

**SUMMARY MINUTES OF THE
WORK SESSION CITY COUNCIL MEETING
PUBLISHED BY THE AUTHORITY OF THE CITY COUNCIL
OF BLOOMINGTON, ILLINOIS
MONDAY, MARCH 28, 2016; 5:02 P.M.**

The Council convened in Work Session in the Council Chambers, City Hall Building, at 5:02 p.m., Monday, March 28, 2016.

1. CALL TO ORDER

The Meeting was called to order by Mayor Renner who directed the City Clerk to call the roll and the following members answered present:

2. ROLL CALL

Aldermen: Kevin Lower, David Sage, Mboka Mwilambwe, Karen Schmidt, Scott Black, Diana Hauman, Jim Fruin, Joni Painter and Mayor Tari Renner.

Alderman absent: Amelia Buragas.

Staff Present: David Hales, City Manager; Steve Rasmussen, Assistant City Manager; Cherry Lawson, City Clerk; Patti-Lynn Silva, Finance Director; Jay Tetzloff, Zoo Supervisor; Austin Grammer, Economic Development Coordinator; Brendan Heffner, Chief of Police; Bob Yehl, Water Director; Nora Dukowitz, Communications Manager; Eric Vaughn, Deputy Fire Chief; Jennifer Toney, Grants Coordinator; Jeff Jurgens, Corporate Counsel.

3. PUBLIC COMMENT

Mayor Renner opened the meeting to receive Public Comment. No individuals offered comments during the meeting.

4. PRESENTATION AND DISCUSSION REGARDING THE PROPOSED COLISEUM AGREEMENT

David Hales, City Manager, provided introductory remarks. Steve Peters, VenuWorks Founder and President, was unable to attend the Work Session. John Siehl, Chief Operating Officer and Russ Ferguson, Vice President for Food/Beverage were introduced.

The US Cellular Coliseum (USCC) had been managed by Central Illinois Arena Management (CIAM) since the 2006 opening. The City's management agreement with CIAM expired April 1, 2016. Staff researched industry leaders and best practices for nearly a year

during contract negotiations, interviewed management companies and recommended Iowa-based VenuWorks to manage the USCC, effective April 1, 2016.

The initial agreement with VenuWorks was a 90-day transition period, during which no management fee would be assessed, a five (5) year agreement was anticipated to follow. The terms VenuWorks proposed for the agreement included: 1.) \$114,000 was the annual management fee; 2.) VenuWorks would earn five percent (5%) of concessions gross sales; 3.) VenuWorks would earn a five percent (5%) straight commission on all sales, including naming rights; 4.) The contract would include “disincentives,” or lower commissions paid to VenuWorks if mutually agreed upon budget goals were not met and 5.) The City may terminate the contract after three (3) years without cause.

John Siehl, Chief Operating Officer, provided a presentation. VenuWorks had been in business since 1996. He cited the communities served: Toyota Center, Kennewick, WA; United Wireless Arena, Dodge City, KS; Hofheinz Pavilion, Houston, TX; Hartman Arena, Wichita, KS; Swiftel Center, Brookings, SD; Sanford Center, Bemidji, MN; Hara Arena, Dayton, OH; Alerus Center, Grand Forks, ND and Cedar Rapids Ice Arena, Cedar Rapids, IA averaging 5000 to 7000 seats. US Cellular Center, Cedar Rapids, IA seated 9000 and the Ford Center, Evansville, IN seated 11,000, similar to USCC.

VenuWorks handled management and consulting. They had assisted communities with building from the ground up and determining the types of entertainment and sporting events to expect. Same believed in being transparent, honest and worked with communities to be successful.

VenuWorks was Midwest-based and prepared to begin on April 1, 2016. Their five (5) pronged approach included: 1.) Finance and Administration; 2.) Operations; 3.) Programming; 4.) Sales, Marketing and Ticketing; and 5.) Food and Beverage. Focus on Safety and Security was critical. Events considered included Football, Hockey, Musical Concerts, Family shows and attractions and Community programming.

The City would have a Licensed User Agreement with Ticketmaster (TM). TM would provide all hardware, equipment and software free of charge. The City would receive forty percent (40%) of all customer service charges and the ability to set variable fees and ticket prices.

Contractually Obligated Incomes (COI) included 1.) Naming rights; 2.) Display advertising; 3.) Marquees; 4.) Pouring rights and 5.) Event Sponsorships. Same were good sources of revenue with the City receiving the majority of funds. USCC’s Naming Sponsor’s contract had expired.

Russ Ferguson, VenuWorks Vice President for Food/Beverage, stated VenuWorks would purchase locally benefiting the community. Strict compliance with food safety was practiced. Hiring and training to meet food handling compliance would occur.

Mr. Siehl stated the proposed contract for management of USCC included: 1.) "Safe Harbor" termination option at the end of third (3rd) year and 2.) Renewal option for five (5) more years. VenuWorks would provide 1.) Maximum programming for maximum revenues; 2.) Potential investment with an interest-free loan for Food/Beverage equipment with five (5) year amortization; 3.) Concessions operation yielding forty percent (40%) profit of gross standard Food/Beverage sales; 4.) Ticketing contract yielding forty percent (40%) of customer service charges revenues and free ticketing hardware and software; 5.) COI revenues exceeding previous amounts, including Naming Rights; 6.) Total transparency in Administration, Accounting and Operations and 7.) Responsibly managed operating expenses.

David Hales, City Manager, clarified that the Pepsi Ice Center was not included in the proposal.

Alderman Sage questioned the City's access level to review operating details. Mr. Siehl stated the Finance Director would have access to VenuWorks' QuickBook system. Alderman Sage questioned VenuWorks' community outreach in the next sixty (60) days. Mr. Siehl stated the Executive Director would seek out community leaders, community venues and the media to introduce himself/herself to discuss what VenuWorks brings to USCC. VenuWorks' staff would be encouraged to become part of the community.

Alderman Fruin questioned VenuWorks biggest challenge working with municipal governments. Mr. Siehl believed micromanaging was the biggest challenge. Open communication was important and essential to develop a good relationship. VenuWorks brought managing expertise to the City. Alderman Fruin questioned a radius clause in the contract. Mr. Siehl stated the contract had not been finalized, but there was typically such a clause.

Alderman Black questioned marketing strategy and advertisement. Mr. Siehl stated same was part of the contract and part of VenuWorks responsibility. Knowing the customer helped to determine where to spend the advertising funds. This knowledge was gained through analyzing the market, ticket sales through TM and past sales records. Alderman Black believed a quarterly meeting presentation would be beneficial. He believed the City would benefit from VenuWorks USCC management.

Alderman Schmidt questioned coordinating events in the City. Mr. Siehl stated management would watch the events' schedule in the City. A relationship with other City venues would be developed. Alderman Schmidt questioned hiring strategy and current employee

strategy. Mr. Siehl stated current employees would be evaluated to assure VenuWorks standards were met. This would take time and would not be taken lightly.

Alderman Mwilambwe questioned the timeframe to see success. Mr. Siehl believed a good routine would occur within three (3) to six (6) months dependant on the transitional staff hired. It would take a year to understand the course of events planned and what worked for the City. Alderman Mwilambwe questioned the expenses incurred in the first ninety (90) days. Mr. Ferguson stated no management fee would be charged. Travel and housing expenses would be reimbursed. Jeff Jurgens, Corporate Counsel, stated the City and VenuWorks would produce a temporary ninety (90) day budget to monitor expenses.

Alderman Lower questioned the successful operating status for the other fifty (50) VenuWorks facilities. Mr. Siehl stated most accounts met or exceeded budgets. Monthly budget reviews assisted in monitoring each venue. Alderman Lower questioned Capital Improvements needed for USCC. Mr. Ferguson stated there were no immediate needs. Future improvements would be proposed for City approval.

5. PRESENTATION AND DISCUSSION REGARDING THE AWARD OF AUDIT CONTRACT WITH BAKER TILLY

Patti-Lynn Silva, Finance Director, gave a brief overview. The City issued a Request for Proposals (RFP) for Audit Services on February 12, 2016. The RFP was to provide audit services for the City, US Cellular Coliseum (USCC), Foreign Fire Insurance Board, Tax Increment Financing (TIF) funds and the Library Foundation for Fiscal Year (FY) 2016 and options for the following four (4) years. Notice of the RFP was published in the Pantagraph on February 12, 2016 and e-mailed or mailed to twenty-one (21) firms. Seven (7) firms submitted proposals. Three (3) firms were selected for in-person presentations and interviews. A committee of five (5) individuals (including a representative from the Town of Normal's finance department) evaluated the presentations and interviews. References were checked.

Based on the results, City staff recommended Baker Tilly as the City's auditor for FY 2016 with options for each of the following four (4) years. While price was not the primary factor in selecting an audit firm, Baker Tilly submitted the lowest overall cost proposal for the five (5) year term. The cost proposed for the FY 2016 audit would result in \$28,000 savings from FY 2015. Baker Tilly was ranked among the top fifteen (15) largest accounting firms nationally and had audited governments and operations that included utilities, libraries, parks, golf courses and TIF districts. Some had experience with entities that outsourced management of certain operations to a third (3rd) party management company.

Baker Tilly's references were satisfied with the service provided and indicated that the quality and consistency of staff assigned to their engagements was excellent. Baker Tilly was very responsive to their requests throughout the year.

Michael Malatt, Baker Tilly Audit Manager, stated he had been with Baker Tilly nine (9) years and was experienced with governmental auditing for cities, towns, villages and school districts. Baker Tilly was experienced with entertainment venue audits.

Alderman Schmidt questioned the timeline for Baker Tilly to begin auditing. Ms. Silva stated Baker Tilly would provide the close-out audit for the USCC for FY 2016.

6. ADJOURNMENT

Mayor Renner asked for a motion to adjourn the meeting.

Motion by Alderman Painter, seconded by Alderman Hauman, that the meeting be adjourned. Time: 6:10 p.m.

Motion carried, (Viva Voce).

CITY OF BLOOMINGTON

ATTEST

Tari Renner, Mayor

Cherry L. Lawson, City Clerk