

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

To: CFA Board Members

From: Jeff Aluotto, CFA Secretary

Subject: Meeting # 31: March 22, 2013

CFA Members Present: Cliff Bishop, Paul Brehm, Jim Downton, Larry Grypp, Edward Knox, Gwen McFarlin, and Mark Mckillip

CFA Members Excused: Daniel Meyer, and Jim Sumner

CFA Members Absent: Catherine Barrett, and Danny Hill

CFA/Project Staff Present: Jeff Aluotto, Lisa Anderson, Kathy Creager, Steve Fagel, and Cindy Fazio

Guest: Randie Adams, Julie Calvert, Kelly Harrington, Dan Lincoln and Barrie Perks

1. Call to Order

CFA Vice Chair Gwen McFarlin called the meeting of the Hamilton County Convention Facilities Authority to order at 12:15 P.M.

2. Review of Minutes

A motion to clarify the third paragraph under Section 5 Other Business in the November 2, 2012 minutes was made. The clarification was approved by a voice vote, Cliff Bishop, Paul Brehm, Jim Downton, Larry Grypp, Gwen McFarlin and Mark Mckillip voting yes. Ed Knox abstained since he was not present at that meeting.

The paragraph has been changed from:

The CCVB is planning on doing a study in the next year or two to determine how the CCVB is performing. The CCVB is currently running at about 65% occupancy. The CCVB is the smallest convention center in its comp set at 100,000 square feet. Most comp set cities are expanding their convention centers. CCVB ranks 15 out of 15

to:

The CCVB is planning on doing a Duke Energy Center Future Study sometime in the future to determine how

DEC is performing. The DEC is currently running at about 65% occupancy. The DEC is the smallest convention center in its comp set at 197,000 square feet. Most comp set cities are expanding their convention centers. DEC ranks 15 out of 15.

3. Introduce new board member Jim Downton

Gwen McFarlin welcomed Jim Downton to the Convention Facilities Authority Board.

4. Election of Officers

CFA Chair: Dan Meyer approved by voice vote, nominated by Cliff Bishop.

CFA Vice Chair: Gwen McFarlin approved by voice vote, nominated by Mark McKillip.

CFA Treasurer: Paul Brehm approved by voice vote, nominated by Cliff Bishop.

The votes on the officers were unanimous.

5. Resolutions

Resolution Number 2012-01 was approved by voice vote with the following appointments:

Secretary: Jeff Aluotto, Assistant County Administrator, Hamilton County

Assistant Secretary: Scott Stiles, Assistant City Manager, City of Cincinnati

Assistant Treasurer: Kathy Creager, Deputy Finance Director, City of Cincinnati

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

Resolution Number 2012-02 Appropriating Service Payments and Authorizing the Expenditure of Such was approved by voice vote to appropriate \$85,900 for the 2012 Service Payments.

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

Service payments are used to pay for annual audit fee, state auditor fee and liability insurance for the board. These expenses are limited to 10% of the one percent of the City of Cincinnati's collections unless the board approves an increase.

Resolution Number 2012-03 Appropriating Taxes and Authorizing the Expenditure of Such Funds was approved by voice vote to appropriate \$7,900,000 for the expenditure of excise tax on lodging proceeds as indicated in the Cooperative Agreement between the CFA, County and City.

Ms. Barrett	<u>Absent</u>	Mr. Bishop	<u>Yes</u>	Mr. Brehm	<u>Yes</u>
Mr. Downton	<u>Yes</u>	Mr. Grypp	<u>Yes</u>	Mr. Hill	<u>Absent</u>

Mr. Knox	<u>Yes</u>	Ms. McFarlin	<u>Yes</u>	Mr. McKillip	<u>Yes</u>
Mr. Meyer	<u>Absent</u>	Mr. Sumner	<u>Absent</u>		

The resolution is necessary in order to send the lodging tax that is collected to the Trustee. The estimate has remained the same for the last few years. Last year, the County remitted \$6.3 million and the City of Cincinnati remitted \$875,000 to the Trustee.

6. Review Fourth Quarter Financial Report

Kathy Creager presented the financial information regarding lodging tax collections. Both the County and the City continue to improve over the prior year. Through the Fourth Quarter the City's collection was \$2,274,201 which was \$684,950 over the budget and the County's hotel collection was \$6,452,733 which is \$1,620,603 over the budget.

Actual expenses consisted of \$215 to Ohio State Auditor to review the audit, \$500 to Bank of New York Administrative Fee (Trustee), \$44,767 for Officer's Liability Insurance and \$10,500 for Financial Auditor's Fee.

Kathy discussed the CFA's letter to the Trustee to authorize the request to drawdown the Transient Occupancy Tax Residual funds from the Trustee. \$899,422 would go back to the City of Cincinnati and \$2,787,034 would go back to the County. (The letter to the Trustee is attached.)

The dollars that are collect for the hotel tax up to the \$4.98 million for the County go to pay off debt service. After debt service is paid off, anything that is left in the residual funds come back to the City and the County on a pro rata share. Essentially the County is receiving 62% and the City is receiving 38%. The percentages change each year.

The County's \$2,787,034 residual funding is allocated to pay off the debt on the Sharonville Convention Center (\$1.3 million), to promote the Duke Energy Center and the Sharonville Convention Center (\$1,237,034) and to pay the County's annual contribution for the renovation of the DEC (\$250,000). This distribution was authorized by the "Restated Fourth Supplement to the Cooperative Agreement".

At the next meeting, the staff will present an overview of the various agreements and supplements, the history of the agreements as well as the supplement and a flow of funds through the waterfall.

The City and the County, along with our financial advisors have been working on refunding the debt that is outstanding on the convention center bonds. There are eight different scenarios on the best way to refund these bonds. There are first lien and second lien bonds, bonds backed by the City as well as bonds that are not backed by the City. In addition there a negative arbitrage issues. The City and the County are in the process of narrowing it down to two choices that make the most financial sense not necessarily the most dollars. This process should be moving forward in the next month.

7. CCVB Presentation

Dan Lincoln, CEO; President, Julie Calvert, VP of Communication and Strategic Development and Barrie Perks, VP of Sales and Services; presented information regarding the Convention and Visitors Bureau. Some topics discussed consisted of Occupancy Demand, Daily Rate Growth, Revenue Growth, the amount of time involved in planning an expansion and completing an expansion, marketability of the DEC after the World Choir Games (WCG), the global impression of the City of Cincinnati as a result of the WCG, economic impact of WCG, three year history on occupancy, rate growth, revenue for available room, site visits, and conventions held and booked at the DEC and Sharonville Convention Center.

8. Other Business

Gwen McFarlin and Lisa Anderson will prepare a proclamation to present to Virgil Lovitt, at the next meeting.

9. Next Meeting

The next CFA meeting will convene in early June.

10. Adjournment

Meeting adjourned at 1:40 P.M.