last day with our organization after 16 years of service. Mr. Pine said that over those years you have really elevated what this organization has become and that would not have happened without your strong understanding of making sure all the financials are in place, and that we have access to grant funding state or local. He said this organization would not be where it is today or what it will be in the future without your dedication and knowledge.

The Board congratulated Mr. Iverson on his retirement from Erie Events and thanked him for all his years of service in helping to develop the organization to where it is today.

EXECUTIVE SESSION

Mr. Glass motioned for the ECCCA Board to go into Executive Session for a real estate and legal matter. Mr. Richards seconded the motion. The motion was approved unanimously.

Mr. Glass motioned for the ECCCA Board to go into Public Session. Ms. Dahlkemper second the motion. The motion was approved unanimously.

Mr. Nuber, motioned to approve Resolution 2024-09 as presented to the ECCCA Board. Ms. Dahlkemper seconded the motion. The motion was approved unanimously.

ADJOURNMENT

Mr. Hilbert motioned to adjourn. The motion was approved unanimously.

The meeting adjourned at 4:13 PM.