

LOUISIANA STADIUM AND EXPOSITION DISTRICT
BOARD OF COMMISSIONERS MINUTES
FROM THE MEETING OF NOVEMBER 16, 2017

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

ABSENT: Commissioner Kathleen B. Blanco. There was a full quorum.

I. ROLL CALL and WELCOME

Chairman Kyle France welcomed everyone to the November 16, 2017 meeting, calling it to order at approximately 1:14 p.m., and Commissioner Landry led everyone in attendance in the Pledge of Allegiance. Present were: Chairman France and Commissioners Landry, Baptiste Lapeyrolerie, Robin, and Morrison. Absent was: Commissioner Kathleen B. Blanco. There was a full quorum.

II. APPROVAL OF MINUTES OF OCTOBER 25, 2017 MEETING

Chairman France asked for a motion for approval of the Minutes of the October 25, 2017 Board Meeting. Commissioner Morrison moved for approval of same, seconded by Commissioner Lapeyrolerie. All were in favor, the motion carried, and the Minutes of the October 25, 2017 Board meeting were adopted.

III. SMG REPORT

Evan Holmes begins the SMG General Matters and Services reports while awaiting the arrival of Doug Thornton and takes a moment to thank Lydia Folsie and her team for hosting the November Board meeting at the Alario Center. The agreement with JD Russell Consulting has been finalized, and drafting of the deliverables will now begin, to include training our staff and ongoing auditing of the program moving forward. The next item with respect to this program is the December 5 meeting, where members of the local New Orleans community will be invited to the Superdome to get a better understanding of who we are and what we do. It is a way for us to reach out to those with whom we have not done business, those who can fill the role of our purchasing requirements, and those who understand how to compete for our contracts. An invitation will be sent out to the group to make sure that everyone has an invitation.

Another project update is the Westwego Sports Complex. Since the last meeting, an agreement was reached with Duplantis Sports Force, the architects and subject-matter experts. Before turning the project over to Duplantis, we will have stakeholder meetings to gain a better understanding of what the needs are, for a feasibility study. This will be a Jefferson Parish-owned facility once completed, so we want to ensure that all stakeholders that may be potential users have the ability to have some input. There will be a survey within the next few days going out to certain user groups, with ongoing discussions with those user groups so that Duplantis Sports Force will have some direction for the [facility] to reflect the needs and demands of the

local community. Commissioner Morrison asks to see the survey when available. Follow-up meetings will also be conducted with the work group to review the results and to assist in moving forward in the right direction.

Mr. Holmes turns to the Master Plan for the Superdome, stating that SMG continues to work through the process with Gensler-Trahan; he feels they have a good handle on the direction of that plan. We've gone from the dream phase to the reality phase and have a direction for the architects, within certain budget constraints and timelines for construction. Parameters have been laid out, and Gensler-Trahan will come back with an update on the last report. In the interim, we are working on discussions with respect to the financing alternatives. Mr. Holmes believes SMG will have a good program by the time we get to the point where we're ready to start making big decisions and pull the trigger is pulled on some of the projects.

The Joint Legislative Committee on the budget hearing is December 20. The regularly scheduled JLCB meeting is November 20. We've heard nothing directly but have inquired several times, trying to understand if we are required to attend; sometimes, we're not part of the agenda. Out of an abundance of caution, we're likely to attend. Mr. Weidler notes that the Committee is meeting with every agency in the state about statutory dedications, trying to determine if they can call back some of them. The LSED has two on the agenda, but as of yesterday afternoon [November 15], Mr. Weidler has not heard whether we must be there for the presentation. They will be talking about the site revenues and the non-resident player tax.

[This concludes the General Matters and Services Reports.]

Alan Freeman begins his Facility Operations Report, beginning with displaying the event photos as he moves towards describing the events over the last month. Over the last three and one-half weeks, there were two Saints games – Chicago Bears on October 29 and Tampa Bay on November 5. The Saints are 7-2, leading their division, a great position for getting into the playoffs. Attendance has averaged 65,000, with food and beverage per-caps holding at \$23/head. The Marines Corps Birthday Gala was held on November 3, and the annual Ochsner Moonlight & Miracles Gala was on November 10.

The Smoothie King Center hosted six Pelicans games, who are now at 8-7, currently in seventh place in the Western Conference. Jay-Z performed on November 9, with 13,700 in attendance.

Champions Square hosted Jason Aldean on October 26, with 7,000 in attendance, and food and beverage per-caps were \$22.25/head. The annual Boudin, Bourbon and Beer event was held on November 3, and the American Heart Association Walk was on November 11.

Mr. Freeman presents a quick recap of how the facilities are performing relative to budget for the first quarter of this fiscal year. The Superdome is ahead with non-Saints events activity and attendance; SKC is the same. SKC was closed the entire month of September for installation of the sports lights, which was accounted for in the budget; it is still performing very well.

New event activities over the next 30 days are three Saints games – Washington Redskins on November 19 and the Carolina Panthers on December 3. The game time was moved to 3:25 p.m., and we generally do better food/beverage wise. Champions Square also performs better with a later kickoff. It's a great match-up since Carolina is in second place in our division.

WrestleMania On-Sale Party is tonight [November 16], a free event to kick off the On-Sale for WrestleMania. Presales have taken place all week, selling close to 33,000 tickets.

Next week will be the Battle of the Bands and Bayou Classic. December 7 – 9 we will host the LHSAA Football Championships, with nine games over the course of these three days. The following Saturday is the R + L Carriers New Orleans Bowl.

SKC has eight upcoming Pelicans games over the next 30 days. Dead & Company will perform on December 5 and I Love the 90s Concert on December 15. This event is tied into the New Orleans Bowl and replaces the Free New Orleans Bowl Concert done in the past.

Champions Square is going to be busy with football game-day activities with the Saints and then Bayou Classic. There's the Big Easy Running Festival on November 18.

Confirmed new events are the King Cake Festival on January 28 in Champions Square; Luke Bryan at the SKC on March 10, and Maroon 5 on June 14. Weezer and the Pixies will be at Champions Square on June 26, with Taylor Swift at the Dome on September 22.

Mr. Freeman states that they are continuing with the ongoing way-finding signage upgrades in the Superdome and are moving forward with replacing the Gate A ground level video boards. David Weidler has been working with a consultant for replacing the garage arm systems at all Dome garages and also a software upgrade to allow for acceptance of credit cards at the cashiers' booths for event parking. The re-stripping of the Dome garages is now complete; this is done every three to four years.

Work on the Sugar Bowl contract is still underway, with negotiations with the Saints on many of their agreements. That must be done first before we can actually do the contract.

We have a full-time Safety and Quality Assurance manager, who makes sure that our operations comply with OSHA, has been involved with the crosswalks and traffic direction signs on Dave Dixon Drive, and organizes all training sessions performed three or four times monthly. We recently had an active shooter training session and a stop the bleed training session, covered by WWL and perhaps other networks on site.

[This concludes the Facilities Operation Report.]

Jennifer Talbot of Sales & Marketing begins her report by stating that the Convention and Visitors Bureau now realizes the economic impact and financial gain from weddings. The CVB started a Destination Wedding Guide, to be distributed to 7,500 couples and wedding planners, in print and online. It is complementary and has a year-long shelf life. SMG participated in the ad

and received a great placement, with hopes that it will bring some weddings to Club XLIV and the Club lounges.

Sales & Marketing also had a pregame Halloween contest in Champions Square. The winner selected by the crowd won a pair of tickets to the Trans-Siberian Orchestra concert. In addition, Alan Freeman touched on WrestleMania, selling a number of tickets [refers to a commercial].

[This concludes the Sales & Marketing Reports.]

Commissioner Lapeyrolerie comments that Serena Williams was getting married in New Orleans at the CAC tonight.

Chairman France thanks Lydia Folse for hosting this meeting and asks for an update on the Alario Center.

Ms. Folse comments that currently the kitchen project is underway, and that Michael Smardzija would be available to show anyone where it was and where it is going with Pat's [Tobler] vision. She also comments on the new plaza and landscaping. There are not many events going on at this time of the year.

Mr. Smardzija states that they had discussions with the JPSO SWAT team, who will conduct active shooter training at the Center. JPSO will also map out the building and locate the access points. We want to be prepared should something ever happen.

The Alario Center is also hosting the Magic of Christmas Gift Shop the weekend of November 18-19, with 125 vendors and 200 booth spaces. The first 101 people receive tickets to the Trans-Siberian Orchestra concert at the Arena. The Center is also hosting a Christmas Tea on November 19. In December, the Jester Jingle Cheerleading is the first weekend, and the following will be the Judges Holiday Classics Gymnastics and Spirit Blast Cheerleading. In January, there is the Sugar Bowl National Prep Classic (a basketball tournament of girls/boys high school teams). Ed Daniels from ABC-26 puts that on. There should be about 80 teams. For the Memorial Day weekend, the Center will host a tournament with about 400 beams. With youth sports being big, they've learned that girls spend more money on concessions. There's a demographic difference in spending and hotels all across an event, whether it's gymnastics, basketball, cheerleading, and dance.

Commissioner Morrison wonders that with 80 teams, are they not lying in a championship bracket. Smardzija responds that there are two girls' brackets and two for boys, with about one-quarter of out-of-town teams and the other three powerhouse teams from the region. Alario has six courts going for that tournament.

In January, the New Orleans Volleyball Tournament is set for the Martin Luther King weekend, and at the end of the month, there is the NOLA National Invitational Gymnastics Meet. For this year, Jake Dalton from the U.S. Olympic Team will be in attendance to greet, talk, and take pictures.

Doug Thornton points out that when you think about the Westwego Sports Complex, the outdoor fields that will be built, the indoor campus, and what you see around the country is indoor sports – volleyball, basketball, and gymnastics, he feels it will complement the outdoor fields to be built. Smardzija agrees that Westwego will have the whole package.

Ms. Folsie states that it's going to be crucial to do cross-events. What she hopes they will be doing, perhaps after the holidays, is to work with NOLA Motor Sports. People who attend those events are here for the weekend, so we have to try to keep them on the west bank. Referring to the Christmas Tea, Ms. Folsie states that the Center is producing that event; it's more or less a marketing thing to get the Center's name out and break the barrier between the east and west banks.

Mr. Smardzija mentions that a couple of weeks prior to this November meeting, the Westbank Heritage Festival was held, an event that was going to be at the ballpark but was moved to the Center due to inclement weather. They had the concert stage in the main arena, food/beverage and all vendors in Hall B, and a church service in Hall C. This idea [indoors] was always there, but no one ever wanted to "bite the bullet on the expense."

IV. FINANCE REPORT

David Weidler begins his Report with LSED revenues performing better than budgeted, around \$600,000. The hotel/motel tax is five months into the year, with 36% of the total collections received as of the week before, and tracking slightly less in comparison to this period last year. The one-penny tax started coming in November, with collections picking up from December on. LSED expenses are tracking close to budget; the Dome is trending better than budget, about \$295,000; the Arena is within \$3,000 of the overall budget; and Champions Square is tracking close to budget. The team-related obligations are about \$150,000 better than budget.

The audit is winding down, with the exit conference set for November 30. Mr. Weidler will meet with the legislative auditors on November 20 to go over what they want as far as reclassification entries. Everything looks good.

[This ends the Finance Report.]

V. CONSTRUCTION REPORT

Pat Tobler of The Tobler Company was not present at this meeting. Chairman France reminds the Commissioners that they have his report as part of the package. If they have any questions, they can let him know and he will get in touch with Mr. Tobler.

VI. LEGAL REPORT

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 Robin, seconded by Commissioner Baptiste, the LSED authorized and approved an appropriation from the LSED Capital Reserve Account in the amount of \$29,126.00 to purchase equipment necessary to maintain and operate the Mercedes Benz Superdome, the Smoothie King Center, and Champions Square. SMG has received competitive proposals for the equipment. The resolution would authorize SMG (acting on behalf of the LSED) to sign the required Purchase Requisition documents. Funding source is the LSED Capital Reserve, and there are sufficient funds to support this Resolution. Approval of the Resolution is recommended. All were in favor, and the motion carried.

[This concludes the Legal Report and presentation of Resolutions.]

Chairman France turns to Jason Akers, bond counsel, for a report on the tax bill going through Congress at present and its possible effects on LSED facilities.

Mr. Akers reminds the Board that they received a letter from him a few weeks ago when the initial tax cuts and Jobs Act were introduced in the House Ways and Means Committee, which contained provisions that would be very damaging to the LSED, one being a strict prohibition on any financing, tax-exempt financing, for professional sports stadiums. Those stadiums were defined as any facility that serves as a stadium or arena for professional sporting activity, training, game, or other activity, for any five-day period, not consecutive, in any calendar year. Under the House bill, LSED facilities would have been barred from issuing tax-exempt debt in the future, and it had an effective date of November 2, 2017. The House bill has made its way through Ways and Means intact. Mr. Akers believes every proposed amendment was either approved or voted down strictly on party lines.

The Senate Finance Committee introduced its version of that bill, which does not include the prohibition on stadium financing. It also deviates from the House bill that would be beneficial to the LSED, one being that private activity bonds are still allowed. This means that bonds issued by non-profit organizations, airports, etc., would still be allowed under the Senate bill. That does not immediately impact what you've done before but opens up possibilities for you to do that type of financing in the future or close them off like the House bill did.

There is a concern for the prohibition in both bills on advanced refundings – bonds issued to refund other outstanding bonds issued more than 90 days before the call date. Akers believes this hinders and prevents beneficial financing maneuvers available to a political subdivision such as the LSED. Foley Judell is working with various senators on how to address these concerns on a national level.

Senate Finance is discussing the bill now, and much like in the House Ways and Means, every amendment is either getting approved or defeated on a party line vote of 14 to 12. Some senators are strictly against the tax reform bill. We will not know what happens in Alabama for a while, but if it happened to change seats, then Senate Republicans can only lose one of their members before – if they lose more than one, then the Democrats' vote is in lockstep, and tax reform does not pass. If they lose two, it goes to a tie-breaker vote by the Vice President.

Mr. Akers states that he will keep the Commission updated and appreciates the questions raised. Chairman France feels they need to follow the bill as it goes through.

Doug Thornton asks Mr. Akers to quantify the impact, taxable versus tax-exempt debt, if the bill does pass, and there is no tax-exempt debt for these public facilities, how could we quantify what that impact could be? We [the LSED] would need to know what our debt issuance would be in the future and what we would be bonding out. If you could, give us a range of magnitude of what we're talking about, on perhaps a \$1.0 million bond issue.

In response, Mr. Akers states that on a taxable versus tax-exempt interest rate basis, typically taxable rates are anywhere from 30 – 40% higher than tax-exempt rates. It also matters how long you're borrowing \$100 million. In one year, that could be a significant difference of perhaps \$400,000 a year. It is a significant impact when talking about financing Master Plans. Thirty to fourth percent is the "delta" between tax-exempt and taxable rates, which could be greater. In the current environment, a 30% low interest rate is different than 30% of a higher interest rate number.

Commissioner Morrison questions if they are saying \$150 million and 30% on that, to which Mr. Thornton replies that the incremental impact on debt service could be \$300,000 to \$400,000 a year, carrying it out on \$100 million, 30 basis points. Mr. Thornton was just trying to get a rough order of the magnitude. This is a challenge that all public facilities around the country are dealing with. It's not just the LSED that will be lobbying to keep that tax exemption.

Mr. Akers comments that if you go from a four percent interest rate to a six percent rate, taxable to tax-exempt and vice versa, that is actually a \$2.0 million a year difference. It's a big number on \$100 million. Mr. Thornton states that a lot of public projects – stadiums, arenas, convention centers – will not be built.

Chairman France thanks Mr. Akers and notes that Messrs. Thornton and Holmes provided an overview of the Master Plan in today's pre-meeting, as well as the consulting issue and asks if anyone has any questions for Mr. Thornton now, to which there were none.

VII. BOARD REPORTS

None.

VIII. OTHER BUSINESS

None.

IX. ADJOURNMENT

On motion by Commissioner Robin, seconded by Commissioner Morrison (without objection), the LSED November 2017 monthly meeting adjourned at 1:53 p.m.