

**LANSING ENTERTAINMENT AND PUBLIC FACILITIES AUTHORITY
BOARD OF COMMISSIONERS MEETING
OCTOBER 24, 2017
MINUTES**

At 8:01 a.m. Chairman James W. Butler III called the meeting to order in the Governor's Room of the Lansing Center; 333 E. Michigan Avenue; Lansing, Michigan 48933.

COMMISSIONERS PRESENT: Tim Barron, Eric Brewer (Ex-Officio), James W. Butler III, Charles Janssen, Robert Johnson (Ex-Officio), Larry Leatherwood, and Charles Mickens.

COMMISSIONERS EXCUSED: Angela Bennett (Ex-Officio), Cindy Bowen, Price Dobernick, and James Stajos.

OTHERS PRESENT: Scott Keith, Jennifer McFatrige, Scott Horgan, Paul Ntoko, Tristan Wright, Heidi Brown, Shelly Busse - Lansing Entertainment & Public Facilities Authority; Heather Sumner – Lansing City Attorney's Office, and Jack Alexander.

III. ESTABLISHMENT OF THE AGENDA: No changes to the Agenda.

IV. PUBLIC COMMENT: Jack Alexander asked Scott if the intention is to still replace both digital boards at the Stadium and how much is planned for cost? Scott stated, yes, both boards are planned to be replaced, and the cost projected is \$109,000. Jack asked is the plan is to replace after the season is over. Scott stated possibly even mid-season.

V. APPROVAL OF THE MINUTES OF SEPTEMBER 26, 2017: Approval of the minutes as published.

MOTION: Commissioner Barron SECOND: Commissioner Janssen

VI. REPORTS:

A. CHAIRMAN'S REPORT: None.

B. FINANCE COMMITTEE REPORT: Board Chairman James W. Butler III reported the Committee met yesterday and in the absence of Chair Cindy Bowen, he asked Jennifer to report financial information for the month of September 2017.

*Robert Johnson(Ex-Officio) entered the meeting at 8:12 a.m.

Jennifer McFatrige, Vice-President of Finance reported the following:

Lansing City Market:

Chart 1: City Market Revenue Review

This a 3-year comparison of actual revenue compared to budget for September, as well as a 3-year view of YTD actuals compared to YTD budget. YTD Operating Revenue has decreased by \$2,938 or 11% when compared to last

year. This is attributed to Red's Smokehouse, some daily booth rentals and a short-term vendor (Katie Clark) exiting the market in the first quarter.

Chart 2: City Market Expense Review

This is a 3-year comparison of actual expense compared to budget for September, as well as a 3-year view of YTD actuals compared to YTD budget. Overall, our monthly expenses came in under budget, relatively flat to last year. We are recognizing a savings in Salaries and Wages due to the current vacancy in the market manager role, however this savings was offset by professional services category with lease updates and renewals.

Chart 3: YTD Revenue and Expense compared to Annual Budget

This is a view of where the City Market is through September when compared to the fiscal year budget. The market has contained its expenses to 23% of the expense budget while capturing 21% of the revenue budget. At the end of the first quarter of the fiscal year, excess revenue over expense is ahead of budget.

Chart 4: City Market Unreserved Equity

This is a 3-year comparison of Unreserved Equity. At the end of the first quarter of the fiscal year, unreserved equity is following the trend of the last two fiscal years by beginning its climb.

Cooley Law School Stadium:

Chart 1: Cooley Law School Stadium Expense Review

This is a 3-year comparison of actual expense compared to budget for September, as well as a 3-year view of YTD actuals compared to YTD budget. Overall, our monthly expenses came in under budget by \$9,800 with utilities, professional services and concessions/catering providing the most impact. YTD Operating Expense has increased by \$34,000 compared to last year with the supplies/materials categories providing the biggest impact. This increase is attributed to the replacement of the nets.

Chart 2: YTD Actual Expense compared to Annual Budget

This is a view of where the stadium is through September when compared to the fiscal year budget. The stadium has contained its expenses to 31% of the expense budget.

Chart 3: Cooley Law School Stadium Unreserved Equity

This is a 3-year comparison of Unreserved Equity. At the end of the first quarter of the fiscal year, unreserved equity is following a downward trend represented historically same time of year.

Lansing Center:

Chart 1: Lansing Center Revenue Review

This is a 3-year comparison of actual revenue compared to budget for September, as well as a 3-year view of YTD actuals compared to YTD budget. YTD Operating Revenue has increased by 40% or \$335k when compared to last year. Some new events that contributed to a successful month included: MI Dept. of Agriculture and Rural Development, Snap-on Tools, MI Dept. of Civil Rights and Michigan Milk Producers.

Chart 2: Lansing Center Expense Review

This is a 3-year comparison of actual expense compared to budget for September, as well as a 3-year view of YTD actuals compared to YTD budget. YTD Operating Expense has increased by 13% or \$187k when compared to last year with Salaries and Wages, Event Expenses and Food & Beverage providing the largest impact.

Chart 3: Lansing Center Revenue Budget to Actual

The blue part of the bar represents our FY18 YTD Budget, while the orange part of the bar represents the amount that we exceeded or fell short of meeting the budget for revenue. YTD Revenue exceeds budget by more than \$220K.

Chart 4: Lansing Center Expense Budget to Actual

The blue part of the bar represents our FY18 YTD Budget, while the orange part of the bar represents the amount that we exceeded or fell short of meeting the budget for expense. YTD Expenses exceeds budget by more than \$109k.

Chart 5: Lansing Center Unreserved Equity

This represents a 3-year comparison of Unreserved Equity. The first quarter of this fiscal year plot the value at a stronger point when compared to the prior two fiscal years. However, we still have work to do to reach our high point of FY17.

Chart 6: Lansing Center Unearned Revenue-Advance Rent

This is a 3-year comparison of Unearned Revenue-Advance Rent which is an indicator of future business. Unearned Revenue-Advance Rent has dropped slightly but is following the trend of the prior two fiscal years indicating signs of growth.

Chart 7: YTD Revenue and Expense to Annual Budget

This is a view of where the Lansing Center is through September when compared to the

fiscal year budget. The Lansing Center expenses are 23% of the expense budget. At the end of the third month, expenses are up slightly to budget with Event Expense providing the greatest impact. Switching to revenue, the Lansing Center has captured 20% of the revenue budget. At the end of the first quarter of the fiscal year, excess revenue over expense is ahead of budget.

Chairman James W. Butler III asked for a motion to accept the September 2017 financial statements for Lansing City Market, Cooley Law School Stadium and the Lansing Center be received as published and further that the monthly expenses for each entity be accepted.

MOTION: Commissioner Janssen ACCEPT: Commissioner Barron
Motion unanimously carried.

Commissioner Leatherwood asked if there are explanations provided when an expense exceeds the budgeted amount for a line item(s).

Scott stated if there is an anomaly, an explanation is provided to explain the difference.

Commissioner Janssen stated when revenue is higher, then it tends to follow that expenses will usually be higher as well.

Commissioner Leatherwood asked if, at the end of the fiscal year expenses are higher than revenue, how is the loss compensated?

Scott stated the loss is absorbed or, we try to cut from other expense line items.

C. PRESIDENT & CEO REPORT: Scott Keith reported the following:

1. Stadium Financials: Unreserved Equity is negative due to the timing of payments coming in and going out.
2. Placemaking Summit: This event was held at Lansing Center last week. You may have noticed the umbrellas hanging up in the ceiling of the West MI Ave. concourse along with the Adirondack chairs placed outside along the Eastern portion of the Michigan Ave. sidewalk. A stainless-steel gear head will also be installed on the bridge across the street from Lansing Center. All of these items are part of the Arts Council projects being displayed in different areas downtown.
3. Budget: The budget process has started; next year is a "down trending" year and that is reflected in the Advanced Rent line item.
4. Transition Report: The Mayor has asked all City Departments to create this report for the incoming City Administration.
5. Groesbeck: We are working with the City on transitioning from the City to LEPFA. Meetings with Parks and Rec are on-going, and we are working on job descriptions and hiring. We also received an inventory of equipment on hand.

Commissioner Barron asked if there are any disgruntled employees.

Scott stated the two full-time City employees will be retained by the City; however, they both have the option of interviewing for their current positions with LEPFA. Scott stated there are some employees who may be disgruntled; but only due to the changes that will happen.

6. How-to-Halloween: This event will be held at Lansing Center this weekend.

The event will include a masquerade Ball on Saturday night and a zombie walk through the downtown area.

7. LEPFA Board Holiday Party: Please mark your calendars for December 12th; 5:00 p.m. – 7:30 p.m.
8. Silver Bells: Silver Bells is scheduled for November 17th from 5:00 p.m. until 9:00 p.m.
9. Employee Referral Program: The Personnel Committee approved this new program aimed at current staff to help with filling internal positions.
10. Employee Pension Program: LEPFA was informed that Merrill Lynch is no longer able to manage our plan due to a company policy that is meant to comply with current law that prohibits those who issue municipal bonds cannot manage a municipality pension plan. Merrill Lynch has offered to help write the RFP that we will send out. The change will be in place by January 1, 2018.

*Commissioner Janssen exited the meeting at 8:38 a.m.

D. PERSONNEL COMMITTEE: Scott reported on behalf of Commissioner Dobernick; stating the Committee met and discussed the employee referral program, CAUW campaign (the goal is to have 70% staff participation), office changes and pension management.

E. STRATEGIC PLANNING COMMITTEE: Commissioner Mickens reported the Committee did not meet and will reschedule for a later date.

F. VICE-PRESIDENT/STAFF REPORTS:

1. Jennifer McFatridge: The annual audit process has begun; the Auditor will be on-site all week performing the audit.
2. Scott Horgan: The Sales team has been working very hard. A review of the PACE Report indicates an \$80,000 increase in "Definite" business and currently 93% to budget for the year. There have been a lot of last minute, short-term bookings.
Chairman Butler asked Scott Horgan to explain what is covered in meetings he has with the CVB. Scott Horgan stated the meetings consist of discussions surrounding reporting mechanisms, room nights, occupancy trends, and meeting space.
3. Tristan Wright: Tristan reported on the Silver Bells event and (potential) Winter Solstice event for the City Market. Tristan stated the Holiday décor for Lansing Center will be installed next week and for the City Market, the week after.
4. Paul Ntoko: Groesbeck promos will wrap-up this weekend. This promo has been very successful; almost double last year's numbers. Paul stated this increase was driven mostly by the mild weather – the impact of the newly constructed holes helped as well.
5. Heidi Brown: Heidi reported Natalie is working on the CAUW campaign and is doing a great job. Flex Plan Basic starts January 1, 2018. Heidi referred to the Employee Referral program, the review of moving to a PTO hours usage and the Flu Shot Clinic success.

VII. COMMISSIONER AND STAFF COMMENTS:

A. Robert Johnson(Ex-Officio): Bob thanked Scott Keith for the review of the Placemaking Summit and discussed the review of a potential cultural center.

VIII. OLD BUSINESS: No report.

IX. NEW BUSINESS: No report.

X. ADJOURNMENT: At 9:02 a.m. the meeting was adjourned.

THE NEXT MONTHLY MEETING IS SCHEDULED FOR:

DECEMBER 19, 2017 - TBD

LANSING CENTER – GOVERNOR'S ROOM

Respectfully submitted,
Shelly Busse, Recording Secretary