

MINUTES
LANCASTER COUNTY BOARD OF COMMISSIONERS
& LANCASTER COUNTY AGRICULTURAL SOCIETY
LANCASTER EVENT CENTER, NEBRASKA ROOM, 4100 N. 84TH STREET
THURSDAY, OCTOBER 16, 2014
7:30 P.M.

Advance public notice of the Board of Commissioners meeting was posted on the County-City Building bulletin board and the Lancaster County, Nebraska, web site and emailed to the media on October 10, 2014.

Commissioners present: Larry Hudkins, Chair; Brent Smoyer, Vice Chair; Roma Amundson

Commissioners absent: Deb Schorr, Jane Raybould

Agricultural Society Board Members present: Ron Dowding, President; Jim Swanson, Vice President; Trudy Pedley, Secretary; Karen Rutt, Treasurer; Jay Wilkinson; Keith Schomerus; Kendra Ronnau

Agricultural Society Board Members absent: Eric Mitchell, Tom Messick

Others present: Angela Zocholl, County Clerk's Office; Alan Wood, Agricultural Society Board Legal Counsel; Amy Dickerson, Managing Director of Lancaster Event Center; Dan Rosenthal, REGA Engineering; Terry Zimmerman, Hampton Enterprises

The location announcement of the Nebraska Open Meetings Act was given and the meeting was called to order at 7:35 p.m.

1) **ROLL CALL**

Roll was called for both Boards.

MOTION: Amundson moved and Smoyer seconded to move the Lancaster Event Center Managing Director Report (Item 4) forward on the agenda. Hudkins, Smoyer, Amundson, Dowding, Swanson, Pedley, Rutt, Wilkinson, Schomerus and Ronnau voted aye. Schorr, Raybould, Mitchell and Messick were absent. Motion carried 10-0.

LANCASTER EVENT CENTER (LEC) MANAGING DIRECTOR REPORT

Amy Dickerson reviewed the State of the LEC & Proposed Business Plan (Exhibit A). She highlighted areas of the plan, including the vision; strengths, weaknesses, opportunities and threats; improvements made in the last six months; benchmarking against the Nebraska State Fair and Fonner Park/Heartland Events Center; plan for the next 6-18 months, 1-2 years and 3-5 years; critical reasons for major re-launch in the next 6-18 months; top revenue & profit opportunities over next 1-2 years; key staff skills needed to jump-start re-launch; and the next steps.

Amundson exited the meeting at 8:02 p.m.

Kendra Ronnau commented on the Ag Society's decision to hire Dickerson as Managing Director versus using SMG Management (manager of Pinnacle Bank Arena). She commended Dickerson for the work she has done since taking over as Managing Director.

Hudkins relayed comments written by Amundson prior to her exit. He said Amundson would be supportive of hiring additional staff. She recommended looking at where you could get "the most bang for your buck" when deciding where to start, keeping salary increases in line with productivity and to move forward as quickly as possible. In her comments, she recognized the Event Center's progress, as did Hudkins.

Smoyer discussed the change in attitude of the Visitors Promotion Committee when seeing the progress at the Event Center. He reminded everyone that progress would take time.

Hudkins said he and Smoyer have been meeting monthly with Chris Beutler, Lincoln Mayor, whereby work at 84th Street and Havelock Avenue has been discussed. He noted that Pershing Center would be sold or demolished, which would leave some events looking for a new venue.

2) **PHASE 2.5 UPDATE**

Dickerson reviewed the Phase 2.5 Bond Proceeds Planning Process (Exhibit B), including the process to finalize projects, pay requests from September and October 2014, and the future pipeline of funds.

3) **MASTER PLAN UPDATE**

Dickerson reviewed the Master Plan (Exhibit C). She discussed input from various sources and major goals.

4) **LANCASTER EVENT CENTER MANAGING DIRECTOR REPORT- AMY DICKERSON**

Item was moved forward on the agenda.

5) **OPEN DISCUSSION BETWEEN LANCASTER AGRICULTURAL SOCIETY AND COUNTY COMMISSIONERS**

Storage issues were noted. Hudkins said a facility in Carter Lake sells steel containers for \$2,900-3,900.

A problem with water flow on the south side of Pavillion 3 and its effect on the property layout were discussed. Various options were considered, including creation of a channel with the possible creation of a future wetland and use of dirt fill for additional campground space.

Dickerson said she is looking at Phase 4 and the location of Pavillion 6. She already has the space accounted for in Pavillion 5, and there will be even more demand with the addition of a coliseum.

Hudkins and Smoyer felt everything was off to a good start and encouraged moving forward with plans. Hudkins said he expected to see massive inflation in the future and wanted to see bonds secured before interest rates increase.

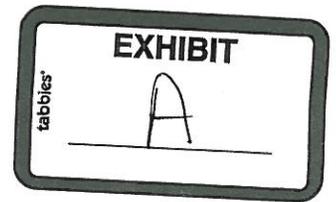
6) **PUBLIC COMMENT**

No one appeared for public comment.

7) **ADJOURNMENT**

Smoyer moved and Ronneau seconded to adjourn the meeting at 8:37 p.m. Hudkins, Smoyer, Dowding, Swanson, Pedley, Rutt, Wilkinson, Schomerus and Ronnau voted aye. Schorr, Raybould, Amundson, Mitchell and Messick were absent. Motion carried 9-0.

Dan Nolte
Lancaster County Clerk



State of the LEC & Proposed Business Plan

Amy Dickerson, Managing Director

Oct. 16, 2014

Re-launching while running at 600 mph....



What success looks like (our vision):



A public, non-profit event center seen as leading facility for variety of events not just in Nebraska, but regionally and nationally...

- ▶ Professional
- ▶ "Profitable"
- ▶ Friendly
- ▶ Fun

...all while celebrating the unique agricultural & natural nature of Lancaster County and being a key contributor to the county's youth, culture and economy headlined by being the home of one of the largest, most well-respected 4-H county fairs in the USA.



Situation Analysis

Well-loved facility ready for a re-launch

Strengths

Weaknesses

Internal

- Leading Midwest facility
- 160 acres aids growth potential
- One of largest 4-H Co Fairs
- Visionary Ag Society Board
- Passionate core staff
- \$2.6M new capital funds
- Low interest on remaining \$10M
- Ability to run fair opens up possibility to go after events desiring event mgt.
- Impact on local youth, community, economy

- Running at breakeven to \$-200K/year trying to pay for fair
- Event basic needs not met
- Lack staff with skills to launch new revenue services, run busy event ctr.
- Lack trade show/stall, spectator space
- Concessions quality, value, wait times
- Inactive sponsorships, fundraising, grants
- Deferred maintenance est. \$7M after 15 yrs.
- Strong, local identity not established

External

- Central location near good transport
- Proximity to Lincoln (& Omaha) amenities
- Grow impact on local economy
- Strong interest from new events without active marketing/sales
- Grants potential high
- Stakeholder interest in LEC success
- Historically low interest rates
- County Board, City support

- Low per capita tax base to support fair vs. adjoining counties (\$300K for 200K attendee fair)
- Lid law limits tax support \$10K/year increase despite fair growth from 5K to 200K attendees
- Perception that well-funded by taxes
- Interest rates unpredictable when could rise
- Competing facilities locking in regional/national events due to lack services, space
- Losing events to other facilities if Phase 3 not built (Circus, PRCA Rodeo, Bonus Race Finals, Simmental etc.)

Opportunities

Threats

Improvements made last 6 months

Around the edges with passion, few dollars

- ▶ Cleanliness
- ▶ Arena dirt quality & customization to each event
- ▶ Professional image
- ▶ Lots of customer comments about friendly, readily available service
- ▶ Team morale
- ▶ Consistent pricing on new contracts
- ▶ Capturing more of real costs of services on invoices
- ▶ Delivering promised event services
- ▶ Improvements to logistics—parking, load in/out, signage, security
- ▶ Accounts payable more current, paid down over \$275K short-term debt
- ▶ Cash security
- ▶ Lowered purchasing cost with non-profit, gov't pricing
- ▶ Equipment: on track to more reliable equipment at stabilized ongoing cost
- ▶ Finding surplus/auction goods to enhance concessions, office, other operations in short term

Benchmarking

Staffing of other event centers, fair

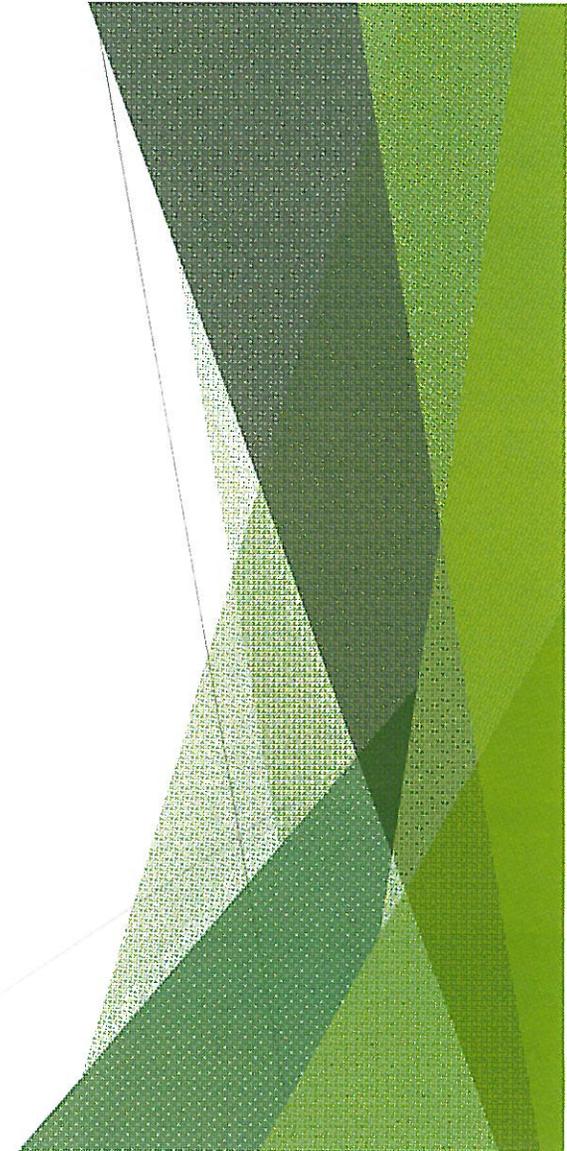
- ▶ Nebraska State Fair
 - ▶ 50% bigger than Lancaster County Fair
 - ▶ 10 FT staff, 800 volunteers including executives on loan
 - ▶ \$6M / year from NE Lottery
- ▶ Fonner Park/Heartland Events Center
 - ▶ 7 FT staff just to run arena
 - ▶ (state fair buildings closed during 10 months of year)



JOIN THE IOWA EVENTS CENTER TEAM

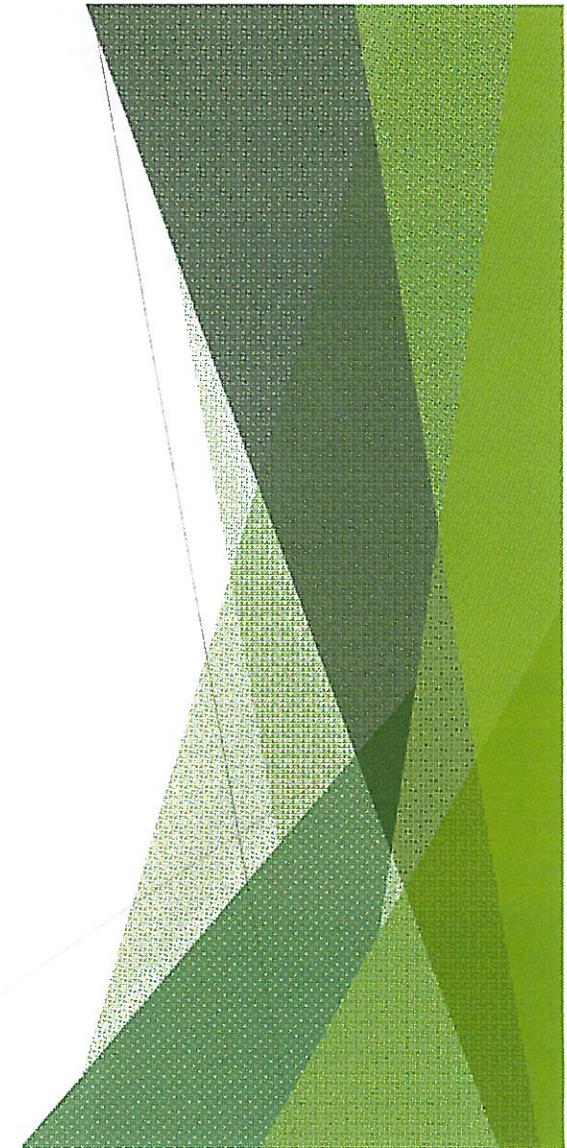
How do we get to our “leading fair + leading event center” vision

	6-18 months
Professional, Fun & Friendly	Announce re-launch with stakeholders, get their support Improve event services
“Profitable”	Add \$500K-\$1M to current to pay for fair and keep up with some maint.
Community impact	Increase impact from fair: education, invite more community groups beyond 4-H
Economic impact	Keep key Pershing events in town—Circus, PRCA Bull Riding
Planning for the future	Complete master plan with stakeholder input



How do we get to our “leading fair + leading event center” vision

	6-18 months	1-2 years
Professional, Fun & Friendly	Announce re-launch with stakeholders, get their support Improve event services	Use \$2.6M bond funds to jump start re-launch with revenue & top-requested services
“Profitable”	Add \$500K-\$1M to current to pay for fair and keep up with some maint.	Clear \$1M-\$1.5M consistently after pay for fair to keep up with deferred maint/upgrades
Community impact	Increase impact from fair: education, invite more community groups beyond 4-H	Continue to provide support of local businesses & organizations’ events
Economic impact	Keep key Pershing events in town—Circus, PRCA Bull Riding	Win large new events such as Alpaca, Simmental, etc.
Planning	Complete master plan with stakeholder input	Phase 3 support-building



How do we get to our “leading fair + leading event center” vision

	6-18 months	1-2 years	3-5 years
Professional, Fun & Friendly	Announce re-launch Improving event services	Re-launch with \$2.6M bond funds	Using new “profit” to continue to improve LEC into top notch run facility in country
“Profitable”	Add \$500K-\$1M revenue	Clear \$1M-\$1.5M consistently after pay for fair to keep up with deferred maint/upgrades	On path to build ~\$2M emergency fund
Community impact	Increase impact from fair: education, invite more community groups beyond 4-H	Continue to provide support of local businesses & organizations’ events	Much improved awareness, positive perception of LEC in local community
Economic impact	Keep key Pershing events in town—Circus, PRCA Bull Riding	Win large new events such as Alpaca, Simmental, etc.	Go after 1-2 national scale events eg. Jr./HS Rodeo Finals
Planning	Complete master plan with stakeholder input	Phase 3 support-building	Breaking ground on Phase 3

Why critical that major re-launch makes major progress next 6-18 months

- ▶ Ag Society generated a lot of positive press & momentum by initiating long-asked for management change
- ▶ BUT limited time to prove we are serious about re-launching to create a new positive image with all our key constituents
 - ▶ 4-H/Fair/Extension
 - ▶ Event customers
 - ▶ City/County gov't. partners
 - ▶ Local business community
- ▶ To get expansion to solidify long-term of LEC, need to show we are good stewards of public funds
 - ▶ \$2.6M Phase 2.5 funds to turnaround deferred maintenance on \$24M public facility
 - ▶ Figuring out how to offer a great fair & event experience at a great value with low public funding
- ▶ Support at current County Board for ongoing, future LEC plans
- ▶ Interest rates at historic low can rise at any time
- ▶ Leverage investment made in your new Managing Director
- ▶ Could be last opportunity after 15 years to solidify unique mission of LEC in Lancaster County

Top revenue & profit opportunities over next 1-2 years

Improve existing services

- Re-launch concessions*
- Campground showers/restrooms, water at camp sites
- Run major events (e.g. JR/HS Rodeo Finals)

Reduce costs / improve operating margin

- Finance: profitability info on current operations
- Purchasing: could save 20-30% on annual purchases + Phase 2.5 projects bidding*
- Reduce utilities costs e.g. lighting, heating upgrades*
- Deferred maintenance*

Launch new services

- Online, onsite ticketing*
- Online payment for invoices, camping, shavings, electric, etc.*
- Wireless inside & out*

Marketing /Sales

- Sponsors—all ongoing up for renewal + need to lock in now for 2015 fair
- Vendors for fair, year-round event center
- Fundraising
- Filling up any remaining gaps in calendar
- Going after new events
- Creating own events
- Marketing services—web site*, ads, social media, sponsors

Grants

*funded by Phase 2.5 new \$2.6M funds to jump-start improvements until can self-fund

Key staff skills needed to jump-start re-launch

to get to self-funding ongoing maintenance/upgrades

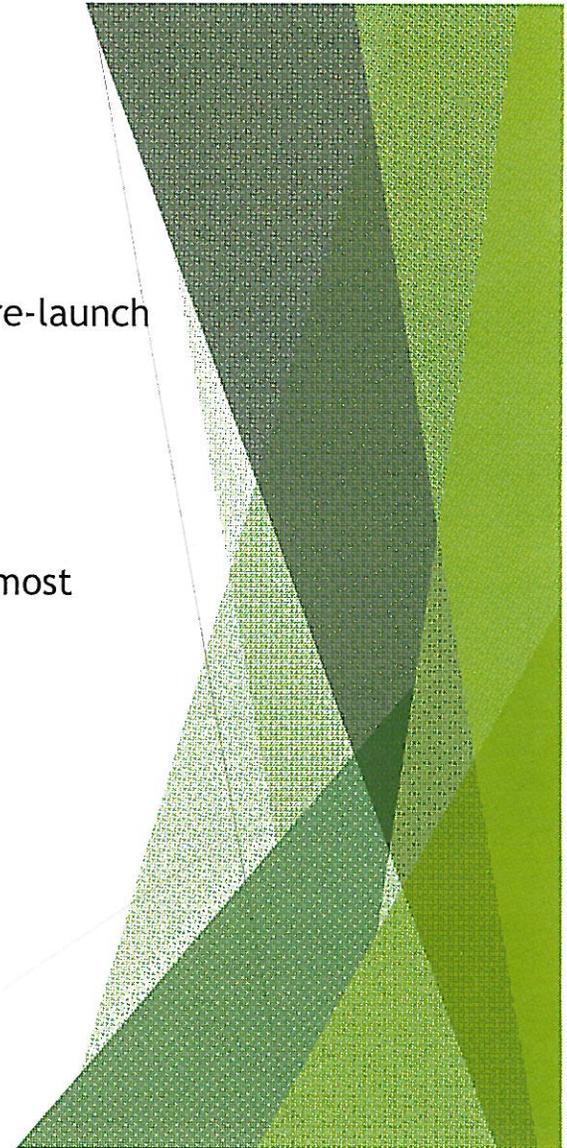
Permanent roles critical to kick-start re-launch	Est. Cost	Estimated revenue within first 2 years
Finance Manager	\$75K	\$1M+
Food & Beverage Manager	\$60-80K	\$1.5-3M
Marketing/Sales Manager	\$50K	\$750K-\$1.5M
IT/Technical Services Manager	\$50-75K	\$500K-\$1M
Fair permanent PT Mgr.	\$20K	Free up LEC staff to work on revenue services, manage fair costs
Salary increases for core staff	\$20-\$30K	To fully engage in re-launch (fund from first revenue increases)
Total	\$255-300K	\$3-6M over 2 years

For other key functions: "borrow" staffing (examples, many others)

Purchasing	Consult Bob Walla, Co. Purchasing
City/Co. IT	Consult David Young, City/Co Fiber Network/IT
HR Intern	New employee manual, forms, processes
Grant writing	Partner NE Arboretum, interns
Event mgt. software implementation	Operations or Computer Science intern

Next steps

- ▶ Ag Society Board approval to see short-term operational loan to kick start re-launch
- ▶ Present business plan with full financials to Westgate Bank to secure loan
- ▶ Hire key staff
- ▶ Secure interns, consultants to fill other gaps
- ▶ Team driving prioritized re-launch projects with focus on revenue drivers, most critical to fair/event customers
- ▶ All while keeping the plane flying at 600 mph:
 - ▶ Fair 2015
 - ▶ 225 existing events + new event proposals
 - ▶ Event Center re-launch operations, services
 - ▶ Phase 2.5 bond funds well-spent
 - ▶ Phase 3 planning





Phase 2.5 bond proceeds Planning process

Phase 2.5 Proposed Project List
as of July 17, 2014
Sources of funding: bond re-financing, CVB grants (lodging tax), other grants e.g. Nebraska Arboretum, recycling etc.
Blue = Amy's estimate, others actual estimates from vendors

Description	Estimate \$000	Fair Need	Event Complaint	Increase Revenue	Lower Cost	Security Liability
Fix facility issues						
Fix Pavilion 3 drainage issue	\$100.0					
Create maintenance yard outside	\$20.0					
Install security cameras throughout facility, swipec entry on key doors	\$50.0					
Add door from arena to old kitchen in P3 to make a show office so can book animal and people events at same time in P3 & Ex Hall	\$9.6					
Add fire exit doors to S wall of MPA building so can use south exit corridor behind Lincoln room for storage and/or concessions area	\$54.0					
Repair roof leaks in P1 (cupolas), P3 and MPA and office boardroom	\$9.5					
Increase revenue						
Install new wireless system inside & outside (min. \$500K revenue/year)	\$150.0					
Redecorate concessions stand entrances & seating areas, electronic signage & upgrade equipment as needed to support updated menu to increase sales	\$400.0					
Cash register system for use inside and outside concessions stands using new wireless system	\$20.0					
Construct campground building with restrooms, showers, check-in office & vending area	\$240.0					
Construct interior storage office	\$14.0					
Temporary office expansion that can be used in phase 3	\$75.0					
Address event complaints - cut lawn						
Install concrete in all buildings access to floor arena - increase trade show use save time at animal show cleanup	\$20.0					
Carpet for arena space	\$67					
Lighting						
Area 1 & 2 (improve lighting, switch efficient solution, add lighting, 1/2 of way re-marking lot lighting level today)	\$90.0					
P2 (improve brightness and efficiency)	\$15.0					
Parking lot lighting - brighten up and efficiency	\$98.4					
P1 (use dimmable led lights here, for dark areas, raise light)	\$18.0					
Lincoln Room (LED efficiency, better zone control)	\$45.0					
Signage						
Update street sign with color billboard	\$150.0					
Install electronic wayfinding signage updateable by event	\$125.0					
Inside building and parking lot/fair signage	\$20.0					
Fairgrounds Improvements						
Install outside concessions / picnic shelter for fairgrounds, year-round runs	\$50.0					
Phase 2 & 3 Costs						
Est. of Phase 2 construction cost overrun loan (6.5%)	\$275.0					
Phase 3 planning unpaid invoices						
Legal	\$35.0					
REGA wetland study	\$5.0					
REGA engineering	\$19.5					
Hampton Construction	\$1.2					
TOTAL	\$2,769.1					

Process to finalize projects

& productively maximize benefit from bond proceeds

Amy to work with Phase 2.5 subcommittee (Tom, Trudy, Kendra) on these steps:

1. Input from customers (events, 4-H, etc.), Ag Society Board & other stakeholders
2. Update Master Plan, including Phase 3 build-out, so any Phase 2.5 spend is done with long-term plan in mind
3. Prioritize list of projects based on most critical needs, revenue potential
4. ID items on list that can be funded other ways: e.g. grants or sponsor partners for landscaping, recycling, outdoor recreation, lodging tax, equipment etc.
5. Build out specs & get bids on remaining projects
6. Use County/City/UNL/State contract and/or nonprofit pricing where available

Pay requests first 2 meetings



Lancaster Co Fairgrounds JPA Funds tracking					
Phase 2.5 Project Funds disbursed as of Sept 30 2014					
Pay Request #	Date	Payee	Amounts to be paid	Check to be cut	Cost of Issuance or 2014 Project Description
1	9/18/2014	Standard & Poor's	\$16,000.00	\$16,000.00	cost issuance
2	9/18/2014	Westgate Bank	\$266,778.18	\$266,778.18	Phase 2 construction cost over-run loan balance at Westgate Bank
3	9/18/2014	Lancaster Co Ag Society	\$242,191.34	\$286,306.89	Phase 2 construction cost over-run loan principal & interest paid 2008 to date
			\$44,115.55		Capital expenses since Phase 2.5 bond re-fl approved June 25, 2014
4	9/18/2014	Ericksen/Soderstrom PC	\$7,435.30	\$24,000.45	cost issuance JPA Bond re-fl
			\$1,600.83		Phase 3 UNL Equine planning (1/3 hours)
			\$13,473.32		Phase 3 2012 planning (2/3 hours) and out of pocket
			\$1,491.00		Phase 2.5 planning
5	9/18/2014	Clark Enerson Partners	\$21,541.33	\$31,260.08	Phase 3 planning 2012 out of pocket and 1/3 hours
			\$9,718.75		Phase 2.5 update master plan
6	9/18/2014	REGA Engineering Group	\$5,000.00	\$9,516.55	Wetland Study 2012 out of pocket
			\$4,516.55		1/3 hours 2012 Phase 3 planning
Total Pay Requests for Sept 18, 2014 JPA Meeting				\$633,862.15	
Oct. 16, 2014 JPA Meeting					
Pay Request #	Date	Payee	Amounts to be paid	Check to be cut	Cost of Issuance or 2014 Project Description
7	10/16/2014	Union Bank & Trust	\$1,000.00	\$1,000.00	cost issuance, trustee origination
8	10/16/2014	Gilmore Bell PC	\$32,000.00	\$32,000.00	cost issuance, bond counsel
9	10/16/2014	Ericksen/Soderstrom PC	\$1,267.26	\$1,267.26	cost issuance, local counsel Ag Society
10	10/16/2014	Cline Williams	\$1,617.00	\$3,846.80	cost issuance, local counsel JPA
			\$2,229.80		cost issuance, local counsel JPA
11	10/16/2014	Wells Fargo Bank	\$400.00	\$400.00	cost issuance, paying agent fee
12	10/16/2014	Lancaster Co Ag Society	\$484.93	\$7,652.87	Capital Expenses, equipment (auction vacuum/misc.)
			\$7,167.94		Capital Expenses, equipment (auction concessions)
13	10/16/2014	Hotsy Equipment Co.	\$6,082.95	\$6,082.95	Capital Expenses, equipment (power washer)
Total Pay Requests for Oct 16, 2014 JPA Meeting				\$52,249.88	
Accumulative Total Pay Requests as of Oct 16, 2014				\$686,112.03	

Future pipeline of Phase 2.5 projects getting quotes so we can do final prioritization

1. Writing bids	2. Designing/finalizing specs	3. Next wave to work on
<ul style="list-style-type: none"> • Lighting Pavilion 4 & 2 \$100K • Wireless inside & outside TBD • Purchasing web site to manage sealed bids \$15.25K • Increase concessions serving areas via equipment & minor facility changes (before Farm & Power Show) ~\$40K • Shavings/Camping selling office in P2 \$11K • Floor wet scrubber \$13.2K • Fiber network upgrade for new wireless \$23K • Launch ticket selling launch Nov 10 \$11K 	<ul style="list-style-type: none"> • Higher exit signs • Concessions re-launch (functional, attractiveness) • Roof leaks • Website Trade show carpet • Security cameras/swiper doors • Other critical equipment tbd e.g. sweeper 	<ul style="list-style-type: none"> • P3 drainage issue (pending master plan) • Campground upgrades • MPA A/C • Trade show carpet • Fencing • Flooring deferred maint. • Banquet bathroom re-do • Parking lot lights • Signage • Cash register system • Etc.

EXHIBIT
C



Updating our Master Plan

October 16, 2014

Master Plan Update Process

- Stakeholder input throughout
 - Ag Society Board (Phase 2.5 subcommittee & monthly board updates)
 - LEC staff, 4-H/Extension, Event Promoters, Co. Board etc.
- Core design team with multiple disciplines
 - LEC mgt. staff, Clark Enerson, REGA, Hampton Development/Construction
- Consult with experts, partners as needed
- Next: Refining visual options to show stakeholders
- Finalize new master plan before spend \$2.6M new bond funds where might be impacted

Master Plan— some of the goals discussed so far

- Meet needs of fair—carnival, concerts, motorsports, food/attraction, animal flow, parking overflow in all weather etc.
- Add more feel of fairgrounds
 - while showing best of urban to rural landscape examples (education, volunteer opportunity)
 - including good water mgt. (drainage, water quality, water plantings etc.)
- Meet needs year-round Lancaster Co. 4-H/youth/community groups & businesses—smaller scale spaces to have access to
- Meet needs of variety current and future events—
 - concrete Pavilion space for animal stalls/trade show booths/equipment shows
 - fixed seat dirt-optional coliseum for spectator events
 - maintain large outdoor space for overflow parking for large events
- Take care of known/future logistical issues—
 - traffic, load in/out, way-finding, parking in any weather (Loop road important to figure out if feasible)
 - storage for tables/chairs/concessions inside, secure maintenance yard—even when entire facility rented and snowing outside
- Maximize convenience for guests, event promoters, staff e.g. proximity of parking, camping, storage, connections between buildings
- Finish rest of property with multiple uses in mind: fair, events, public (parking, runs, picnics, hiking, horse trails, dog contests etc.)