

**LOUISIANA STADIUM AND EXPOSITION DISTRICT**  
**BOARD OF COMMISSIONERS MINUTES**  
**FROM THE MEETING OF DECEMBER 16, 2016**

**PRESENT:** Chairman Kyle M. France and Commissioners Henry N. Baptiste, Hilary H. Landry, Renee A. Lapeyrolerie, Casey J. Robin, Gregory A. Morrison, and Kathleen B. Blanco.

**ABSENT:** None

**I. ROLL CALL and WELCOME**

Chairman Kyle France called the December 16, 2016 meeting to order at approximately 1:10 p.m. and asked Commissioner Morrison to lead everyone in attendance in the Pledge of Allegiance. Present were Chairman France and Commissioners Baptiste, Landry, Lapeyrolerie, Robin, Morrison, and Blanco. Absent: None. There was a full quorum.

**II. APPROVAL OF MINUTES OF NOVEMBER 16, 2016 MEETING**

Chairman France asked for a motion for approval of the Minutes of the November 16, 2016 Board Meeting. Commissioner Landry moved for approval of same, seconded by Commissioner Robin. All were in favor, and the Minutes of the November 16 Board Meeting were adopted.

Chairman France turns to the Operations Reports, commencing with Doug Thornton.

**III. SMG REPORT**

Doug Thornton begins his report by thanking Commissioners Landry and Robin for their support in the budget request (or budget hearings) in Baton Rouge, acknowledging also the presence and support of David Weidler and Evan Holmes. Mr. Thornton felt that it was a very productive session.

Following Doug Thornton's attendance at the CVB meeting on December 15, he states that the LSED enjoyed another good year of growth for the hotel tax, with the CVB doing an extraordinary job in booking room nights and the fact that we now have a direct flight to London. The CVB leadership states that we can expect the hotel tax to be down about one percent compared to 2015, and next year's convention calendar is not quite as strong. That outlook can change with a robust Mardi Gras. Bayou Country Fest has not been factored in, but Mr. Thornton expects the hotel taxes to be relatively the same as what was experienced in 2016, with little growth.

Mr. Thornton states that the NFL changed the start time for the December 24 game to 3:25p.m. A lighter attendance is expected, along with challenges in part-time staffing. SMG has

never hosted a Christmas Eve game, particularly at 3:25. We will be paying the standard time-and-a-half overtime rate and asks if Mr. Farrow Bouton wishes to comment on that.

Mr. Bouton goes over some of the incentives for staffing at this event by offering free lunch and TV give-aways every quarter. Staffing is tracking at about 85%. Employees must work both the Sugar Bowl and Christmas Eve.

Mr. Thornton states that this is a great incentive and a way to recognize our employees, and working weekends and holidays is just part of our business. The Sugar Bowl, hosting Auburn and Oklahoma, comes right after the December game, and ticket sales have not been as robust as we are hosting second place teams from the Big 12 and SEC. We are expecting attendance of about 55,000. The other problem is that it is on January 2<sup>nd</sup>, and it is the last bowl game before the playoffs. It creates a problem because of weekend travel plans and people going back to work. This could impact our budget going forward, from our self-generated revenues we talked about earlier.

Mr. Thornton gives a brief year-end recap, from a capital improvement standpoint and then looking ahead to 2017. On the capital improvement side, we achieved \$45.2 Million across the Superdome, Alario Center, TPC, and Baby Cakes Stadium: \$41 Million of that was spent at the Superdome for the scoreboard and HD room, which was about \$18 Million; Suite renovations were about \$8.5 Million; and ESCO I fully complete was about \$7.1 Million. Audio upgrades were paid for by the Saints' contribution of \$25 Million, so of this \$41 Million, a significant amount was Saints-funded. The Alario Center had \$540,000 of work done, TPC about \$2.6 Million, and Baby Cakes Stadium \$306,000.

This year may have been a record year for concerts attributed to by Alan Freeman and his team. Between the Saints and Pelicans games, it can be difficult to find an open date for a touring promoter. Ten concerts were held at Champions Square and two stadium shows in the Dome. In 2017, we have the two-day Bayou Country Music Fest. The Beyonce show on September 24 was spectacular; that was two days before the 10<sup>th</sup> Anniversary game. We also hosted Guns N'Roses, which was a big tour. In 2017, there is the All-Star Game and Beach Body Fitness and Lifestyle Convention, with approximately 30,000 people from around the world. Right after that is Essence. We are also hosting the CBS Sports Classic Basketball event on December 23<sup>rd</sup> for the first time, which includes four teams: Kentucky, Ohio State, UCLA, and North Carolina. This should be a big draw for the City and will help generate hotel taxes. We have a very good relationship with CBS Sports, who are very comfortable with both buildings (Superdome/SKC).

Alan Freeman gives a brief background on New Orleans' history of hosting events like Super Bowls, Final Fours, and College football championship games.

Evan Holmes leads into his report also thanking Commissioners Landry and Robin for their appearance at the budget hearings in Baton Rouge, and commenting that it was the best LSED presentation ever had. We were prepared to address concerns from a state budget standpoint, and they were happy with the LSED and everything that is going on. Mr. Holmes

expresses his sentiments to the Board, stating that it is not just what you hear in the legislative auditor's report, but it comes from committees as well. David Weidler comments that Evan Holmes got the message across as to how our budget is in three components, that being the LSED expenses, the amount of money we pay to teams, and the operations of the Dome and Arena. Once we've taken out the obligations of the LSED and the teams, all that is left is about \$25 Million, in a \$90 Million budget to operate the facilities. Mr. Holmes comments that they were able to answer all of the questions and felt that they had a good information packet that led the way. He is sure they will make more trips in the next several months and will continue to invite members of the Board, putting Commissioner Landry at the top of their list.

Mr. Holmes states that he and Jason Akers received approval from the State Bond Commission for the QECB subsidy part of the ESCO II project. It was a good discussion, with no pushbacks.

Mr. Holmes refers to Doug Thornton's year-end analysis on the Capital Improvements, event work, and the DBE Program, which will eventually be loaded into the Director's Desktop. The DBE Program came into existence in May 2016, when both Capital and discretionary spending was tracked, which was around 10% with two firms. That number is lower because of Capital projects, right around two percent through October. Since October, two projects came through, one being the ESCO II project and then the ongoing project at the Airline stadium with Manning Architects for the escalator and elevator repairs. From a DBE standpoint, there has been discretionary spending: supplies, equipment, and materials to operate the facility, around 30% over the past several months. Mr. Holmes states that there is a list of vendors involved with respect to dollars from a DBE perspective. All of this will be placed on the Director's Desktop.

Alan Freeman begins his operations report by stating that 12 games were hosted at the Superdome since the last Board meeting, of which nine games attracted approximately 50,000 in attendance, two Saints games, and Beyonce. Bayou Classic had over 57,000 in attendance, the largest crowd since after Hurricane Katrina. It appears that Bayou Classic is back on solid ground and hopefully will sustain itself in the future. There was also the Marine Corps Ball in the Dome, attended by over 1,700. This event was catered by us and was a huge success. Phyllis Taylor helped to underwrite some of the costs.

Moving on to the Smoothie King Center, nine Pelicans games were held over the last month, and also three concerts: Jeff Dunham, Dolly Parton, and Maxwell with Mary J. Blige. Champions Square activities were limited to the Saints and Bayou Classic. Club XLIV hosted private events.

Upcoming events at the Dome are R+L Carriers New Orleans Bowl and the Saints Christmas Eve game. We will not be hosting playoffs this year, and the last game for the season is the Sugar Bowl.

The SKC had six Pelicans games, WWE Raw will be on January 9<sup>th</sup>, and Red Hot Chili Peppers on January 10. Due to low ticket sales, the Amy Schumer New Year's Eve show will move to the Mahalia Jackson Center. Tonight (December 16<sup>th</sup>) will be the New Orleans Bowl

Free Concert at Champions Square, with Gin Blossoms and Better Than Ezra, and Super Bowl on January 2<sup>nd</sup>.

Mr. Freeman goes through scheduled events in 2017: Stevie Nicks with the Pretenders and Winter Jam on March 15<sup>th</sup>, Neil Diamond on May 2<sup>nd</sup>, Lionel Richie and Mariah Carey on May 18<sup>th</sup>, and New Kids on the Block, Boyze II Men, and Paula Abdul on May 19<sup>th</sup>. We are still working with the NBA, planning and getting everything in order for the NBA All-Star weekend. The Champions Square contracts are complete, and we're working on parking and utilization of the Dome for their events. Upgrades consist of installation of additional plaza level directional signs in the Dome and signage at the Arena. Rubber coating on Arena stairwells are almost complete.

Finally, Mr. Freeman takes the Board and those present through the presentation of event activities and attendance at the various facilities. Battle of the Bands had an attendance in the mid-twenties. Commissioner Baptiste thanks Messrs. Freeman and Thornton for assisting the Athletic Department at Southern with audio difficulties in relaying the sound to the coaches on the sidelines. He also states that there were 67,000 fans in attendance resulting from Grambling's and Southern's extra efforts in selling a lot of tickets. Each team gets to keep what they sell. Chairman France acknowledges that both teams had a very good representative for the organizations, Dottie Belletto. This is her third year, and she has done a great job with promoting this event.

Mr. Freeman continues going through the slide presentation of Landry-Walker's win in the 5A championship in the Superdome. The SKC events are running ahead of schedule, but the event attendance is a little behind. Dolly Parton's show was in November, with Maxwell and Mary J. Blige in early December. Champions Square concerts had a good year, including the November Hewlett-Packard private event. Commissioner Lapeyrolerie comments on the great photography done by Mark Waguespack, SMG's graphics designer.

Alan Freeman states that they are trying to acquire the X Games in 2021 and 2022, an ESPN-owned event. He goes through raw footage shoots taken by a drone of the complexes, giving everyone an aerial perspective of the campus, between the SKC, the Dome, and Champions Square. Doug Thornton comments that the area is right at two million square feet and another 1.2 million for the parking garage, for a total of 12 acres.

#### **IV. FINANCE REPORT**

David Weidler leads into his financial report that the hotel/motel tax is still growing, now right at \$454,000 higher than last year at this time. The one-penny tax kicked in this month, right on target, but the slots are a little behind budget. The Superdome is slightly behind budget due to higher expenses, covered at last month's meeting. Utility costs were higher due to fuel adjustments, and the sewerage and water went up 10% in the City of New Orleans, along with background checks and employee training. Revenues will increase for the Dome, with Country Fest, a non-budgeted item that will kick in at the end of May. The Arena is \$700,000 or better due the number of events, and Champions Square is \$53,000 higher than budget. Lease

payments to the teams are on track, no real variance. Mr. Weidler comments on the audit exit conference, our 12th straight legislative audit without any issues.

## **V. CONSTRUCTION REPORT**

Pat Tobler of The Tobler Company begins his report, stating that end zone boards are complete, finally accepted, and under warranty and maintenance agreements. Part of the Capital cost is that Broadmoor/Panasonic is responsible for complete maintenance and warranty for the boards for five years, which means no operating costs with regard to the boards.

ESCO I with Siemens is 100% complete. Due to event activities, garage structural repairs should come to a close by New Year's. Lot 4 lighting will be acted on today with an award of a contract. RFP's for structural column repairs have been distributed to the evaluation team, which should be presented for an award recommendation at the next Board meeting in January. The 500-level tie-breaker transformer replacement should be out to bid on January 12. The center-hung scoreboard at the Arena had ongoing IM replacement under warranty and maintenance. Expansion joint work along the plaza at the SKC is complete, generating a new warranty from the contractor. The Alario Center sidewalk replacement has moved to Phase II. This work is being done in four phases to not adversely affect the event schedule there. Kitchen Hall C foundation settlement is still in the design process, going slower than expected. Testing should be in early January to finalize the design. Floor finishing at the Alario Center should be complete in a couple of days. TPC's HVAC retrofit is on today's Agenda for approval. Baby Cakes Stadium elevator/stairwell improvements is out to bid, with hopes to present this to the Construction Committee and then to the full Board at the January meeting. With respect to the Westwego Sports Complex, there are still issues with the seller.

Chairman France brings up the importance of the DBE Program to the Board, the State, and the Governor and that they are working to better those numbers. Evan Holmes states that the numbers mentioned earlier were reflective of the whole year, the last two projects being ESCO II, Lot 4, and the selection of Manning Architects for Airline Highway. These three had at least a 10% DBE participation. We are finding out how we are advertising and evaluating, leading to selections that will fulfill the numbers. Doug Thornton comments that when a project is bid, it does not afford us the opportunity to make a subjective review, and Pat Tobler mentions that even though Lot 4 was a Capital bid, we did obtain a 10% participation. Mr. Thornton feels that we are not reaching a lot of the minority contractors. He states that even though it is advertised, it should be hitting emails on the SLDBE lists and suggests there is a need to talk about how to increase the reach to these minority contractors, perhaps meeting in January. Chairman France concurs.

## **VI. LEGAL REPORT**

Edward N. George (sitting in for Shawn M. Bridgewater) introduced the LSED Legal Report and presented the following Resolutions, which were approved by the Board of Commissioners as noted below:

On motion of Commissioner Morrison, seconded by Commissioner Landry, the LSED approved and authorized the contract with All Star Electric, Inc. with respect to Lot #4 Lighting Project. Bids were received by The Tobler Company on October 27, and documentation was examined and found to be in accordance with public bid laws. All Star Electric, Inc. was determined to be the lowest responsible/responsive bidder. All Star has a voluntary 10% DBE participation. The resolution had the Staff Analysis support of The Tobler Company and the LSED Construction Committee. Funding would be derived from Capital Outlay, and sufficient funds exist to support this resolution. The resolution authorizes Chairman France to execute the contract on behalf of the LSED, and approval of this resolution is recommended.

On motion of Commissioner Lapeyrolerie, seconded by Commissioner Robin, the LSED approved Change Order 001 to the Contract between the LSED and LLJ Environmental, LLC for the sidewalk replacement project at the Alario Center. The change order provides for an additional cost of \$45,890.26 to demolish and haul additional concrete and rebar from the project site, a condition unforeseen at the time bids were solicited and not contemplated by the bidders. The costs for labor and materials associated with the Change Order are found to be reasonable and have been approved by The Tobler Company and Murray Architects. The resolution had the Staff Analysis support of The Tobler Company and the LSED Construction Committee. Funding will be from Capital Outlay, and sufficient funds exist to support the resolution. This resolution authorizes and ratifies the signature of Chairman France to Change Order 001 and approval is recommended. Chairman France asks whether this was because of thicker concrete than what was originally anticipated. Pat Tobler responds yes, stating that the original plan showed concrete of about six inches thick, but in reality, it was 10 inches thick.

On motion of Commissioner Blanco, seconded by Commissioner Morrison, the LSED authorized and approved a contract with respect to the TPC of Louisiana Clubhouse HVAC Retrofit. Bids were received from Dynamic Constructors and All Star Premier Homes, LLC on December 1, documentation was examined and found to be in accordance with public bid laws, and All Star Premier Homes, LLC was found to be the lowest responsible and responsive bidder. The resolution had the Staff Analysis support of The Tobler Company and the LSED Construction Committee. Funding for this project would be derived from Capital Outlay, and sufficient funds exist to support this resolution. Chairman France is authorized to execute the Contract on behalf of the LSED.

On motion of Commissioner Morrison, seconded by Commissioner Blanco, pertaining to ESCO II, Jason Akers, Bond Counsel to the LSED, is asked to present this resolution.

Mr. Akers reiterates Evan Holmes' report that approval had been obtained from the Bond Commission for the portion of ESCO that we'll ask to be designated as Qualified Energy Conservation Bonds. After discussions with state-level officials and others, it was determined that approximately \$3,253,000 would be designated to the overall project. The resolution before the Board today was intended to approve the form of lease purchase agreements that will be attached to the ESCO contract. Negotiations are underway by Pat Tobler, LSED legal counsel, the LSED Construction Committee, SMG, and Mr. Akers with Johnson Controls concerning provisions related to the contract and lease agreement.

Mr. Akers feels it is premature now to adopt the current resolution before the Board and, instead, offered a substitute resolution, which will authorize the Chairman to negotiate and execute a rate lock agreement that would lock in rates with Johnson Controls for possibly a 30-day period. We anticipate approving all documentation within that 30-day period, or the Board would approve all documentation within that period. The Board would then be ready to execute it immediately following its final approval.

Mr. Akers introduces Shawn Barney of CLB Porter, who has been working as the LSED's financial advisor along with Foley Judell, looking at financial implications of various changes to interest rates. Mr. Barney will be formally retained when the full resolution is adopted with respect to the lease agreement. Mr. Akers reads the "substitute" resolution into the Minutes, which authorizes and directs Chairman France to negotiate a rate lock agreement with Johnson Controls, Inc. in connection with one or more lease-purchase agreements to be executed as part of the Energy Savings Performance Contract to be entered into by and between the LSED and Johnson Controls. The rates contained in said rate lock agreement do not exceed 2.75% on a tax-exempt basis and 4.00% on a taxable basis, and the other terms and conditions are satisfactory to the Chairman, with advice of counsel and bond counsel to the LSED. The LSED authorizes and directs Chairman France to execute said rate lock agreement on behalf of the LSED.

Chairman France, speaking for himself and the Board, is hopeful that Johnson Controls will come to a resolution of the contract, the rate lock agreement, and move forward.

Commissioner Lapeyrolerie asks if there is a need to withdraw or defer the initial resolution, and Mr. George responds that a formal motion is not needed.

Chairman France thanks legal counsel and Mr. Akers and also commends Doug Thornton and the SMG team through the new Board's learning curve and appreciates all of their efforts in helping the Board through the process, answering all of its questions while being very transparent. Chairman France also thanks Pat Tobler and his team in making the projects happen and to Ted George and Shawn Bridgewater for their good work, stating that it has been an honor for him to sit as Chairman and serve with such a wonderful group of people. Chairman France wishes a Merry Christmas, Happy Holidays, and Happy Hanukkah to all of his fellow Commissioners.

## **VII. BOARD REPORTS**

None.

## **VIII. OTHER BUSINESS**

No Executive Session was needed.

**IX. ADJOURNMENT**

On motion by Commissioner Morrison, the December 16, 2016 public meeting of the LSED adjourned at 2:06 p.m.