

LOUISIANA STADIUM AND EXPOSITION DISTRICT
BOARD OF COMMISSIONERS MINUTES
FROM THE MEETING OF OCTOBER 27, 2016

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

ABSENT: Commissioner Gregory A. Morrison

I. ROLL CALL and WELCOME

Chairman Kyle France called the October 27th meeting to order at approximately 1:19 p.m. and led those in attendance in the Pledge of Allegiance. Present were Chairman France and Commissioners Baptiste, Landry, Lapeyrolerie, Robin, and Blanco. Absent: Commissioner Gregory A. Morrison. There was a full quorum.

II. APPROVAL OF MINUTES OF SEPTEMBER 27, 2016 MEETING

Chairman France asked for a motion for approval of the Minutes of the September 27, 2016 Board Meeting. Commissioner Robin moves for approval of same, seconded by Commissioner Landry. All were in favor, and the Minutes of the September 27 Board Meeting were adopted.

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

III. SMG REPORT

Doug Thornton opens his report stating that finances continue to remain strong due to some of the non-team activities Alan Freeman and his group have programmed into the Superdome and Arena, again noting the success of the Beyonce concert on September 25 and multiple concerts in the Arena over the last several months. This is reflected in the news received from Fitch, who has upgraded the LSED bond rating from A to AA; this is a notable achievement from 10 to 12 years ago, when our bond rating was around BBB.

Jason Akers, Bond Counsel, reports that this is a rating on the 2013 bonds issued by the District to refinance the 2006 bonds, done shortly after Katrina for purposes of renovating the Superdome and providing a significant amount of cash flow. The LSED bond rating by Moody's at that time was the lowest it could be and still be investment grade. They were not rated by S&P, as S&P indicated that they would not be able to assign an investment grade rating. Being upgraded to AA is an incredible achievement, which is four notches away from AAA – the absolute highest rating available. This is a tremendous accomplishment for the LSED and the State of Louisiana. With Fitch, we are seeing a number of upgrades that are recognition of the status of the economy in Louisiana and New Orleans. It is impossible to say exactly what the impact of the upgrade would be. When bonds are sold, an interest rate is assigned to those bonds by the purchasers, and that interest rate is simply a function of risk. You now have one of the

three major statistical rating agencies in the United States stating that you are a less risky credit than you were a month ago.

Mr. Thornton states that Fitch was to issue a press release, and Mr. Akers confirms that it has already done so and that the information is available to the financial markets. Mr. Thornton reiterates that this is a significant achievement. The LSED is a stand-alone entity, and not a state agency but a political subdivision. The revenue is what is generated from the hotel tax, self-generated revenues from events, and non-team events. Ticket sales are strong, and the Bayou Country Super Fest will be here in the Spring. Should we decide to refinance or borrow, our increased rating will benefit us in way of lower interest rates, which means lower debt service and less risk.

In December, David Weidler, Evan Holmes, and possibly Commissioner Landry will meet with the legislative staff on the LSED budget for next year; the budget is historically submitted in November and updated in May before the close of our fiscal year. David is always updating the budget until it is presented to the Board for final approval. This process helps to avoid any problems in the process and not get caught up in shortfalls around the State and retain the funds that are projected to be available. There is a long list of Capital needs, so it is important to be able to maintain revenues once they are generated.

Mr. Thornton brings the Board's attention to the operational issue of the extension of Howard Avenue. Funding is available through federal means, and the Regional Planning Commission is leading the process, with the City's involvement. There are issues with the Post Office and ground leases that must be renegotiated, and SMG is taking the lead on trying to make sure that happens. The importance of recommending the closure of Dave Dixon Drive between LaSalle and Magnolia Street (something that could be regulated on demand) is a safety concern for SMG and Centerplate staff, who are constantly going back and forth between the Arena and the Dome, service kitchens, trying to set up for events; there are also security issues. If Howard Avenue could be extended and a portion of Dave Dixon Drive is closed, it would create a relief for traffic and make it more accessible to citizens.

Commissioner Landry believes that it is absolutely crucial. She regularly uses that corridor to walk back and forth between offices and meetings, and feels that it currently poses a huge risk. Mr. Thornton is concerned from a safety/security standpoint. If it could be closed for major events – Saints/Pelicans games, concerts – by putting removable bollards in the street and perhaps putting brick pavers in Champions Square between the Dome and Arena, it would be safer for fans and staff; the funding is available. Alan Freeman states that crosswalks and flashing lights were installed at SMG's own expense to make it safer until the permanent closure is achieved.

Evan Holmes begins his report by commenting on the upgrade in the bond rating, and that two years prior Fitch contacted SMG with their surveillance interview, stating that it was close to an upgrade then.

Turning to the December budget sessions, Mr. Holmes notes that David Weidler and his staff are getting all of the information ready for the first round of hearings. We are also keeping an eye on the "Sales Tax Streamlining Committee," who looks at the fiscal measures that were passed during the legislative session from a sales tax perspective. Given what occurred during the last two special and regular sessions, there has been a lot of change in the sales taxes. There was a brief discussion about the legislation that removed our tax-exempt status for certain events. Mr. Holmes does not think that the LSED is going to be impacted, but the specific piece of legislation relating to LSED exemptions is being examined.

Mr. Holmes states that the TPC representatives and Pat Tobler have had discussions for moving forward with Capital Outlay funded capital projects. The biggest project is the re-grassing effort on the greens and fairways, to ensure that there is a PGA tour-quality venue and that TPC maintains a good relationship with Zurich.

Commissioner Landry participated in an Event Booking information session and walked through the process with Alan Freeman and Mike Schilling, explaining the business of booking. Commissioner Landry commented that the Beyonce/Falcons weekend looked absolutely seamless, so she just wanted to know how the promotions went.

Alan Freeman begins his report with highlights of the football season and the Saints game with Carolina on October 18, with 65,000 in attendance. Food and beverage per-caps were a little over \$24/head. For three regular season home games, the average attendance is just over 66,000. SKC hosted a Pelicans preseason game on October 4, with 11,000 in attendance, and they will play the Golden State Warriors on October 28 with close to a sell-out. Keith Urban was at the SKC on October 15, with 11,000 fans in attendance. There have also been several Champions Square events. During the next 30 days, we have the Saints versus Seattle and then the Broncos in November. On November 11, we host the Moonlight and Miracles Gala, an Ochsner charity fundraiser. The annual Battle of the Bands will be on November 25, Bayou Classic November 26, and more corporate events. SKC will host eight Pelicans games over the next 30 days, Sia on November 3, Tulane-North Carolina on the 11th, and Jeff Dunham on the 20th of November. Champions Square will host the annual Boudin, Bourbon and Beer festival on November 4th. The Harlem Globetrotters will return on March 4th, and Tim McGraw and Faith Hill at the SKC on April 7th. We are still working closely with the NBA for planning of the All-Star events in February. Small teams are coming down on a regular basis to look at Champions Square, the Dome, and Arena with respect to staging and security. This Sunday is the 50th birthday for the Saints, and a statue or series of statues will be unveiled at Gate C commemorating all of the season ticket-holders since 1967.

Turning to the slides, which are based on the most recent financial statements, we have caught up with the deficiencies over September and November. The downturn in the first two months of the year at the Dome was due to poor attendance at Essence Festival and the LCMS. We also sponsored AFLAC's corporate event. The SKC hosted four concerts in September and of course Keith Urban in October. Champions Square had a pretty good concert year.

Jennifer Cooke continues with the slide presentation, stating that almost every event shown in the slides are booked again for next year, which include Bike the Big Easy, an event by a local promoter that SMG has a good partnership with, the Hyatt's in-house group events at Club XLIV and Champions Square, the Woman's New Life Center Gala, and Fore!Kids Foundation Golf Ball. Through social media, there are sales of different events that we're trying to promote. The Tim McGraw and Faith Hill concert was one of our media events, and a wedding in Club XLIV was also a promoted post. Monster Jam is already on sale from the E-blast sent out along with Sia tickets. We have an agreement with the Pelicans for us to be featured in a newsletter sent out regularly to their season ticket-holders. Keith Urban was one of those features in this blast.

This concludes the Facility Operations Report.

IV. FINANCE REPORT

David Weidler begins by stating that the hotel/motel tax as of August is about \$200,000 below last year, and the Superdome is slightly below budget because of the underperforming Essence, offset partially by the Guns N'Roses concert. Some of our costs are up, the biggest being utilities. Fuel adjustment charges are up about \$90,000. It generally levels off over the course of the year and drops down. The Arena is down somewhat but better than budget by \$280,000, mainly because of the lower costs for August. There were four successful concerts held at the Arena, three Saints games, and the Guns N'Roses and Beyonce concerts, both of which were successful. The finances should be very robust in September.

V. CONSTRUCTION REPORT

Pat Tobler of The Tobler Company starts his report by stating that the end zone boards continue to function well, with the final acceptance by Sunday's game, which will commence the beginning of our five-year warranty period. ESCO I is about 100% complete, with some minor lighting replacements targeted for mid-December for a substantial completion to start the savings period. Garage repairs are under way. The contractor is working at night to avoid disruption of the day-to-day operations, which should be completed by mid-December also. There are a number of LSED reserve fund projects, as well as Capital Outlay projects, for which we are trying to acquire consultants, quantify the scope, and get the work out to the public.

The Alario Center sidewalk replacement is under way. With respect to the Hall C Foundation Settlement Project, Lourie Consultants should be issuing a cost estimate and bid documents within two weeks.

As noted earlier, myself and Evan met with Luke and his course superintendent at the TPC concerning the 2017 project list. Much of that will be course work in preparation for re-grassing next year, such as underground drainage and irrigation work.

At Zephyrs Field, Manning Architects are doing their due diligence, going out to inspect elevators in preparation for the bid.

Westwego Sports Complex is on hold until we get through the final stages of acquisition.

This concluded the report on LSED Capital Projects.

With respect to the Westwego Project, Shawn Bridgewater informs the Commissioners that there is a need to communicate with the Parish. Due diligence is complete, but there are some title matters that must be addressed by Seller. Mrs. Bridgewater has been in communication with the Seller's representative for documents, and they are close to making a decision on whether to exercise the option to purchase. We will also require Jefferson Parish's input and the executed Cooperative Endeavor Agreement before going forward.

Evan Holmes will review the DBE report. We broke down the discretionary and capital budgeted items, such as maintenance and servicing, etc., at the facilities. Directing the Chairman and Commissioners to the report, the top portion includes the capital reserve dollars to be approved. The two project items done for \$2.0M and \$1.8M in August occurred before the DBE Program was started. When you look at discretionary expenses, that's the day-to-day purchases being made, there is an increase in the DBE participation. After looking at the partners we do business with, as well as new groups brought on board, we have maintained a participation percent of over 30%.

We are posting many projects on the website and advertising through the City's SLDBE database. The second line of the report lists the DBE requisitions, which are the ones that specify a DBE certification. The translation of those that responded and those that are awarded show up in the line above, with the dollar amount.

Starting with Manning Architect's selection for Zephyrs Field, we will start seeing that Capital project number likely to increase for DBE participation. We will continue to track it, report it, and be happy to discuss it as we go forward.

VI. LEGAL REPORT

Shawn 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 Landry, seconded by Commissioner Baptiste, the LSED authorized and approved appropriation from the LSED Capital Reserve Account \$68,005 for purchase and installation of equipment necessary to operate the Superdome and SKC. Competitive proposals were received for the equipment, installation, and labor charges. The funding source would be the LSED Capital Reserve Account, and sufficient funds are available to support this Resolution.

On motion of Commissioner Landry, seconded by Commissioner Lapeyrolerie, the LSED authorized and approved the Memorandum of Understanding among the LSED, the Zephyrs, and SMG to implement a shared-use program with respect to tools and equipment owned by the LSED and the Zephyrs. Utilization of a shared-use program will afford the LSED and Zephyrs an opportunity for operational efficiencies and cost savings with respect to the tools and equipment described in the agreement.

VII. BOARD REPORTS

Chairman France mentions that the Commission has under consideration an ESCO II project.

VIII. OTHER BUSINESS

No Executive Session was needed.

IX. ADJOURNMENT

On motion by Commissioner Lapeyrolerie, seconded by Commission Blanco, the October 27, 2016 public meeting of the LSED was adjourned at 1:59 p.m.