

ERIE COUNTY CONVENTION CENTER AUTHORITY
MINUTES
Thursday, September 19, 2024

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

Board Members Excused:

Others Present: TJ Hesch, Charles Iverson, Ed Snyder and Jim Walczak; Solicitor; Neal Wurst

Ms. White called the meeting to order at 3:04 PM.

INTRODUCTION OF GUESTS:

Mr. Pine said we have five new full-time associates we will be introducing today.

Ms. Danielle Weaver, Director of Human Resources, introduced Ms. Samira Steber. She said Ms. Steber is my new Human Resources Coordinator for Erie Events. Ms. Weaver said that Ms. Steber has her master's degree in human resources with three years of HR experience. She said that Ms. Steber recently joined us from Warren County.

Mr. Zach Haile introduced Lauralee Decenso as the new Arena Housekeeping Manager. Mr. Haile said that Ms. Decenso comes to us from the Hampton Inn Suites where she was for 4 years. He said prior to that Ms. Decenso was at Spring Hill Suites, for 8 years. He said she brings 20 years of experience to Erie Events. Mr. Haile introduced Mr. James Giannico as a new full-time arena crew leader. He said Mr. Giannico is from South Carolina and new to the area. He said he brings 5 plus years of maintenance experience to Erie Events.

Mr. Snyder introduced Vincent Catalde, Food and Beverage Supervisor at the convention center. He said Mr. Catalde was a part-time supervisor and has now gone full-time in the food and beverage department. Mr. Snyder said we also have a new cook at the convention center, Jason Arrington, who could not be with us today.

The Erie Events Board members introduced themselves to the new full-time staff and welcomed them to Erie Events.

Ms. White asked for approval of the August 15, 2024 minutes.

Mr. Riley motioned to approve the August 15, 2024 minutes. Mr. Glass seconded the motion. The motion was approved unanimously.

PUBLIC COMMENT:

Mr. Kissell said he had a few questions. He said that during the construction on the Bayfront, they hit the Erie Canal, and asked if that is on your property. He said where they are putting the roundabout in, they were digging and they hit the old Erie Barge Canal. Mr. Pine said that I do not know about that specifically. Mr. Pine said we sold PennDOT some of the property, as part of that project, but I do not think that involves that area referred to in your comments.

Mr. Kissel said my other questions is how are you controlling the west public dock at the back of the Cove Restaurant. Mr. Kissel said it is open and closed at times. He asked who is giving the approval to open and close it at times. Mr. Pine said are you referring to the back-of-house for the Sheraton. Mr. Kissel said, yes. Mr. Pine said, from his understanding, the Sheraton Hotel is only closing that when there are issues related to summer activities for the safety of their guests. He said, as in the past, there has been a lot of traffic that goes back there and they try to keep that area safe at times. Ms. White said what is the location that Mr. Kissell is referring to. Mr. Pine said it is the northernmost point just north of the Sheraton parking ramp. He said there is an access road behind there that allows garbage trucks and delivery trucks to get through to the Sheraton. Mr. Kissell said it is a public throughfare. A brief discussion followed. Mr. Pine said, if you have some suggestions, we can have a separate discussion.

Ms. White said before we move on to the financial report, I would like to introduce our new board member, Mr. Brandon Schmitt, who is joining us today through TEAMS. Ms. White welcomed Mr. Schmitt to the Erie Events Board.

FINANCIAL REPORT

Mr. Hesch presented the August 31, 2024 Financial Statement to the Board. Mr. Hesch said it is his understanding that August is typically one of the slower months across the Authority. He said that is what we experienced at the arena and the theatre with a couple of events throughout the month. He said, the activity at the convention center was actually quite strong. Mr. Hesch said, all in, on the Authority level, we did miss budget by about \$44,000 on the revenue side. He said on the expense end, just to note one large item, which I did touch on this last month, our interest expense was over \$75,000 in the month of August. He said this was due to the extension of the Marquette loan as it relates to the \$13.5 million RACP grant. Mr. Hesch said the initial rate was fixed at 3.05% and when we renewed that became variable at 79% of Wall Street Journal prime, which is 6.72%. He said, and if you recall, at the time, we were waiting on the state's release of the first \$6 million. He said that I am happy to report that that has been released. Mr. Hesch said that we received that in the beginning of September and applied it to the balance. He said the interest expense should go down significantly. Mr. Hesch said, on top of that, we saw a 50-base point rate cut yesterday. He said that will also help reduce some interest expense moving forward.

Mr. Hesch said, just to touch on a couple items as it relates to each facility, starting with the arena. He said the arena had one event held. He said, I believe we also talked about this previously, that we had initially budgeted for the Brad Paisley concert to take place in August, and that did not happen. Mr. Hesch said, instead, we hosted the World Lacrosse Tournament. Mr. Hesch said it was a seven-day event. He said, unfortunately, it was not well attended. Mr. Hesch said I think ticket sales were about 785 across the seven-days. He said the revenues fell quite short of our expectations, by about \$146,000. He said that was largely driven by shortfalls in food and beverage, merchandise and the box office fees. Mr. Hesch said, again, that is all due to that concert not actualizing. He said personnel costs came in over budget by about \$17,000 and this is because of the need to staff the lacrosse tournament over the seven days. Mr. Hesch said, overall, the arena finished under budget by about \$121,000.

Mr. Hesch said the theatre had initially budgeted for one concert and four receptions in the month. He said the concert, which was Flatland Calvary, that did not happen. Mr. Hesch said, I think we budgeted 1500 tickets for this event. He said, however, we did add four additional receptions and one non-ticketed event. Mr. Hesch said, in total, there were nine events held at the Warner for the month. He said revenue missed budget by about \$20,000 and that was due to shortfalls in food & beverage and box office fees. Mr. Hesch said the theater finished under budget by about \$42,000.

Mr. Hesch said, touching on the ballpark, nothing significant there. He said all budgeted events took place, and the ballpark finished just ahead of budget by about \$3,000.

Mr. Hesch said at the convention center actual event activity exceeded budget. He said that drove up operating revenues quite nicely. Mr. Hesch said operating revenues exceeded budget by \$208,000. He said \$150,000 was in food and beverage and then another \$27,000 was facility and equipment rental fees. He said on the expense side, total wages and supplies exceeded budget by about by about \$33,000, all in. He said that that was probably attributable to the increased event activity we saw in the month. Mr. Hesch said, overall, I think some strong expense control allowed most of that, or a majority of that excess revenue to flow through to the bottom line. He said the convention center exceeded budget expectations by about \$147,000.

Mr. Hesch said, looking at year to date, the Authority's performance remains strong. He said forecasting through the end of the year, we did make some adjustments to the arena, the theatre and the convention center. Mr. Hesch said, at the arena, we reduced the bottom line by about \$113,000. He said as we were forecasting their activity through the balance of the year, it appears there is going to be one less Otter's game than initially budgeted. He said we also had budgeted for the Disney on Ice show to take place in December. He said that is now going to be held in January 2025. Mr. Hesch said the two events net was about a \$113,000 decrease. He said the theatre is showing some strong activity through the balance of the year. He said because of that strong activity, we did increase their bottom line by about \$49,000. Mr. Hesch said at the convention center, due to the strong forecasted activity, we have increased their bottom line by \$76,000 to account for the higher activity.

Mr. Hesch said, all in, the net effect of those increases and decrease are a positive \$12,000 increase to the bottom line through the end of the year.

Ms. Dahlkemper motioned to accept the August 31, 2024; Financial Statements as presented. Mr. Glass seconded the motion. The motion was approved unanimously.

MANAGEMENT REPORT

Mr. Pine said we completed 8 Great Tuesdays in August. He said that we are now having some discussions about a long-term management agreement with the Port Authority to potentially manage 8 Great along with other event activity in Liberty Park. Mr. Pine said we will continue to explore that possibility and in the next couple of months we will start having some recommendations brought to our Strategic Planning Committee and then begin to have discussions at the full board level as well. Mr. Richards said on that particular subject, is this going to cost us money. Mr. Pine said it should not. He said we are going through that evaluation process right now. He said that will be an important factor to consider when we are looking at this as an option. He said, right now, just prior to this year's 8 Great, the Port Authority transitioned out of a long-term director of finance on their end. He said they are trying to gather all the financial information. Mr. Pine said that is the first step. He said Mr. Snyder and I are going through this to determine what is the current financial position and how are those events run, from a financial standpoint. Mr. Pine said, again, we have discussed before, the big upside, from our standpoint, is the potential to do future ticketed events with an outdoor facility, other than the ballpark, we really do not have that option. Ms. Dahlkemper said was this year, our only responsibility was the booking and the sponsorship tents. Mr. Pine said, yes, Erie Events managed the booking and the sale of the sponsorship tents. He said that the Port Authority handled all the operations. Mr. Pine said that we had our Erie Events operations team and Mr. Tony Ferrara, our director of security at all the concerts. He said that they had the opportunity to observe how the events are run. Mr. Pine said that if we do end up taking on a management role, our staff will now have a really good idea of how things run there logistically.

Mr. Pine said that Mr. Iverson, Mr. Hesch and I are starting the budgeting process a little bit early this year. He said that we met with the Authority's Human Resources Committee and the Sales and Marketing Committee earlier this month. He said we will provide an update on some specific highlights from those meetings after my management report.

Mr. Pine said I want to give an update on the Market House project. He said we are making some progress with a potential anchor tenant for that property. He said due to confidentiality, I cannot share that yet, but we are working on a letter of intent right now. He said I think once we have that in place it is going to be an important piece in securing the second anchor tenant as well. Mr. Pine said I think it will additionally help to make sure that we qualify as shovel ready. He said this project is moving along well. He said we have a very interested tenant that I am excited to share as soon as I can.

Mr. Pine said we will be having a premium customer event. He said you may have heard we have the band Chicago coming to the Warner Theatre in October. Mr. Pine said, one of the things I have heard from some of our premium customers in the arena, our suite holders and our PSL holders, is that we often have very high demand events at the Warner Theatre and not necessarily as much at the arena. He said that I want to start presenting an opportunity where we can give some of our premium customers access to both. Mr. Pine said we allowed those premium customers to have access to a presale ticket sale for Chicago and if they participated in that and if they bought tickets, we would be hosting a VIP reception for them prior to the concert. He said that drinks and food will be provided in the rehearsal hall prior to the event. Mr. Pine said we will probably do those two to four times a year, depending on how it is received. He said these are those folks, within our community, who spend a significant amount of money within our facilities and we want to continue to show them value.

Mr. Pine said, lastly, I wanted to provide an update on the City Revitalization Improvement Zone "CRIZ". He said this is a program that can, potentially, bring back a tremendous amount of tax revenue to our community. He said the CRIZ Board held its first meeting today at 1:00 and, as part of that, what is going to come out of that meeting is a draft map that is going to be created for community input. Mr. Pine said, I bring it up here because as part of that map, our venues have a significant amount of representation whether it is on the bay front and the facilities up the street as well. Mr. Pine said you will be hearing more about that since this meeting was held today. Mr. Pine said I think what we will do in terms of our organization is to start having some conversations with how we can best leverage these potential funds. He said what I think is important is for us to be ready if there are dollars available that we have projects identified and we have good plans in terms of what we can do and what are our next steps for our facilities. He said if anybody wants to know more about this, Mr. Walczak and Mr. Richards will be available after the meeting and can provide you with all the details.

Mr. Richards said, regarding the Market House, you will recall that many years ago the cost estimate was \$7.5 million and ultimately it came in at \$14.5 million. He said we were able to get \$5.5 million from Governor Wolf. Mr. Richards said that those funds are sitting there. He said I have requested, from Governor Shapiro, \$9.5 million to cover the shortfall. Mr. Richards said I met with the Republican Majority Leader in the Pennsylvania Senate and they have committed \$5 million towards the project. He said that will be announced through Senator Laughlin. He said I thought the Governor's office would have made a decision by now on their RCAP's by now. He said I am anticipating it will be within four weeks. Mr. Richards said the big issue is will we get the \$4.5 million, and if we do not, I had asked for what is

called a predetermination for the next round. Mr. Richards said the problem with that is, if we do not get that, we cannot begin construction in the first quarter of 2025 which was what I was hoping would happen. He said the second thing is, Mr. Jim Walczak is the solicitor for CRIZ and I am a board member. He said we had our organizational meeting today. Mr. Richards said, I think I have shared this with you before, I wanted to make certain that the remaining GAF site qualified for the CRIZ and is included. He said that is it is in the map if I understand correctly. Mr. Walczak said the GAF site is in the preliminary map. He said the map can change. He said there is a public hearing on October 2, and after that, the CRIZ Authority Board will meet, consider the comments and finalize the map, the application submitted to DCD for approval of the map and whole program on October 18th. Mr. Walczak said, hopefully, we will have a decision by the end of the year, December 31st. He said included in the map is not only the GAF site, but also the entire parking lot south of the convention center, which includes where the Market House would go. Mr. Walczak said also included would be what we had previously described as a cultural entertainment district, which would be essentially the east side of French Street all the way from 7th up through 10th. He said the green space in front of the arena and that whole corridor that is part of development of the cultural entertainment district. Mr. Walczak said also included is the arena, the backside of the arena, the properties we own on the east side of Holland Street, opposite the arena, because we know there is going to have to be some work done there in terms of Major League Baseball requirements and things of that nature. Mr. Walczak said those things are eligible, if they stay in the map, to receive CRIZ funding. He said our projects, we have some plans that go back to 2007, you would probably want to update them and see how they fit in with the CRIZ plus what needs to be done with the arena. Mr. Walczak said, Mr. Richards is right that it is imperative to have shovel ready projects and be able to present them to the CRIZ Authority and to say we are ready to go. Mr. Richards said, on that matter, you will recall, we have been in negotiations for years trying to develop the remaining part of the GAF site. He said, fortunately, I think it has been over a year that we have been in negotiations with a local developer and it looks very viable. He said part of the negotiations were that they did not think that they could advance the cost for the infrastructure. He said, you may recall, at a previous meeting, we approved the hiring of consultants to develop the infrastructure budget. He said, at that time, it was estimated that the cost would be around \$5.5 million. Mr. Richards said we always get estimates that are never accurate, but that is what it was estimated to be. He said since I think the developer is shovel ready, I would like to advance on the board that we request that \$5.5 million, or whatever it will cost, so that perhaps in the first or second quarter, we could be addressing the infrastructure for the GAF site, which would mean we would finally complete this whole thing. He said for the Market Place, we have got \$5 million now towards our \$14.5 million. Mr. Richards said with CRIZ, conceivably, we could get a commitment for paying for the infrastructure. He said, so after 10 years, we finally have completed the project.

Mr. Snyder said I just want to highlight some events we have had in the third quarter. He said we had the National Fireworks Association, Institute of Scrap of Recycling, which was a regional event, and we have Marcellus Shale next week. He said the sales team has done a great job. He said the third quarter will finish strong. He said, so we want to thank those teams. Mr. Snyder said the events that we have had are planning to come back in their normal rotation cycle. He said we are excited about the future and National Sales Manager Ms. Amy O'Connell and Ms. Lisa DiLuzio have done a good job of pushing that forward. He said we are excited about our activity, there high hotel room night events, food and beverage events here at convention center. Mr. Snyder said we have Comic Con this weekend. He said that our promoter is telling us it is going be the largest Comic Con he has had in a while.

Mr. Snyder shared an update on construction out front. He said contractors have moved onto the new pavement so they can tear out Sassafra. He said we were guaranteed that Sassafra will not close in the foreseeable future. Mr. Snyder said so we will have access to the campus to be at the new pavement until they are ready to open the roundabout. He said, at some point, they will move Bayfront traffic onto the new pavement so they can demolish the existing Parkway, but at all times we will have access to the convention center. Mr. Snyder said at Front Street they have to build a temporary access for it, but we will keep that open as well. He said I asked about State Street because I noticed in the paper that it was going to close in August, and it has not been closed yet. Mr. Snyder said they were hoping for late October to close State Street from just north of the Bayfront to just south of Front Street. He said that will severely impact our Sheraton property, as well as other businesses on Dobbins Landing. Mr. Snyder said we will keep you updated on that. He said that I understand they have had some issues with utilities and that it slowed the project down. He said the contractor has been good to work with, and is very communicative. He said they let us know when things are happening. Mr. Snyder said we did have some power outages here but that they were planned. Ms. Dahlkemper said are the lights that have been put up temporary until they get the roundabout done. Mr. Snyder said, yes, they are just temporary.

Mr. Riley 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 our spa next door is moving along pretty well. He said that there is ductwork going up. He said the plumbing and water lines are being installed above the ceiling and we are on schedule right now.

Mr. Glass said, as I was walking in today, I was admiring the landscaping out here. He said it looks very nice with the sculptures and whatnot. He said but the bollard lights are horrendous and they are all over. Mr. Glass there is paint missing off of every single one. He said do we have any plans on replacing them or painting them. Mr. Snyder said the team actually just re-lamped about two dozen of them. He said the lights are all functioning, but it is in our long-term capital to replace them. He said I think there is about 70 on the complex total, and they are about \$1,500 or so a piece. Mr. Snyder said it is our long-term capital replacement over the next couple years, because they are unsightly. Mr. Glass said they really detract from the landscaping because there is so many of them.

Mr. Glass said how are we doing with the Sheraton air handler. Mr. Neal Wurst said the equipment is completely manufactured. He said that Mr. Iverson and I were discussing today about how to secure the contractor. Mr. Wurst said as soon as we get contractors secured, we will release the job. He said the machinery will be shipped directly to contractor and process will begin so we are close. Mr. Glass said so that could take place over the next month. Mr. Wurst said over the next couple months.

Mr. Riley said what is the status of the replacement of the Sheraton windows. Mr. Wurst said I have made an arrangement with a local vendor for securing a selection of windows. He said it is a piecemeal project. Mr. Wurst said certain pieces of the three unit will be replaced some of them will not. He said I am targeting the areas where the metal flashing is first. He said there is about 100 windows there. Mr. Wurst said the process is the windows will be removed, replaced with new, if needed, and or just the flashing will be done around all of them anyway, whether the window needs replaced or not. He said we have a scope of work for that and we have a potential cost identified. He said we are going to pull one of them out next week and try the process to make sure we know the timing, and we will have to work in between the hotels occupancy for rooms to get to where we need to be. He said that process should start very shortly too. Mr. Wurst said it is about a two-week delivery for a selection of the windows. He said we will have other units of the large size and 50 of the small side on site. He said the contractor can pick and choose what we need per room. Mr. Glass said are you picking the north side, south side or both sides. Mr. Wurst said both sides. He said there is about 100 windows on the areas that have the metal flashings on both sides. He said we want to get the flashings fixed. Mr. Riley said is that the caulking issue. Mr. Pine said, yes, we do not want to go through a winter with cracked caulking, because we are worried about the potential water infiltration. He said we do not want to go through that now that we have a brand-new guest room. A brief discussion followed.

NEW BUSINESS

Mr. Riley, Human Resources Chairperson said we had a meeting of the committee. He said Mr. Deitrick, Mr. Glass, Ms. White and I met on September 9, 2024. He said we reviewed the impact of some policy changes. He said Ms. Danielle Weaver, Director of Human Resources and Mr. Pine were also in attendance. Mr. Riley said we reviewed paid paternity leave and paid caregiver leave changes in our personnel policy. He said we reviewed some items that are under consideration for 2025 which include the addition of a floating holiday. Mr. Riley said that we are working on a remote work policy. He said we are also working on an internship program with Gannon University. Mr. Pine said the internship program will be open to all, but we are going to start with Gannon University. Mr. Riley said we reviewed the ability for staff to access pay earlier than the standard two pay cycle through a program that is available through one of our software vendors. Mr. Pine said our human resources and finance software, UKG, has a plug in through a third party that will allow employees to have access to a portion of their earned pay prior to the two-week payday. He said which will really help us in terms of attracting particularly part-time staff members, so they do not have to wait a full two weeks when they might only work one or two days.

Mr. Riley, Sales and Marketing Committee Chairperson said Mr. Pine and Erica Nowak, Marketing Director met with Ms. White, Ms. Dahlkemper and myself also on September 9, 2024. He said we reviewed the 2025 Erie Events Marketing Plan that they had prepared. Mr. Riley said we reviewed their goals for 2025 which are to grow brand awareness, grow ticket sales and potential audience reach to better support our concert and live event promoters. Mr. Riley said the initial plan that we reviewed included a financial commitment of about \$200,000. He said, highlighted in the plan, are dollars committed to local digital billboards and a strong targeted digital plan to reach customers through social media and internet platforms of all types. He said we are looking for a final presentation of the plan at our October board meeting.

Mr. Richards said when you reported on the Human Resources Committee you said you are basically enumerated different things that you are looking in to. He said does that mean that you will come back to us for approval of these things or does that remain confidential. Mr. Richards said I do not ever remember having a Human Resources report to this board. Mr. Riley said the first changes that I reported on paid paternity leave and paid caregiver leave are already in effect. He said what is under consideration for 2025 has not been finalized. He said I am alerting the board as to what we have done. Mr. Pine said the Authority has a Sales and Marketing Committee and we have a Human Resources Committee. He said these are certain items that we would like to present to those specific committees for any sort of input prior to preparing our financial budget, which we then will review with the Finance Committee. Ms. White said we have had reports from the Human Resources Committee, especially if there was going to be an organizational or structural change, that something has come before the board. She said I know quarterly; we were implementing Human Resources reports to the board. She said not a lot of activity that had gone on but that has been done before. Mr. Riley said there are some structural changes too that are the result of federal requirements. Mr. Riley said, for example, the salaried employee that makes less than \$58,000 is now eligible for overtime. He said that all has to be built into their budget process. He said we discussed how to prepare for that. Mr. Richards said do we have part-time or do we have a five-day work week. Mr. Pine said if you are talking about hybrid that is one of the things we wanted to bring up. Mr. Pine said we do not currently have a work from home policy. He said we are going to spend some time discussing and we wanted to present that to the committee before rolling out anything. He said we want to have a well thought out plan. Mr. Pine said we need to identify which job positions are eligible. He said we need to change job descriptions to add that option. Mr. Pine said we need to make sure that we prepare managers, because some managers are more inclined to agree with the policy, and some are more traditional in their thinking. A brief discussion followed.

EXECUTIVE SESSION

ADJOURNMENT

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

The meeting adjourned at 3:44 PM.