

**MINUTES OF THE METROPOLITAN ENTERTAINMENT & CONVENTION
AUTHORITY BOARD OF DIRECTORS MEETING – JANUARY 8, 2019**

A meeting of the Board of Directors of the Metropolitan Entertainment & Convention Authority (“MECA”), a Nebraska nonprofit corporation, was called to order by Chairwoman Diane Duren at 1:30 p.m. on January 8, 2019, in the MECA Board Room at CHI Health Center Omaha, 455 N. 10th Street, Omaha, Nebraska.

Roll Call:

Present: Chairwoman Diane Duren, Ms. Susie Buffett, Mr. Tom Kelley, Ms. Dana Washington, and Mr. Jay Noddle.

Proof of Publication:

Notice of the meeting was published in *The Daily Record* on December 31, 2018, and in the *Omaha World-Herald* on December 31, 2018.

A copy of the Open Meetings Law was posted on the table near the side entrance to the MECA Board Room.

Approval of Minutes:

Ms. Buffett moved for approval of the minutes of the November 14, 2018, MECA Board Meeting, seconded by Mr. Noddle.

Motion carried: 5-0.

President/CEO Report:

Mr. Roger Dixon stated that his focus continues to be primarily on the Riverfront Revitalization Tri-Park Agreement and his involvement with the planning committee.

Mr. Dixon attended the Golden Goggle Awards in New York City in November. The Golden Goggle Awards, presented by the USA Swimming Foundation, is an awards ceremony which honors swimmers' achievements over the last year. It also serves as an important fundraiser for the USA Swimming Foundation. An Omaha presence at this event is important as long as we hope to continue hosting the U.S. Swim Trials.

Other Business:

Corporate Sales & Marketing Update

Mr. Tom O’Gorman stated that December is a slow booking month as the agencies and promoters typically all shut down for the holidays. During that time, scaling began for the Major League Baseball (MLB) game between the Kansas City Royals and the Detroit Tigers being hosted at TD Ameritrade Park Omaha (TDAPO) on June 13, 2019. Initial approval of the scaling has been received, and within the next 2 – 3 weeks presales will begin. There will be approximately eight presales before tickets are offered to the general public.

Now that the holidays are officially over, concert bookings are in full swing for May, June and July.

Chairwomen Duren inquired if there is still a lot of artists touring. Mr. O’Gorman stated that new music is being released which means the artists are on the road to promote their music. He noted that although Justin Timberlake had to cancel his December performance, another Saturday night performance was secured for March. There was very little loss from returned tickets and his show remains sold out.

Operations and Technology Update

Mr. Kevin Raymond stated that December was not as busy, but as MECA hit the holiday stretch it provided a good opportunity for staff to get away from the facility, enjoy the holidays, spend time with their loved ones, and get rejuvenated for what will be another busy year.

The rebranding of the facility from CenturyLink Center Omaha (CLCO) to CHI Health Center Omaha (CHIHCO) was completed in December. Mr. Raymond thanked everyone that participated in the rebranding process. There were over 10,000 individual items that needed to be identified, inventoried, bid, received, installed and replaced, and that didn’t include paper products. It was definitely a team effort and the staff did a tremendous job.

The 10th Street traffic light was activated in early December. It was utilized for the Travis Scott concert and three Creighton Men’s basketball games. Approximately 30% of guests are utilizing the left lane going south exiting the garage which has reduced traffic congestion going north. Mr. Raymond will continue to monitor and make any appropriate changes.

Levy Food & Beverage Update

Ms. Chris VanDorn stated that December was a good month operationally for Levy. There was a large catering conference the week before the Christmas Holiday, which combined with Creighton Men’s basketball games and the Travis Scott concert helped close December with favorable financial results. Levy’s sales actualized under budget due to the Justin Timberlake concert being rescheduled to March. However, net profit increased by 6 percentage points over budget. And despite the negative sales, Levy had a positive flow-through of 106% for the month.

As previously reported, Levy partnered with the Open Door Mission’s Project Santa for a Holiday Giving Event for the 9th year in a row. This year donations of over 150 new toys for distribution to families for Christmas were received. The local media did a lot of stories on the program this year and how it helps families in the communities. Ms. VanDorn is very proud of Levy and MECA teaming up to continue to be part of this worthwhile program.

Ms. VanDorn recognized a member of the Levy team, Ms. Peg Lundgren, General Manager of Suites, will be retiring this Friday after having been in the building since it opened in 2003. Ms. Lundgren started out overseeing the Lexus Club Lounge and then moved up to the Suites in 2006, where she has been a fixture ever since. Her presence on the Levy team will be missed and Levy cannot thank her enough for her dedication to the team – both at CHIHCO and at TDAPO.

Additionally, Ms. VanDorn announced that Ms. Jenna McElmury, who is presently the Senior Manager in the Lexus Club, will be leading the team that will oversee the Lexus Club and the

Suites after Ms. Lundgren's departure. Ms. VanDorn looks forward to Ms. McElmury doing a great job in both areas.

Chairwoman Duren stated that the Board will consider doing a commendation for Ms. Lundgren, as it is quite an accomplishment.

Public Relations Update

Ms. Kristyna Engdahl reported that CHIHCO received great exposure with the help of social media. In December MECA's social media following received a substantial boost while promoting "12 Days of Giveaways" across all Facebook, Twitter and Instagram platforms. MECA gave away tickets to shows like Backstreet Boys, Cher, and Dierks Bentley just to name a few. The posts would prompt followers to essentially share MECA's pages with their friends to be entered to win. In those 12 days on Facebook alone MECA reached 94,071 people with 11,535 engagements and gained about 400 followers on Instagram. There were incentives to like or follow MECA's pages to know about what giveaways were to come, so the current Facebook following increased by about 500 – up to 26.7 thousand likes. Also featured on MECA's social media is the reminder to guests about the new stoplight on 10th street which now permits left turns exiting of the garage. It is helpful to remind people of the additional routes to 480 and alert motorists who use 10th street daily to its existence. It's been a learning curve, but the message has been well received, and MECA is hopeful that guests find they are able to exit the garage more quickly.

Last Friday, Mr. Dixon, Chairwoman Duren and Mayor Jean Stothert jointly hosted a press conference at City Hall regarding the Riverfront Revitalization Agreement which became public that day. The Agreement has been received mostly positive by both the media and public with just some occasional skepticism wondering, what's in it for MECA. Ultimately, that question lends an opportunity to remind the public that MECA was created to serve the community, which this revitalized riverfront project will absolutely do – pending Board and City Council's approval.

Finally, Ms. Engdahl noted that while it may seem to be too early, MECA has already begun to rehash the inclement weather communications approach for the College World Series; drawing lessons from last year and looking for ways to improve them. Those conversations are just beginning and will continue into February and onward into spring.

Committee Updates:

Internal Governance Committee

Ms. Dana Washington reported that the Internal Governance Committee met on Friday, January 4, 2019, at MECA's offices. In attendance were Ms. Washington, Mr. Bob Freeman, Ms. DeAnn Olsen, Mr. Dixon and Mr. Stephen Curtis, City of Omaha Finance Director.

Ms. Rachel Turek and Ms. Kailey Riskowski, representing the auditing firm Bland and Associates joined the Committee to review the draft financial statements and independent auditor's report for the years ending June 30, 2018 and June 30, 2017. It was a clean audit; there were no issues, concerns or material weaknesses noted.

The Committee reviewed the 2017 - 2018 Operating Results presentation, which will be shown to the Board of Directors during today's meeting, and the press release of the financial results. The Committee found them to fairly represent the results for the year.

The Committee reviewed the October and November 2018 Financial Statements. After overviews from and discussions with Ms. Olsen, the Committee found the report to be reasonable compared to plan and prior periods, and consistent with standard MECA accounting practices.

The Committee reviewed and discussed the quarterly Investment Summary and found it to be reasonable and consistent with Policy.

The Committee reviewed the letter from Bland and Associates and discussed the scope and timing of the 401(k) Profit Sharing Audit for the year ending December 31, 2018. Field work is scheduled to begin in May and wrap up in June.

Finally, the Committee was scheduled to review the gift log, however there were no gifts reported.

Real Estate Committee

Mr. Noddle stated that there is no new business to report.

Year End Presentation

Ms. DeAnn Olsen presented the financial results for Fiscal Year 2017-2018 which ended on June 30, 2018.

This fiscal year brought a lot of excitement to MECA's facilities, with the attraction of nationally coveted athletic events and an increase in concerts coming through the arena. MECA also fostered some significant changes, with substantial investments in security upgrades, and completing the search for a new naming rights partner.

But in many areas, MECA remained consistent – like the tireless efforts to ensure top notch facility maintenance, the focus on improving the fan experience, and a commitment to customer service. In fact, over half of convention center clientele in fiscal 2017-2018 was repeat business, with the average spending per meeting exceeding the prior year.

We welcomed approximately one million visitors last year, providing an economic benefit for the City.

MECA also continues to proudly manage TDAPO – where for eight years in a row, fans from across the country filled the stands for the National Collegiate Athletic Association (NCAA) Men's College World Series.

Fiscal 2017-2018 brought an array of diverse acts, many requiring quick turnarounds on arena staging. Kevin Hart, Shania Twain and U2 had back-to-back performances over three nights in May. Other shows during this past fiscal year included Paul McCartney, Lady Gaga, Coldplay, Tim McGraw and Faith Hill, Chris Stapleton, Imagine Dragons, Ed Sheeran, Kid Rock, and

Thomas Rhett. It was a successful lineup of events leading to multiple sellout shows and overall strong concert attendance.

The community reliably turns out in big numbers for athletic events at CHIHCO. According to data collected by the NCAA, Creighton men's basketball ranked among the top five in the country for average game attendance in their 2017 season. Creighton women's volleyball can also draw a record crowd. Their game versus Nebraska brought over 14-thousand people to the arena, which was the largest "volleyball only" turnout in NCAA volleyball regular season history.

The center was once again in the national spotlight last March, when MECA hosted the NCAA Sweet 16 Men's Basketball Tournament. Omaha was one of four sites selected, along with Los Angeles, Atlanta and Boston. Tickets were among the most coveted in the country with all sessions quickly selling out. The Omaha Convention & Visitors Bureau (OCVB) tracked media coverage from January through March of 2018, during "March Madness" and the build-up to the event. Coverage in that timeframe reached an estimated 1.8 billion people, with a publicity value of \$7.5 million. Those numbers were fueled in part by nationally televised coverage of the games.

Turning to the financials – Fiscal 2017-2018 was another successful year. MECA generated \$5.7 million of profit before depreciation and amortization, a 14% increase over the previous year. MECA also earned \$45 million in revenue in Fiscal 2017-2018 which are funds that help cover employee wages and updates to the facilities. MECA understands the importance of investing profits into facility maintenance and upgrades, with priority given to keep up with, and anticipate necessary updates as the building ages. CHIHCO is now in its 16th year of operation. MECA is confident that their dedicated efforts, and talented staff, will ensure the building stays competitive and profitable.

In Fiscal 2017-2018, significant investments in safety measures were made, as MECA purchased state-of-the-art metal detectors, updated surveillance technology and improved lighting for the parking garage. Additionally, security personnel have continued the practice of "wandering" people as they enter TDAPO. Both facilities now have a clear bag policy in place. These new procedures have taken some getting used, but fortunately have been viewed favorably by most guests who've agreed safety is a priority.

Other projects included roof repairs over the arena (which was original to the building) and the Aksarben Terrace concrete was replaced, providing an improved gathering space for guests and clients. In total, MECA spent \$2.4 million for capital improvements to the facilities without assistance from taxpayers.

There was another sizeable change at the convention center and arena: the name! MECA began the search for a new naming rights partner in Fiscal 2017-2018, with the transition occurring in the current fiscal year (2018-2019). In September 2018, CHI Health officially named the building "CHI Health Center Omaha" signing a 20-year agreement worth \$23.6 million. Their annual, contractual contributions will be imperative in funding future facility updates and maintenance of which there are sure to be many over the next two decades.

Turning now to TD Ameritrade Park Omaha. Ms. Olsen was pleased to report another strong year at the stadium.

There were 21 Creighton Men's home baseball games at TDAPO in Fiscal 2017-2018; MECA also welcomed the return of the Big Ten Baseball Tournament which will be here annually through 2022. MECA takes tremendous pride in their role with the NCAA Men's College World Series. Some highlights from 2018 included the longest running nine-inning game in CWS history, and Oregon State's championship victory, their third national title in program history. In addition to baseball games, MECA continues to host numerous corporate meetings and wedding receptions. There are also many requests for private tours of TDAPO. Sometimes for class field trips, other times for travelers passing-through, eager to see our nationally renowned stadium for themselves.

TDAPO was again financially successful last fiscal year, collecting \$7.2 million in profits which was distributed among the partners. As a reminder, MECA receives an annual management fee to operate the facility. In Fiscal 2017-2018, MECA met and surpassed steadfast goals of growing profits and revenue, maintaining solid attendance numbers and investing in our facilities – all without the help of taxpayers.

The management team works around the clock to bring a variety of concerts, attractions and athletic events to MECA's venues. Hundreds of MECA full and part time employees help to ensure that each convention, corporate meeting, or live performance operates seamlessly. MECA strives to provide the best homes for Creighton men's basketball, Creighton Bluejay Baseball, and the NCAA Men's College World Series. Their amazing team is also the reason MECA continues to earn repeat business and why many national (and even international) organizations entrust them with their marquee events.

In closing, Ms. Olsen noted that MECA is pleased to meet the goals of maintaining solid attendance, growing revenue and profits, and investing to keep this facility looking as new as the day it opened without taxpayer assistance. These objectives, along with working hard to attract and successfully carry out high-profile events for Omaha will continue to be MECA's focus.

Contract Approvals:

Chairwoman Duren indicated there are six contracts requiring approval.

MECA

Bailey Lauerman and Associates, Inc.

RESOLVED, that the Agreement between MECA and Bailey Lauerman for professional consultation and marketing services during construction of the Tri-Park project, as more specifically set out on the attached summary, is hereby approved.

FURTHER RESOLVED, that the President/CEO's execution of the agreement is hereby ratified and approved.

Chairwoman Duren invited public and Board comment and asked for a motion.

Moved by Mr. Noddle seconded by Ms. Buffett.

Motion carried: 5-0

Kiewit Group, Inc.

RESOLVED, that the Agreement between MECA and Kiewit Building Group, Inc. to provide the construction management services for the construction of the Omaha Tri-Park Complex, as more specifically set out on the attached summary, is hereby approved, and Roger Dixon as President/CEO is authorized to execute the Agreement following its finalization in a form reasonably approved by counsel.

Chairwoman Duren invited public and Board comment and asked for a motion.

Mr. Dixon stated that using Kiewit as the construction manager is the same process MECA used for the construction of CHIHCO and TDAPO. Kiewit will put all construction work over \$20,000 out for bid. If Kiewit wants to do any of those jobs itself they can self perform; however, Kiewit would have to submit bids to MECA for work over \$20,000.

Mr. Jay Noddle praised the agreement, reiterating that Kiewit does not get all the work as construction manager, only part of it.

Moved by Ms. Washington seconded by Mr. Noddle.

Motion carried: 5-0

Renovation and Upgrade to Omaha's Three Parks

RESOLVED, that the *Omaha Tri-Park Complex Development and Management Agreement* between MECA, the City of Omaha and Downtown Riverfront Trust for planning, design, construction, activation, managing, operating and maintaining the Gene Leahy Mall, Heartland of America Park and Lewis & Clark Landing, as more specifically set out on the attached summary, is hereby approved, and Roger Dixon as President/CEO and Diane Duren as Chairman are authorized to execute the Agreement following its finalization in a form reasonably approved by them and by MECA's counsel.

Chairwoman Duren noted the Resolution will be subject to the City Council's approval. Chairwoman Duren then invited public and Board comment and asked for a motion.

Mr. Tom Kelley inquired if MECA's profits would be protected from the standpoint that they are not legally obligated to commit them to the management of the Tri-Parks. Chairwomen Duren responded that the whole basis for the discussion and agreement with the Riverfront Trust and through the Tri-party Agreement was so that the convention center/arena would be protected. MECA would not do anything that would degrade its ability to reinvest in the facilities at CHIHCO (and TDAPO) and so those items will remain separate. MECA's Counsel Bob Freeman noted that this is reflected in a provision in the agreement between the three parties and will be reinforced by forming an LLC type of entity to segregate the books and records of park operations, and to ensure

that any financial outcomes for park management are solely dedicated to that entity. Everything that is MECA (convention center, arena and stadium) will remain completely separate.

Mr. Kelley asked if the City has committed \$3 million per year for the next 10 years to cover operating shortfalls that come from managing the Tri-Parks. Mr. Freeman stated that that was correct although there has been a slight change in the last few days - instead of \$3 million in the first year of 2019, the City will begin in 2020, and will make it up in the next three years so that the total remains at \$30 million over the next 10 years.

Mr. Kelly sought clarification about the philanthropy community's annual \$3 million contribution for the next 10 years (a total of \$30 million) and questioned whether their commitment was legally binding. Mr. Noddle confirmed they are firm commitments.

Mr. Dixon also added that Tuesday morning (the same day as the Board meeting) MECA, along with Mr. Mogens Bay and Mr. Ken Stinson (who participated via telephone), conducted three different meetings with members of the Omaha City Council – where Mr. Stinson and Mr. Bay confirmed that the Downtown River Trust (DRT) has already raised 2/3 of the additional \$30 million needed (for annual operating costs). Chairwoman Duren agreed. Mr. Dixon went on to explain that the DRT has already raised \$219 million for construction costs with several additional requests still pending. The project will cost \$260-\$290 million, which will include the City's \$50 million contribution – and the DRT is confident the rest of the funds will be secured.

Mr. Kelly specified his question was relating to use of the additional \$30 million (\$3 million for 10 years) that appears to be committed by philanthropic leaders (with another \$3 million for 10 years committed by the City). Chairwoman Duren said the intent for those annual commitments is for yearly operating costs including activation and so on; but MECA anticipates they will require less of those funds in the early years (before the park reopens). Therefore, whatever capital is leftover will go into a fund managed by MECA, which MECA will be able to draw from moving forward.

Mr. Kelly said the estimates released in Exhibit D of the Agreement estimate it will cost roughly \$7.5 million a year to operate the Park and questioned if there would be enough funds available. Chairwoman Duren clarified the numbers in the Agreement were estimates, and not a budget, and that MECA will be working with the City to ensure that money is spent judiciously and frugally for the benefit of the community. Mr. Kelly confirmed those were the extent of his questions.

Mr. Noddle emphasized the City's commitment of \$3 million a year, with approximately \$2 million a year from the private sector that's already been secured – therefore by his calculation, there's already \$5 million a year in place. Mr. Freeman agreed, and elaborated that the DRT is committed, by contract, to come up with the additional \$1 million a year, and they are confident they will do so.

Moved by Mr. Noddle seconded by Ms. Buffett.

Motion carried: 5-0

CHIHCO

O'Keefe Elevator Company, Inc.

RESOLVED, that the Agreement between MECA and O'Keefe Elevator Company, Inc. to provide monthly maintenance and service for nine Thyssen/Krupp elevators at CHI Health Center Omaha, as more fully described on the attached summary, is hereby approved, and Roger Dixon as President/CEO is authorized to execute the Agreement following its finalization in a form reasonably approved by counsel.

Chairwoman Duren invited public and Board comment and asked for a motion.

Moved by Mr. Kelley seconded by Ms. Washington.

Motion carried: 5-0

Kone, Inc.

RESOLVED, that the Agreement between MECA and Kone, Inc. to provide monthly maintenance and service for five escalators at CHI Health Center Omaha, as more fully described on the attached summary, is hereby approved, and Roger Dixon as President/CEO is authorized to execute the Agreement following its finalization in a form reasonably approved by counsel.

Chairwoman Duren invited public and Board comment and asked for a motion.

Moved by Mr. Kelley seconded by Ms. Buffett.

Motion carried: 5-0

Harveys Iowa Management Company, Inc.

RESOLVED, that the Advertising/Sponsorship Agreement between MECA and Harveys Iowa Management Company, Inc. d/b/a Harrah's Council Bluffs Casino and Hotel for advertising at CHI Health Center Omaha, as more fully described on the attached summary, is hereby approved, and Roger Dixon as President/CEO is authorized to execute the Advertising/Sponsorship Agreement following its finalization in a form reasonably approved by counsel.

Chairwoman Duren invited public and Board comment and asked for a motion.

Moved by Mr. Noddle seconded by Mr. Kelley.

Motion carried: 5-0

Next Board Meeting

The next MECA Board of Directors Meeting is scheduled for Thursday, February 14, 2019, at 8:30 a.m. in the MECA Board Room.

Executive Session

Chairwoman Duren stated the time is 2:07 p.m. and invited a Motion to enter into closed Executive Session for purposes of discussing personnel, real estate and potential claims matters.

A Motion to go into Executive Session for these specified purposes was made by Ms. Washington seconded by Mr. Noddle.

Motion carried: 5-0.

Adjournment

At 2:25 p.m. a motion was made to come out of Executive Session, and to adjourn, made by Mr. Noddle, seconded by Ms. Buffett.

Motion carried: 5-0

Adjournment 2:25 p.m.