

**Hamilton County
Convention Facilities Authority (CFA)
Meeting Minutes**

To: CFA Board Members
From: Jeff Aluotto, CFA Secretary
Subject: Meeting # 33: March 28, 2014

CFA Members Present: Paul Brehm, Cliff Bishop, Lee Czerwonka, Jim Downton, Danny Hill, Gwen McFarlin, Mark McKillip, and Daniel Meyer

CFA Members Excused: Larry Grypp, and Edward Knox

CFA Members Absent: Shawn Butler

CFA/Project Staff Present: Karen Alder, Jeff Aluotto, Lisa Anderson, Roger Friedman, and Bill Moller

Guest: Randie Adam, Rick Booth, Denese Dye, Cindi Flick, Kelly Harrington, Dan Lincoln, and Barrie Perks

1. Call to Order

Chair Daniel Meyer called the meeting of the Hamilton County Convention Facilities Authority to order at 1:12 P.M.

2. Introduction of new board member Lee Czerwonka

Chair Daniel Meyer introduced Mayor Lee Czerwonka, who is representing the Hamilton County Municipal League. He is the Mayor of Blue Ash.

3. Review of Minutes

The minutes from the June 7, 2013 meeting were approved by a voice vote.

4. Election of officers

CFA Chair: Dan Meyer approved by voice vote, nominated by Mark McKillip.
CFA Vice Chair: Gwen McFarlin approved by voice vote, nominated by Mark McKillip.
CFA Treasurer: Paul Brehm approved by voice vote, nominated by Mark McKillip.

The votes on the officers were unanimous.

5. Resolution

Resolution Number 2014-01 was approved by voice vote with the following appointments:
Secretary: Jeff Aluotto, Assistant County Administrator, Hamilton County
Assistant Secretary: Bill Moller, Assistant City Manager, City of Cincinnati
Assistant Treasurer: Karen Alder, Deputy Finance Director, City of Cincinnati

Mr. Butler	<u>Absent</u>	Mr. Bishop	<u>Yes</u>	Mr. Brehm	<u>Yes</u>
Mr. Downton	<u>Yes</u>	Mr. Grypp	<u>Absent</u>	Mr. Hill	<u>Yes</u>
Mr. Knox	<u>Absent</u>	Mr. Czerwonka	<u>Yes</u>	Ms. McFarlin	<u>Yes</u>
Mr. McKillip	<u>Yes</u>	Mr. Meyer	<u>Yes</u>		

Chair Meyer made a motion that a resolution be prepared thanking Kathy Creager for her service to the CFA board. The votes on the resolution were unanimous.

Resolution Number 2014-02 Appropriating Service Payments and Authorizing the Expenditure of Such was approved by voice vote to appropriate \$93.100 for the 2014 Service Payments.

Mr. Butler	<u>Absent</u>	Mr. Bishop	<u>Yes</u>	Mr. Brehm	<u>Yes</u>
Mr. Downton	<u>Yes</u>	Mr. Grypp	<u>Absent</u>	Mr. Hill	<u>Yes</u>
Mr. Knox	<u>Absent</u>	Mr. Czerwonka	<u>Yes</u>	Ms. McFarlin	<u>Yes</u>
Mr. McKillip	<u>Yes</u>	Mr. Meyer	<u>Yes</u>		

Service payments are used to pay for annual audit fee, state auditor fee, administrative fees of the trustee and liability insurance for the board.

Resolution Number 2014-03 Appropriating Taxes and Authorizing the Expenditure of Such Funds was approved by voice vote to appropriate \$8,800,000 for the expenditure of excise tax on lodging proceeds as indicated in the Cooperative Agreement between the CFA, County and City.

Mr. Butler	<u>Absent</u>	Mr. Bishop	<u>Yes</u>	Mr. Brehm	<u>Yes</u>
Mr. Downton	<u>Yes</u>	Mr. Grypp	<u>Absent</u>	Mr. Hill	<u>Yes</u>
Mr. Knox	<u>Absent</u>	Mr. Czerwonka	<u>Yes</u>	Ms. McFarlin	<u>Yes</u>
Mr. McKillip	<u>Yes</u>	Mr. Meyer	<u>Yes</u>		

The resolution is for the collection of taxes. Chair Meyer briefly discussed the history of developing occupancy rate, and usages of tot residual dollars.

Mr. Downton asked if the numbers on the fourth financial quarter report should match the numbers on this resolution. Jeff Aluotto explained that the numbers on the resolution were more anticipatory in terms of the collections that are going to happen in 2014 and appropriating them for expenditures.

6. Review Fourth Quarter Finance Report

Karen Alder discussed the Hotel Tax Status Report concentrating on the 2013 information. The City budgeted \$1.5 million and collected \$2.6 million. The County budgeted \$4.8 million and collected \$7.0 million. Next she discussed the CFA Expense Report, highlighting that the expenses were \$56,803. Finally she discussed the reconciliation of the distribution account as of 12/31/2013 there was a balance of \$3,861,528.

Chair Meyer asked if the CFA had refunded any bonds. Jeff Aluotto mentioned that a shake-up in the market occurred which made it less attractive to refund any bonds, so the refunding of any bonds was put on hold. Situation started to stabilize in the market at the end of the year. The County and the City were contacted by Stifel, Nicolaus & Company, Incorporated and kicked off a meeting for the refunding which occurred a couple of weeks ago. At this point in time we are anticipating closing by late April/May. There may be some additional work that the CFA needs to do in advance of that closing.

7. Review of the Fifth Supplement to the Cooperative Agreement

Jeff Aluotto discussed the Fifth Supplement to the Cooperative Agreement which primarily is done to effect the distribution of the 2013 TOT Residual. Between the City and County \$4.5 million in TOT Residual dollars were received. The previous supplement to Cooperative Agreement which contained the distribution of 2012 TOT Residual expired. Thus distribution of 2013 TOT Residual was left ungoverned by any Cooperative Agreement hence the need to enact this new supplement to the Cooperative Agreement prior to making direction to the Trustee regarding the distribution of the 2013 TOT Residual. The Fifth Supplement is primarily written to direct the disposition of those proceeds. The CFA board will need to come back and do an additional supplement to Cooperative Agreement which from the County's and City's perspective will cover a more extended time frame.

From the County's perspective, the Sharonville contribution is at \$1.3 million, project contribution from Hamilton County that is reimbursed at \$250,000, increased promotion of the Duke Energy Convention Center is \$1.3 million, which will go to the Convention and Visitors Bureau, \$300,000 line item were the Commissioners want to form a pool of resources for the promotion of capital projects in the County that support the convention and visitors infrastructure. Those projects are to be determined. Finally, there is \$402,366 in overage that has not been specified that will be used either for the Convention and Visitors Bureau or other projects recognized by Chapter 351 of Ohio Revised Code, which will require future Board of County Commissioners discussions.

Roger Friedman indicated that the reason we have a Fifth Supplement is if we did not have the additional agreement with the CFA then we would revert to the default language that is in the cooperative agreement which does not provide for all the additional expenditures that are happening with the CVB, Sharonville Convention Center, and other projects. The reason we have the fifth supplement, as well as past supplements is to provide different avenues to expend those residual funds.

On the City's side the residual is split three ways. First \$230,598 is set aside for Operations and Maintenance/Repairs and Renovations to Duke Energy Center. The balance is split

fifty-fifty between Convention Center for capital repairs (\$396,000) and Convention and Visitors Bureau (\$396,000).

Mark McKillip indicated that one of the tenets of the original agreement was that if the City had any residual revenues those would be focused on paying down the debt and making sure that the investment in the Duke Energy Center is maintained by make sure that capital improvements were made.

Ric Booth discussed the capital needs of the Duke Energy Center. The expansion that was finished in 2006 is now eight years old and several projects that need to take place as soon as possible. He replaced an escalator last year with CFA dollars that cost \$302,000. While he enjoys the \$230,598 and \$396,000, he will not replace an escalator this year because he cannot afford to. There are a lot of projects that he has to review to enhance the center. He acknowledges that marketing is important but we certainly would enjoy having more CFA dollars to allocate to critical projects.

Ric Booth asked that the reporting requirement pertaining to the capital repairs and the costs of the capital repairs in the Fifth Supplement be changed from quarterly to annually. Gwen McFarlin asked that the report would go back to 2013. Ric Booth indicated he could present information at the next meeting.

Mark Mckillip offered a motion to accept the proposal to Fifth Supplement with modifications from a quarterly to annual (Section 2). Cliff Bishop second Mark's motion. The motion was approved unanimous.

Dan Meyer mentioned that \$150,000 was set aside for a future study.

Dan Lincoln indicated that CVB selected CSL, a firm that help with the first expansion. It is a three to four month process. The study will outline industry trends, where and when to do the next expansion. By mid-year CVB should receive the preliminary results. The study will also focus on the expenses related to the expansion of the Duke Energy Center. Mark McKillip asked that the CFA stay informed of the progress of this study.

8. Update on Capital needs for the Duke Energy Center

Karen Alder passed out the Duke Energy Convention Center Projected Income Statement for Fiscal Years 2014 through 2019.

Karen indicated that the expansion was done in 2006. The expansion is almost eight years old. The City wants to make sure that we continue modernize and replace things that are out dated at the center. Capital needs include replacing/repairing boilers, escalators, kitchen upgrades and technology upgrades.

The Duke Energy Center operates at a loss until the City makes its annual contribution of \$1.2 million. \$230,000 goes towards operations and maintenance/repairs and renovations. In 2015 there is a \$1.2 million shortage. City is not asking for a vote or solution on the capital needs it is only for informational purposes. Bill Moller indicated that a detail capital report can be prepared for the CFA. As we look at refunding of the bonds, we may want to consider

including some of the projects as a part of that refunding since the purpose of the refunding is to save money on debt service.

9. Resolution Authorizing a Fifth Supplement to the Cooperative Agreement

Roger Friedman discussed the resolution to approve the Fifth Supplement and authorizing the Chair to sign the Fifth Supplement as well as the letter that goes to the Trustee. Cliff Bishop made a motion to accept the resolution, which was second by Dan Meyer.

Mr. Butler	<u>Absent</u>	Mr. Bishop	<u>Yes</u>	Mr. Brehm	<u>Yes</u>
Mr. Downton	<u>Yes</u>	Mr. Grypp	<u>Absent</u>	Mr. Hill	<u>Yes</u>
Mr. Knox	<u>Absent</u>	Mr. Czerwonka	<u>Yes</u>	Ms. McFarlin	<u>Yes</u>
Mr. McKillip	<u>Yes</u>	Mr. Meyer	<u>Yes</u>		

10. Other Business

Roger Friedman indicated that there is the possibility of having another CFA meeting in the near term if the Board of County Commissioners has change it resolution regarding the refunding of the bonds.

11. Next Meeting

The next scheduled CFA meeting will convene on September 5, 2014 at 1 pm.

12. Adjournment

Meeting adjourned at 2:30 P.M.