

RHODE ISLAND CONVENTION CENTER AUTHORITY
FINANCE COMMITTEE MEETING
TUESDAY, FEBRUARY 25, 2025 AT 11:00 AM

A meeting of the Finance Committee of the Rhode Island Convention Center Authority (hereinafter referred to as "Authority" "the CCA" or the "Board" was held on February 25, 2025. The meeting was held in the McCarvill Boardroom, Second Floor, Rhode Island Convention Center, pursuant to notice at the Rhode Island Convention Center, One Sabin Street, Providence, RI and the Amica Mutual Pavilion, One LaSalle Square, Providence, RI.

Board members in attendance were Ernest Almonte, Jeffrey Hirsh, Peter Mancini, and Carol Lombardi

Board members not in attendance were George Nee, Paul MacDonald, Dale Venturini, Oscar Vargas, Diony Garcia, Esq., and Jennifer Goodrich Coia, Esq.

Others participating were Daniel McConaghy, Dana Peltier, Linda Maroun, and Melissa, O'Connor, Convention Center Authority; Dan Schwartz and Judy Ferreira The VETS; Lawrence Lepore and Christina Montanaro, RI Convention Center and AMP; Michael Crawley, Citrin Cooperman; Bruce Leach, Legal Counsel; and Debra Polselli, Recording Secretary.

1. Call to Order

Mr. Hirsh called the meeting to order at 11:02 a.m.

2. Announcement of Next Meeting Date

Mr. Hirsh stated that the next meeting will take place on Tuesday, March 25, 2025 at 11:00 a.m.

3. Approval of January 2025 Finance Committee Meeting Minutes

Mr. Hirsh requested a motion to approve the January 2025 Finance Committee Meeting Minutes. Upon a motion from **Chairman Almonte**, which was seconded by **Mr. Mancini**, it was unanimously

VOTED: to approve the minutes of the January Finance Committee meeting.

4. Finance (Month of January 2025)

a. The Vets – Dan Schwartz

Mr. Schwartz reviewed the January 2025 Income Statements, Executive Summaries, and Event Listings (see attached). He stated that it was the best January The VETS has had in a long time with a couple of additional events this year. He reported that they were \$131k better than projected for the month of January, and the gross margin was \$36k better than projected for the month of January. He reported that from a planning side February will show a dip from budget noting that it is hard to predict over year in advance. He further stated that with the upcoming Lil Rhody Laugh Riot, they tried to put as many events as possible into that one event, so they are a couple of events less than budget. He stated that there will be 35 different events happening in the area during the Lil Rhody Laugh Riot, with fourteen (14) events taking place at The VETS. He stated that this is event is beyond The VETS and is a huge event for the City and State and will have a big impact on the budget when reporting March numbers. **Chairman Almonte** commented that he and Mr. McConaghy met with the Governor and the Governor was aware of the event and commented on this event during their meeting. Mr. McConaghy stated that they had made a point to mention the economic impact of the Lil Rhody Laugh Riot and how this event is bringing people to the City not only from Rhode Island but other states. He stated that he anticipates a big impact on the March financials. **Mr. Hirsh** noted that revenue is three times higher and direct expenses are 5 times higher. Mr. McConaghy replied that direct expenses are higher because booking artists for the Lil Rhody Laugh Riot includes artist guarantees and expenses that they would not have otherwise if a promoter booked a show at The VETS.

Mr. McConaghy asked Mr. Schwartz how the event went on Sunday. Mr. Schwartz replied that a Celebration of Life event took place for the two (2) victims (a mom and her son) of the DC plane crash from Barrington had about 900 people in attendance. He stated that while it was a somber event, the family was happy with the outpouring of support and attendees. Mr. Schwartz further stated that the Today Show would be coming into town tomorrow to do a story. He stated that the mom was an artist, and they set up a gallery of her artwork and her son's skating awards. Mr. Schwartz commented that the staff did a great job putting everything together for this Celebration of Life event. With there being no questions for Mr. Schwartz, Mr. Lepore addressed the Committee for his report.

- b. Rhode Island Convention Center – Lawrence Lepore
- c. Amica Mutual Pavilion – Lawrence Lepore
- d. Innovation District Garage – Lawrence Lepore

Mr. Lepore reviewed the January 2025 Income Statements, Executive Summaries, and Event Listings (see attached) for the RICC, AMP, and IDG. Mr. Lepore reviewed the AMP's financials first and noted that the month's shortfall compared to budget was a timing issue and by the end of the year, we will be fine. Mr. McConaghy mentioned the unprecedented March coming up, and Mr. Lepore agreed and noted that this will be the first time hosting the NCAA Div III Wrestling and it will end up being a good event for us. Mr. Lepore then reviewed the IDG financials stating that the biggest surprise is the amount of dailies going through the Garage in addition to the monthly parkers. Mr. Lepore then reviewed the financials for the Convention Center stating that we projected a \$203k loss but the actual loss came in at \$622k for the month of January. He noted that there are several things going on that need attention and they need to right the ship. He stated that they have spent the last few days looking at labor and indirect expenses. Mr. McConaghy stated that we will discuss this further in his Executive Director's Report.

e. Authority and Consolidated – Dan McConaghy

Mr. McConaghy reported on the Authority and Consolidated Financials (see attached). He stated that they will continue to stay the course and operate frugally. He noted that they have allocated some of their expenses to the RICC and IDG. He reported that they are looking more closely at the month of March at the AMP, and they were conservative with their numbers on the two (2) NCAA tournaments, and Sebastian Maniscalco and hope to exceed budgeted revenue projections. **Chairman Almonte** asked to go back to the Convention Center financials (page 4) and stated that while they are aware there will be an extra focus on indirect expenses, he noted the gross margin from the prior year actual at 72%, budget at 66%, and period actual at 57% and that the numbers are going in the wrong direction. He commented on total revenues at \$987k prior year actual versus a period actual of \$830k, as well as indirect expenses prior year actual at \$951k and a period actual of \$1.96m. He stated that he knows we are looking into it, but this is not good and appreciates any additional comments because it is alarming. Mr. McConaghy stated that January events this year compared to last year were not as robust and he understands that the Committee members are concerned about these numbers, and he will talk about it further in his Executive Director's Report.

5. Consultant's Report (Month of January 2025) – Mike Crawley

- a. Statement of Net Position
- b. Advanced Deposit Funding
- c. Accounts Payable Aging
- d. Accounts Receivable Aging

Mr. Crawley reviewed the balance sheets, advance deposits, and aging reports. He reported that all venues are in a strong cash position, as has been for a number of years. He reported that all three (3) venues are very consistent with advance deposits. He reported that the accounts payable aging has taken some work but we are good to be where we are, and Mr. McConaghy mentioned that the one big outstanding bill last month has been paid.

6. Executive Director's Report

- a. Review of Indirect Costs

Mr. McConaghy stated that they have seen the concerning trend in indirect costs, and they have been analyzing year-over-year costs. He noted that the budget was completed eighteen (18) months ago and there were a lot of unknowns at the time, and also the Authority has begun allocating costs differently now. He stated that they still report it, but it is not a good comparison. He stated that across all venues, \$1.4m higher this year than last year and they have tried to pull back and find the main drivers. He stated there was a new payroll system, the OVG transition, but the primary driver is labor and how they are allocating that labor between indirect and direct expenses for events. He stated that he thinks there is \$700k to \$800k sitting in indirects that belong in events. He stated that there is a discrepancy when you look back at operations.

He noted that with the new payroll system on board their team did not have great visibility on the labor that was there, so it is sitting in indirects. Mr. Crawley commented that this is especially true for food and beverage at the Convention Center, but that is now separate and apart. Mr. McConaghy stated that they researched how they can fix the system that is causing this to happen. He stated that we can allocate more money to events but you do not want to push too much to events, but we need to know what these events are costing us. **Mr. Hirsh** asked how nimble we are when it comes to scheduling labor, and Mr. Lepore replied that it is part of the labor contract. Mr. Lepore noted the other issue is historically we have allowed clients to not necessarily carry the amount of labor that is actually necessary to do the event citing an example of a public show paying for 2 custodians, but it should really be 4 and we are paying for the other 2. He then noted that union labor received pay raises. Mr. McConaghy noted that they are not catching up to the labor that is needed to do events. Attorney Leach commented that he has seen contracts that rent is waived if they spend money in food and beverage, and Mr. Lepore replied that this is something that will be changing. **Mr. Hirsh** questioned if we book an event that expects 1000 people, but we base labor on 700 people and then add labor if needed. Mr. Lepore stated that contractually there is a window when it comes to scheduling labor. Ms. Montanaro commented that it is sometimes hard to get people to work at the last minute. Mr. Lepore noted that it is not necessarily part time labor, it is more full-time labor. Mr. McConaghy stated that there are not enough events to allocate labor to and **Mr. Hirsh** stated that he thinks it is a labor problem and Mr. Lepore stated that it is a management problem as well. Mr. McConaghy stated that he and Mr. Lepore recently met with the laborers about performance issues that create inefficiencies with the 2nd shift of laborers finishing what the 1st shift of laborers were unable to finish. He mentioned they discussed eliminating the 3rd shift, which consists of two (2) people. He noted it is hard to expect an employee to sometimes work 3rd shift and sometimes not. Mr. Lepore stated that we need full-time laborers to cover events. **Mr. Hirsh** asked how OVG handles labor in their other venues, and Mr. Lepore replied that it is handled in a lot of different ways, and most do not have our labor contracts. Mr. McConaghy further stated that in the past there have been a lot of capital projects for laborers to work on and we were able to charge labor to capital projects last year. He also noted that we are supporting OVG with additional staff (Finance Manager, Sous Chef, Director of Food & Beverage). **Mr. Hirsh** questioned the comparison between food and beverage payroll now versus three (3) years ago. Mr. McConaghy stated that last year food and beverage indirect expense came in at \$900k and this year it is at \$1.5m, which is due to additional staff, new union agreements, and an increase in benefits. He stated that we are giving them all the tools to do what they need to do to be successful. He then mentioned that we lost Hasbro, who was a big client and short-term business with Providence College. **Mr. Mancini** questioned benefits and that OVG promised to keep benefits the same. Mr. McConaghy stated that the benefit structure changed, and we are looking at going back to Blue Cross/Blue Shield with OVG, which is a better health plan for the employees and will also save the Authority \$120k a year. **Mr. Hirsh** asked why they would not want to keep benefits the same, and Mr. Lepore commented that a premium price is afforded with the more participants in a plan. Mr. McConaghy further stated that the transition period was not included in the budget and \$250k is sitting in indirects at the IDG for the solar panel project that was unable to come to fruition. Mr. McConaghy then recapped the meeting with the laborers, noting that we have given them a 30-day window for improvement. Mr. Lepore stated that procedures need to change on the management side of things as well with work being checked by management and holding laborers accountable for their assigned duties. Mr. McConaghy stated that we can see the path of what needs to be done, and we can make changes accordingly. Mr. Crawley commented that these are important conversations to be had in the first six (6) months of the season. Mr. Lepore stated we need to increase revenue and reduce expenses which Mr. Crawley stated starts and ends with management of the workforce. Mr. Lepore stated that the payroll system promised it could do certain things, and it does not, which is disheartening given these products are very expensive. **Mr. Hirsh** asked what the procedure is for employees punching in/out and if the supervisors monitor the employee punches. Mr. Lepore replied yes, supervisors sign off on payroll. **Mr. Hirsh** asked if there was any “monkey business” and Mr. Lepore replied that it gets corrected by the system – an employee trying to punch in early or an employee who is not on the schedule, the system will not allow them to punch in.

b. Review & Consideration for Retail Lease at the IDG

Mr. McConaghy reviewed the Retail Lease Proposal (see attached). He stated that a high-end salon and spa is interested in leasing space at the IDG. He stated that they are currently part of a larger group and plan to break off on their own. He stated that the tenant would take care of all improvements, and they have engaged the architect we use here because it is a big space. Attorney Leach commented that with Dunkin there was a credit with improvements, and Mr. McConaghy stated that we do not need to do that. He stated it is a 10-year lease with two (2) 5-year options. He noted that it is \$22.50/sq. ft. which is about \$70k a year from lease. He mentioned that they like the garage attachment, which will allow them to offer their clients parking. He stated that the typical protections are in place, and we have approval on signage. Mr. McConaghy stated that he is seeking board approval and would like the Finance Committee to make a recommendation to continue to pursue this lease agreement. With there being no further discussion,

Mr. Hirsh asked for a motion to adjourn. Upon a motion duly made by **Mr. Mancini**, which was seconded by **Ms. Lombardi**, it was unanimously

VOTED: that the Finance Committee hereby recommends that the Board continue to pursue the lease proposal at the IDG.

7. Adjournment

Mr. Hirsh asked for a motion to adjourn. Upon a motion duly made by **Ms. Lombardi**, which was seconded by **Mr. Mancini**, it was unanimously

VOTED: to adjourn at 11:52 a.m.