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# **MERC Commission Expo Project Work Session**

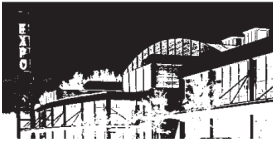
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October 7, 2015  
1:30 pm

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Expo Center  
2060 N. Marine Drive  
Rooms D202-203

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600 NE Grand Ave.  
Portland, OR 97232  
503-797-1780

[www.oregonmetro.gov](http://www.oregonmetro.gov)



# Metro | *Exposition Recreation Commission*

## Agenda

Meeting: Metro Exposition Recreation Commission Expo Project Work Session  
Date: Wednesday, October 7, 2015  
Time: 1:30 – 2:30 p.m.  
Place: Expo Center, Room D202-D203

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### CALL TO ORDER

1:30	1.	EXPO OPERATIONAL AND FINANCIAL CONDITIONS	Ben Rowe
1:40	2.	EXPO PROJECT PROCESS UPDATE AND OVERVIEW	David Fortney
1:55	3.	INTERNAL ADVISORY TEAM PROCESS AND OUTCOMES	David Fortney
2:10	4.	DISCUSSION	All
		ADJOURN	

**Materials following this page are  
attachments to the public record.**





# Today

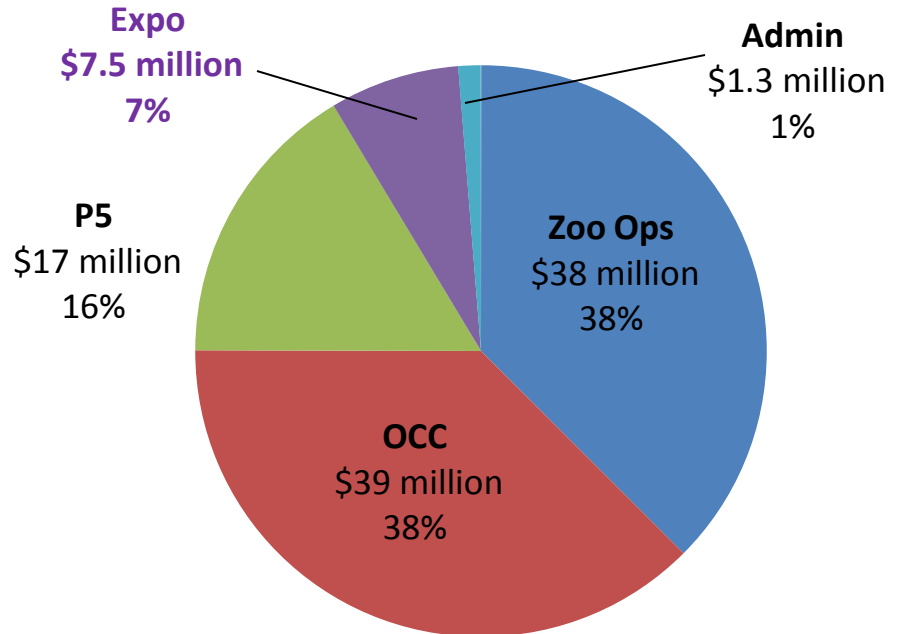
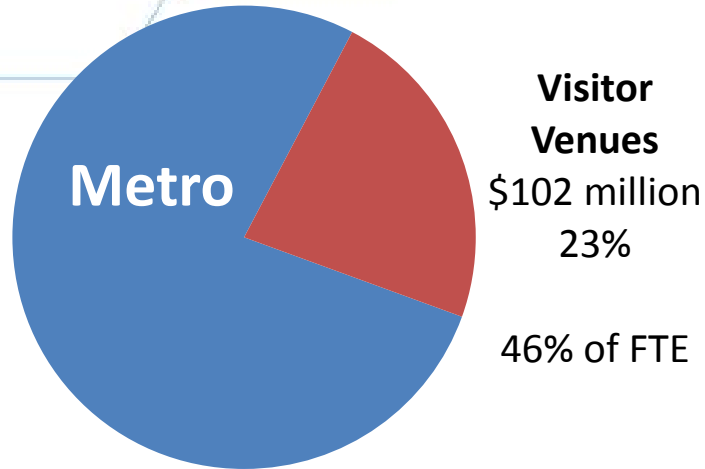
1. Visitor Venues financial overview
2. Expo operational and financial dynamics
3. Expo Project process
4. Internal Advisory Team
5. Discussion questions

# Metro Visitor Venues

- financial overview -

## FY 2016 Current Expenses

\$449 Million



Average 2008-14	Zoo	OCC	P5	Expo	Total
Economic Impact	\$115M	\$516M	\$65M	\$36M	\$624M
Jobs	800	4,700	670	410	6,600
Each \$1	\$2.00	\$16.00	\$4.50	\$6.40	\$8.00



# Operational Dynamics

- key elements -

**(1) Highest margin events types**

(2) Client relationships

**(3) Hall occupancy/utilization rates**

(4) Seasonality/schedule

(5) Largest shows square feet usage and facility



# Operational Dynamics

- Expo's event mix/margins -

Event / Ave.  
Mix / Margin

**77% / 24%** (\$22K)  
Public Shows

**12% / 32%** (\$8K)  
Corporate/ Catering

**7% / 25%** (\$16K)  
Concerts & Sporting Events

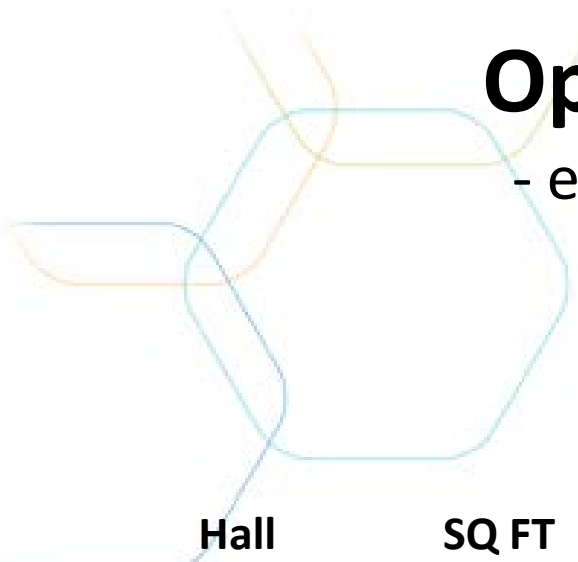
**4% / 36%** (\$11K)  
Tradeshows





# Operational Dynamics

- event revenue & occupancy -



Hall	SQ FT	Ave Annual Gross Revenue	Revenue Per SQ FT	Occupancy*	Rental rate/SQ FT
A	48,000	\$334,956	\$6.98	29%	\$.06
B	36,000	231,043	6.42	18%	.06
C	60,000	376,507	6.28	31%	.06
ABC Ave.	144,000	314,169	6.55	29%	.06
D	72,000	1,421,527	19.74	60%	.09
E	108,000	1,387,916	12.84	52%	.09
Total	324,000	3,751,949			

\*Industry standard for fully booked event space is 40-50%.



# Financial Dynamics

- key elements -

(1) Event revenue

(1) **Operating revenue & expense growth**

- Revenue \*CAGR is **1.7%** (2009-2014)
- Expense \*CAGR is **2.6%** (2009-2014)
- Portland – Salem CPI CAGR **2.1%** (2009-2014)

(2) MTOCA revenue & excise tax expense

(3) Net operating income & annual debt service

(4) Capital program expense, TLT pooled capital revenue and reserves

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\***CAGR** = Compound **A**nnual **G**rowth **R**ate

# Financial Dynamics

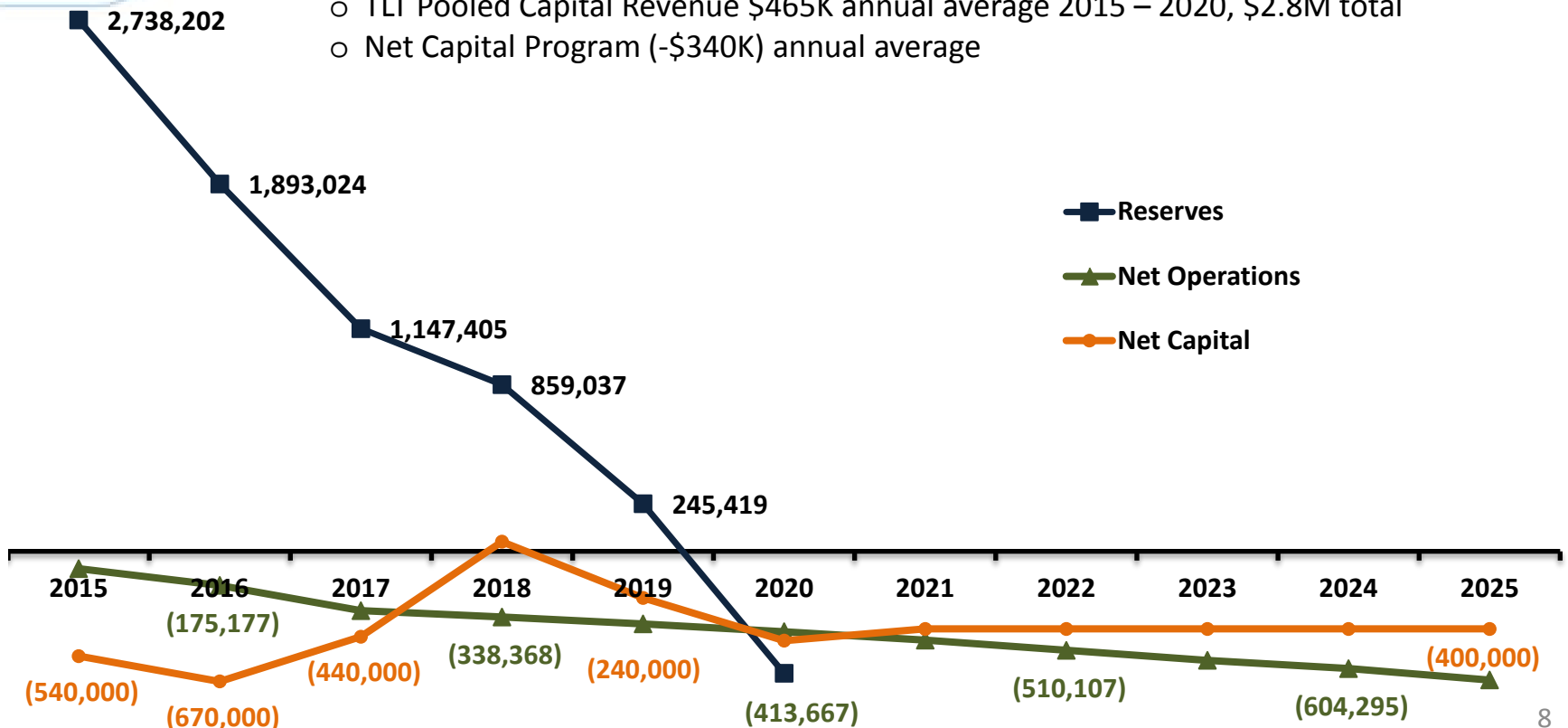
- status quo -

## Operations

- Event Revenue **1.7%**, Operating Expense **2.6% CAGR**
- MTOCA Annual Contribution \$280K, Excise Tax intact as-is (7.5%)
- 2006 \$1.2 million debt service intact as-is, Expires 2025

## Capital

- Capital Program Expense \$940K annual average 2015 – 2020, \$5.6M total
  - Aramark Capital Contribution \$95K annual average 2015 – 2020, \$560K total
  - TLT Pooled Capital Revenue \$465K annual average 2015 – 2020, \$2.8M total
  - Net Capital Program (-\$340K) annual average



# Metro Visitor Venues

- external financial support -

Resources	(2014)	Expo	OCC	P5	Zoo
<b>Operating</b>					
Transient Lodging Tax (TLT)		\$ -	\$12M	\$ 2M	\$ -
MTOCA (Metro Tourism Opportunity and Competitiveness Account – G.F.)		280K	320K	-	-
City of Portland Support		-	-	850K	-
Zoo Foundation – Donations		-	-	-	2M
General Fund Support		47K	167K	46K	12.3M
<b>Capital</b>					
TLT Pooled Capital		280K	540K	-	-
Aramark Capital Contribution		95K	242K	58K	
<b>% of External Support of Operating Expense</b>		<b>9%</b>	<b>34%</b>	<b>18%</b>	<b>37%</b>

# Expo Project

## - process overview -

### Internal due diligence

Expo  
Overview –  
Metro  
Council &  
MERC  
Commission

April 2014

Market and  
Financial  
Feasibility  
Study

Nov. 2014

Expo  
Retreat

Feb. 2015

Internal  
Advisory  
Team

May – Aug. 2015

### External engagement

Expo  
Advisory  
Committee

Oct. 2015

MERC  
Commission

Oct. 2015

Metro  
Council

2016

- Expo's business model, and fiscal and facility challenges
- Market opportunities and business strategies
- Facility investment scenarios
- Return on investment analysis
- Financial tools
- Strategic direction and policy recommendations

# Expo Project

## - process overview -

### Internal due diligence

Expo  
Overview –  
Metro  
Council &  
MERC  
Commission

April 2014

Market and  
Financial  
Feasibility  
Study

Nov. 2014

Expo  
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Internal  
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May – Aug. 2015

### External engagement

Expo  
Advisory  
Committee

Oct. 2015

MERC  
Commission

Oct. 2015

Metro  
Council

2016

- Clients – capacity to co-invest
- Internal team recommendations
- Policy options
- **Seeking strategic and policy direction**



# Financial Tools

## - internal vs. external -

	Internal	External	Trade-off (sliding scale)
<b>MERC</b>			
TLT Pooled Capital	✓		OCC
MERC Admin Fund	✓		-
<b>Metro</b>			
MTOCA - General Fund (G.F.)	✓		Metro G.F.
Council Strategic Projects – G.F.	✓		Metro G.F. and other Council projects
Excise Tax	✓		Metro G.F.
<b>Visitor Facilities Trust Account (VFTA) Partners</b>			
Transient Lodging Tax (TLT) Allocation		✓	OCC, P5
<b>Other</b>			
Property Tax Bond – General Obligation G.O.		✓	Other priority Metro projects
Oregon Lottery		✓	-
Investor / Naming Rights		✓	-

# Investment Scenarios

Scenario	Characteristics	Cost (principal)	Min. External Funding Required Annually	Timing (financing)
No Build	Refurbish ABC	\$6.7M	\$250K	2019 – 2037
Small	Renovate C, deconstruct AB	\$14.7M	\$0	2026 – 2046
Small	Renovate C, refurbish AB	\$16.9M	\$1M	2019 – 2039
Medium	Renovate ABC	\$20.7M	\$1M	2021 – 2041
Large	Build new hall, deconstruct ABC	\$45.3M	\$1.75M	2026 – 2046
Hybrid	Alternative use of AB	?	?	2017

**\*Refurbish:** Repair and replace only necessary facility elements (i.e. roof) to maintain the facility in a safe, working, and rentable condition

**\*\*Renovate:** Rejuvenate and enhance the facility from its original form, quality or purpose to a much improved quality or different intended use

# Hybrid Scenario

- pre-development -

## Market Study & Economic Analysis

2016

- Market demand & dynamics
- Economic development potential
- Employment potential
- Consultants, developers, brokers

## Site Analysis

2016

- Campus – physical limitations & opportunities
- Facilities – conditions & characteristics of Halls AB
- Operational – compatibility & limitations
- Land use requirements

## Financial Analysis

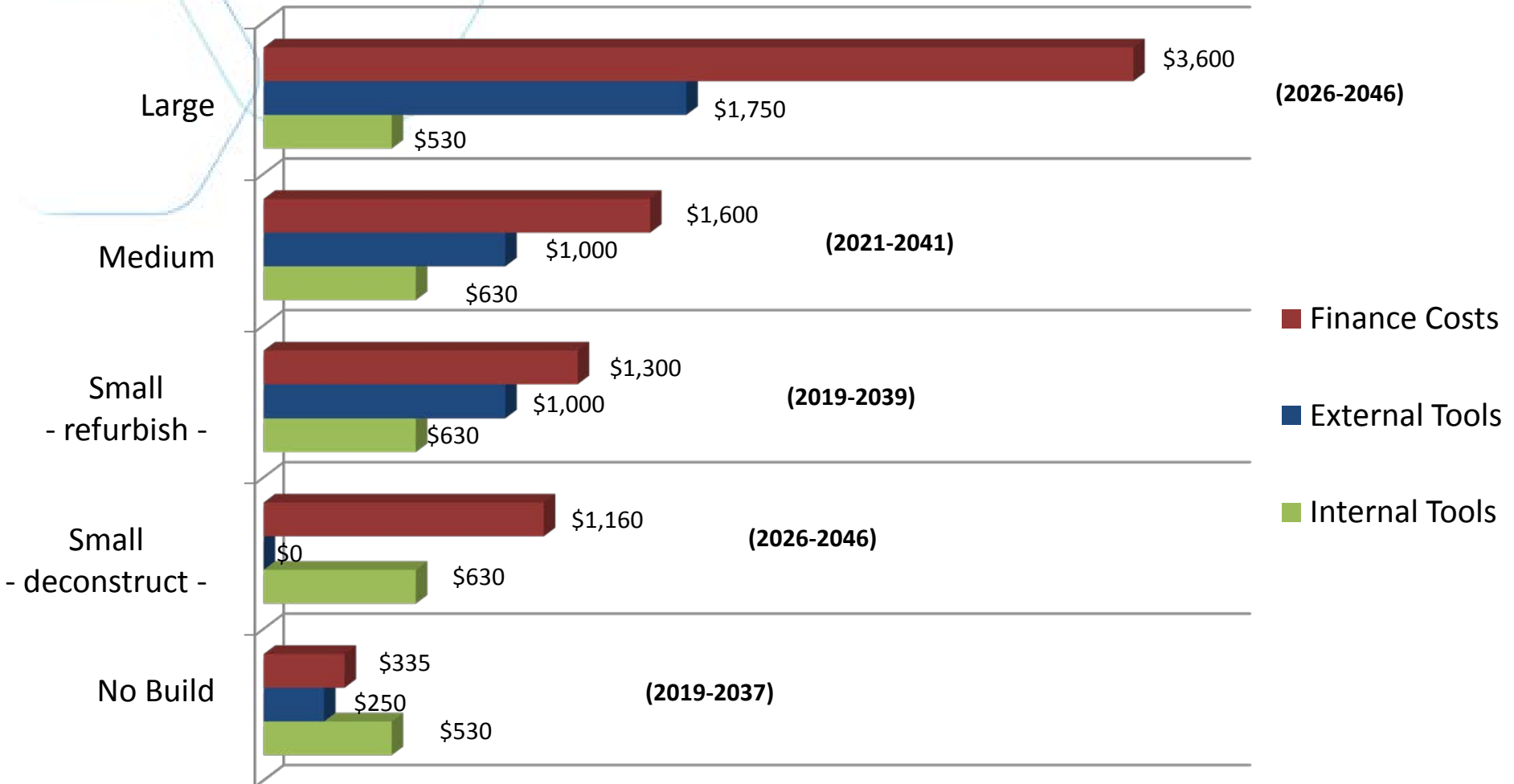
2016

- Development approach
- Revenue potential
- Development costs
- Financing sources
- Evaluation criteria for complementary use (operational & financial) (Metro objectives)

**DEVELOPMENT  
POTENTIAL & ROI**

# Financial Overview

- minimum required annual contributions –  
(\$ thousands)



# Internal Team

## - investment scenario assessment -

Scenario	Characteristics	Assessment	Timing
No Build	Refurbish ABC	<ul style="list-style-type: none"> <li>• Maintains the status quo and is not sustainable, and is therefore not an option going forward</li> </ul>	2019 – 2037
Small	Renovate C, deconstruct AB	<ul style="list-style-type: none"> <li>• Low risk and low return scenario</li> <li>• Maintain and grow its market without creating additional significant financial burdens</li> <li>• New possible uses of AB footprint but questions remain about impact to clients</li> </ul>	2026 – 2046
Small	Renovate C, refurbish AB	<ul style="list-style-type: none"> <li>• Low risk and low return scenario</li> <li>• Maintain and grow market without creating additional financial burdens</li> <li>• Retains current facility constraints</li> <li>• Does a Hall C renovation supports the current event market in the Portland metro region?</li> </ul>	2019 – 2039
Medium	Renovate ABC	<ul style="list-style-type: none"> <li>• Financial cost outweighs return</li> <li>• Unknown market demand</li> <li>• Requires significant public subsidy</li> <li>• (Mostly) retains current facility constraints</li> </ul>	2021 – 2041
Large	Build new hall, deconstruct ABC	<ul style="list-style-type: none"> <li>• Requires a robust finance package with a significant public subsidy contribution</li> <li>• Requires further market analysis and identification of potential high-margin events to support cost of investment</li> </ul>	2026 – 2046
Hybrid	Alternative use of AB	<ul style="list-style-type: none"> <li>• Considers an alternative yet complementary use of Halls AB, which could drive revenue to the Expo Center</li> </ul>	2017

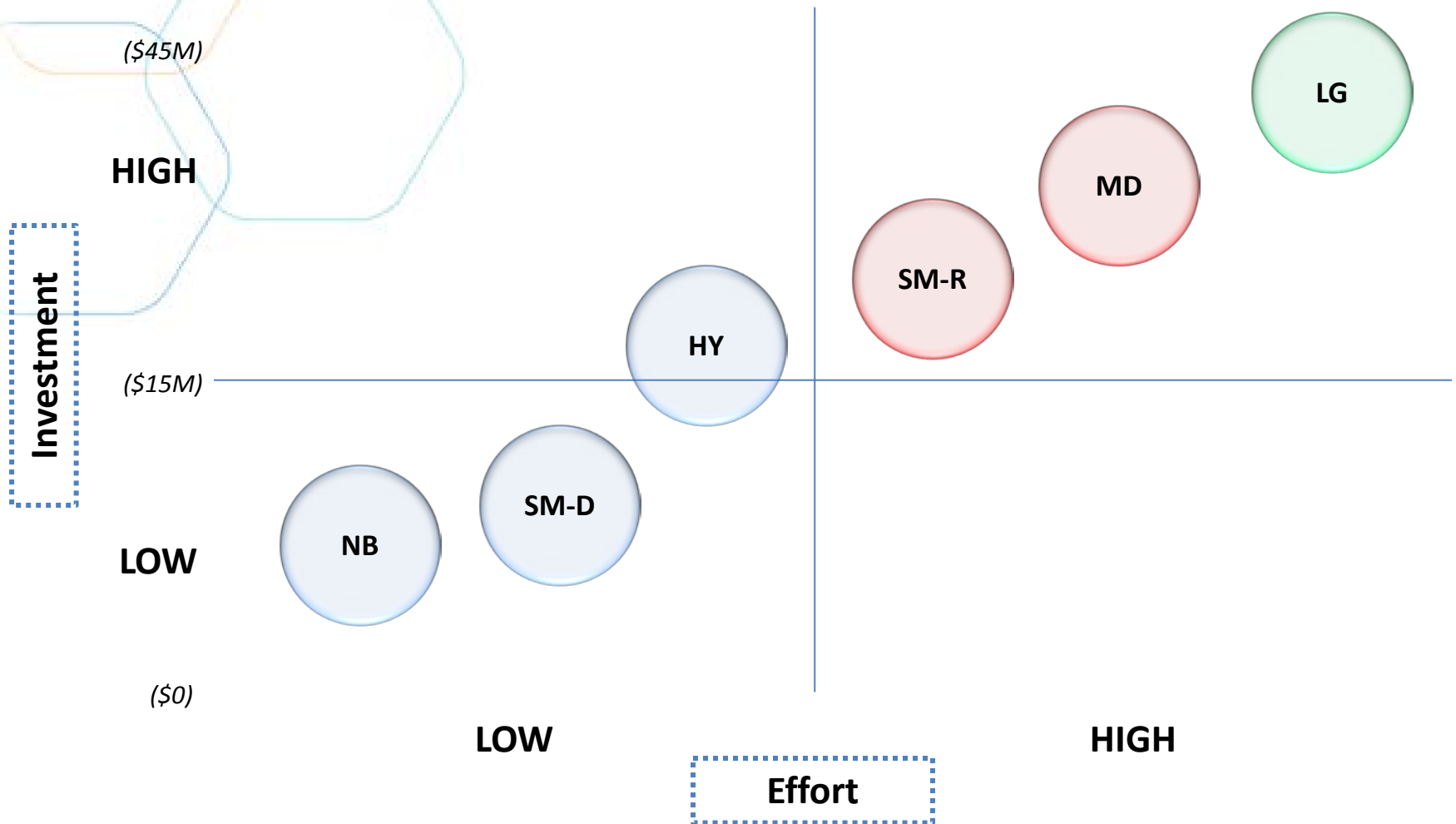
# Internal Team Analysis

- takeaways -

Financial Realities	Core Assumptions	Go Expo!
<ul style="list-style-type: none"><li>• Requires ongoing external funding</li><li>• Investment costs cannot be covered by the potential increase in business</li><li>• Debt service equal to or greater than current debt service</li></ul>	<ul style="list-style-type: none"><li>• Consumer and trade show industry and demand in the Portland market will remain strong</li><li>• Positive net operating cash flow by growing event revenue</li><li>• OCC Hotel opening and shift in business to Expo</li></ul>	<ul style="list-style-type: none"><li>• \$36M annually in economic impact (2008-2014)</li><li>• 13 Expo FTE leverages creation of 400+ annual jobs</li><li>• 450,000 annual visitors</li><li>• 100 annual events</li><li>• Contributes to the regional tourism industry</li></ul>



# Levels of Investment & Effort



**NB** – No Build

**SM-R** – Small: Renovate C, Refurbish AB

**SM-D** – Small: Renovate C, Deconstruct AB

**MD** – Medium: Renovate ABC

**LG** – Large: New hall

**HY** – Hybrid

**Blue** – MERC /Metro

**Red** – VFTA Partners

**Green** – Regional



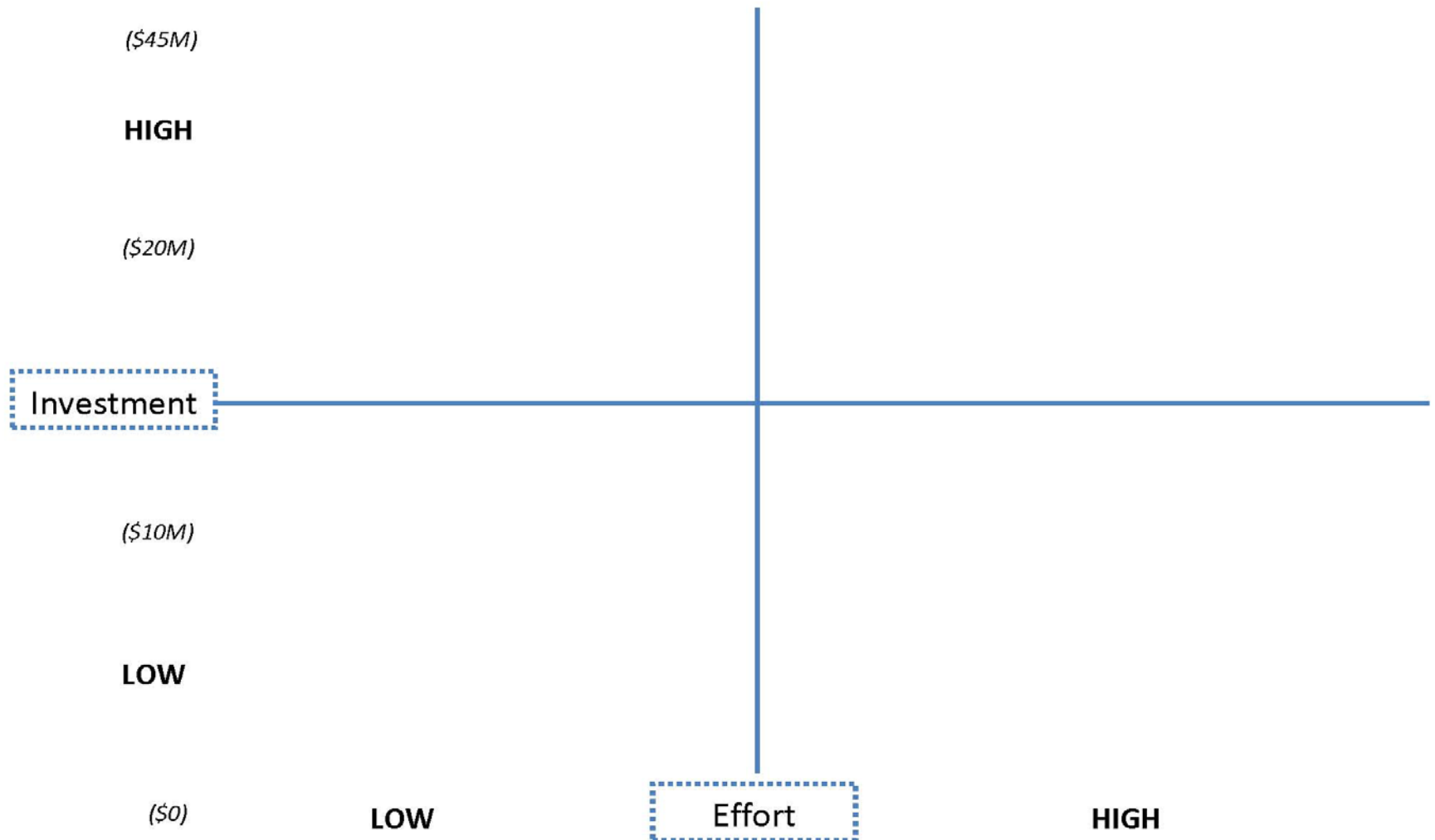
# Discussion Questions

- building a shared understanding -

- Do you understand Expo's current operating and financial dynamics?
- Do you understand the investment scenarios financial realities and core forecast assumptions?
- Do you understand the range of internal and external funding tools & estimated level of effort associated with each?

*(group exercise)*

# Levels of Investment & Effort



MERC/Metro



VFTA Partners



Regional Partners



# Discussion Questions

- direction -

- What options would you like to take off the table? Do you have a preferred option?
- What direction would you like us to take in narrowing the options?
- What additional information do you need to narrow options under consideration?



# Next Steps

## November 2015

- MERC Budget Retreat

## December 2015

- Metro Council work session

## 2016

- Identify preferred investment direction
- Hybrid – pre-development studies

## OPERATIONS DYNAMICS

### Portland Expo Center

**MAKING A GREAT PLACE:** Expo operations host 100 small businesses and 450,000 visitors each year, inducing **\$36 million local economic impact** and supporting 410 full-time jobs. This represents over \$6.40 in local impact for every \$1 Expo spends<sup>1</sup>.

**Expo operating dynamics:** **1)** highest margin event types, **2)** client relationships, **3)** hall occupancy/utilization rate, **4)** seasonality/schedule, **5)** Largest shows square feet usage and facility quality.

Hall	Sq. Ft.	Ave. Annual Revenue*	Revenue Per Sq. Ft.	Rental Rate Per Sq. Ft.	Occupancy Rate
A	48,000	\$334,956	\$6.98	\$0.06	29%
B	36,000	231,043	6.42	0.06	18%
C	60,000	376,507	6.28	0.06	31%
A,B,C Ave.	144,000	314,169	6.55	0.06	29%
D	72,000	1,421,527	19.74	0.09	60%
E	108,000	1,387,916	12.85	0.09	52%
<b>Total</b>	<b>324,000</b>	<b>\$ 3,751,949</b>			

\*Does not include outdoor rental space

**1. Highest Margin Event Types:** Expo's highest margin type events:

FY 2013 actual data: (average % margin)(average event net revenue)

- a. Consumer Public Shows (24%)(21K): Sportsman, Home & Garden, Boat, Antique, Christmas, RV, Swap Meet, Dog Show, Snowboard
- b. Miscellaneous Ticketed (19%)(16K): Cirque du Soleil
- c. Tradeshows (36%)(11K): Timber, Agriculture, Fire & Rescue
- d. Corporate (32%)(8K): Comcast, Homebuilders, Addidas, Ride & Drive, Food Services of America
- e. Catered Events (-30%)(-1.5K): Banquets, Sturgeon Derby, Fundraisers, Corporate meetings

**2. Largest Clients:** Expo's largest clients by gross revenue: (2007 – 2013 averages)

- a. O'Loughlin Trade Shows Inc. (\$500K)
- b. Cirque du Soleil (\$400K)
- c. Palmer & Associates (\$220K)
- d. Collectors West (\$160K)
- e. Portland RV Dealers (\$150K)
- f. Dog Fanciers (\$145K)

**3. Occupancy:** Halls D & E operate at 60% and 52% occupancy respectively (2007-2014 average) which is above industry standard definition of "fully booked". **There is no capacity to increase the number of events in Hall D.**

- a. This indicates that the smaller more affordable Hall D (72,000 sq. ft.) is used more frequently than the larger more expensive Hall E (108,000 sq. ft.).

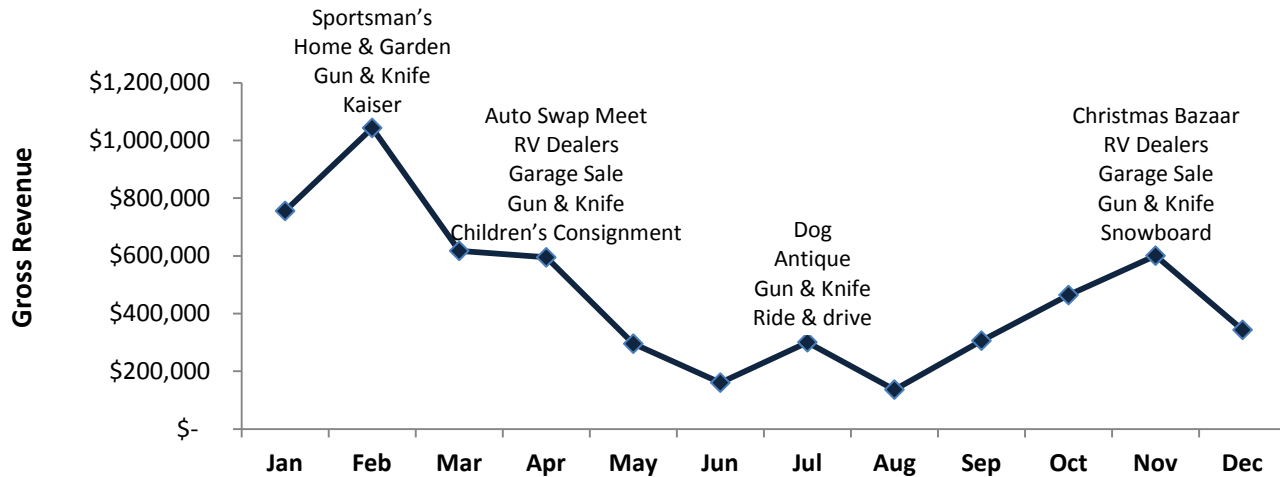
<sup>1</sup> Annual Economic and Fiscal Impact Analysis Reports by Crossroads Consulting Services 2008-2014



## OPERATIONS DYNAMICS

### Portland Expo Center

#### 4. Average Event Seasonality 2007 – 2014



#### 5. Halls A, B & C Utilization & Revenue Impact (2013 actual data)

- Halls A, B & C (144,000 Sq. ft.) when used individually or together, comprise only 12% of Expo's total Hall Event Revenue
- Expo's largest annual shows comprise 56% of its total revenue. A, B, & C comprise 42% of the space utilized by Expo's largest shows.
- Fiscal Year 2013 actual revenue data:**

Event (Count)	Hall:	A	B	C	D	E	Total	% of Rev
Portland's Largest Garage Sale (2)		60,342	-	-	-	-	60,342	2%
Just Between Friends Children's Consignment Sale (2)		56,539	-	-	-	-	56,539	2%
Northwest Quilters 39th Annual Quilt Show		24,536	-	-	-	-	24,536	1%
Spa, Swimspa & Sauna Show (3)		39,950	-	-	-	-	39,950	1%
Worst Day of the Year Run		7,586	-	-	-	-	7,586	0%
<b>A Subtotal</b>		<b>188,952</b>	-	-	-	-	<b>188,952</b>	<b>5%</b>
Rose City Gun and Knife Show (4)		98,195	98,195	-	-	-	196,389	5%
The Great Train Expo		11,612	11,612	-	-	-	23,224	1%
2012 Portland Women's Show		11,063	11,063	-	-	-	22,127	1%
<b>B Subtotal</b>		<b>120,870</b>	<b>120,870</b>	-	-	-	<b>241,740</b>	<b>6%</b>
Heirloom's Portland Rubber Stamp & Paper Arts		-	-	7,850	-	-	7,850	0%
Mosaic Sales Solutions US Operating Co, LLC		-	-	7,159	-	-	7,159	0%
<b>C Subtotal</b>				<b>15,009</b>	-	-	<b>15,009</b>	<b>0%</b>
<b>A, B, C Subtotal</b>		<b>309,822</b>	<b>120,870</b>	<b>15,009</b>			<b>445,701</b>	<b>12%</b>
Roadster Show		-	-	48,797	58,557	87,835	195,190	5%
Fall RV & Van Show		-	-	25,532	30,638	45,958	102,128	3%
Sportsmen's and Fishing Boat Show		84,619	63,464	105,774	126,929	190,393	571,179	15%
Auto Swap Meet		43,142	32,357	53,928	64,714	97,071	291,212	8%
Rose City Classic Dog Show		42,187	31,641	52,734	63,281	94,922	284,765	8%
Home and Garden Show		41,212	30,909	51,515	61,818	92,728	278,183	7%
Boat Show		31,374	23,531	39,218	47,061	70,592	211,776	6%
Metro RV Dealers (2)		25,568	19,176	31,960	38,352	57,529	172,586	5%
<b>Subtotal</b>		<b>268,104</b>	<b>201,078</b>	<b>409,459</b>	<b>491,351</b>	<b>737,027</b>	<b>2,107,019</b>	<b>56%</b>
<b>Grand Total</b>		<b>577,926</b>	<b>321,948</b>	<b>424,469</b>	<b>491,351</b>	<b>737,027</b>	<b>2,552,720</b>	<b>68%</b>

## FINANCIAL DYNAMICS

### Portland Expo Center

**MAKING A GREAT PLACE:** Expo operations host 100 small businesses and 450,000 visitors each year, inducing **\$36 million local economic impact** and supporting 410 full-time jobs. This represents over \$6.40 in local impact for every \$1 Expo spends<sup>1</sup>.

**Four Expo Financial Dynamics:** **1)** Operating revenue & expense growth, **2)** MTOCA General Fund revenue & Excise Tax expense to General Fund, **3)** Net operations & annual debt service, **4)** Capital program, TLT Pooled Capital revenue & fund balance (reserves)

	Budget 2014-15	CAGR 2009-2014	% of Total	Note	
<b>Operating Revenue</b>					<b>Event Revenue (1)</b>
Rent & Charges for Services	2,286,653	5.1%	51%		▪ Event revenue at Expo consists of Rent (51%), Parking (37%), and net Food & Beverage Margin (7%) (note 7)
Parking	1,688,031	3.8%	37%		▪ Event revenue had a <u>Compound Annual Growth Rate</u> (CAGR) of <b>1.7%</b> from 2009-2014. However, expenses had a <b>2.6%</b> CAGR ( <b>note 4</b> ). The Portland-Salem CY CPI CAGR over the same period is <b>2.1%</b>
F&B Revenue	1,975,000	1.4%	7%		
Admissions	166,395	-2.9%	4%		
Commissions & Merch.	56,200	2.6%	1%		
<i>Event Related Revenue</i>	<b>6,172,279</b>	<b>1.7%</b>	<b>95%</b>	<b>1</b>	
Non-Op Revenue	30,740	2.7%	1%		
MTOCA	280,000		6%	2	
Transfers-R	(67,670)	-17.2%	-1%		
<i>Non-Event Related Revenue</i>	<b>243,070</b>		<b>5%</b>		
<b>Total Revenues</b>	<b>6,415,349</b>	<b>2.1%</b>	<b>100%</b>	<b>3</b>	<b>MTOCA (2)</b>
<b>Operating Expenditures</b>					▪ Expo received funding (\$280,000) from the <u>Metropolitan Tourism Opportunity and Competitiveness Account</u> (General Fund) for the first time in FY2015. Expo's annual MTOCA allocation is \$180,000.
Personnel Services	1,721,145	0.4%	32%		
F&B Expenditures	1,651,281	2.9%	31%		
Materials & Services <sup>2</sup>	1,459,762	4.1%	27%		
Non-Op Expenditures	25,000		0%		
Transfers-E	451,667	5.6%	9%		
<b>Total Expenditures</b>	<b>5,308,855</b>	<b>2.6%</b>	<b>100%</b>	<b>4</b>	<b>Excise Tax (3)</b>
Net Operating	1,106,494	-0.1%		5	▪ Operating departments like Expo are assessed a 7.5% Excise Tax on gross revenue for use of Metro owned facilities. Expo contributes approximately \$450,000 annually in Excise Tax to the General Fund. Expo's Event revenue of \$6.2 million reflects Excise Tax already taken.
<b>Debt Service</b>	<b>1,188,050</b>		<b>18%</b>	<b>6</b>	
<b>Operating Net of Debt</b>	<b>(81,556)</b>				<b>Operating Expenses (4)</b>
Food & Beverage Margin \$:	323,719		<b>7%</b>	<b>7</b>	▪ Operating expenses have grown at 2.6% (CAGR) 2009-2014. The Portland-Salem CY CPI CAGR over the same period is 2.1%
Food & Beverage Margin %:	16.4%	14.2%			
<b>Capital Resources</b>					<b>Debt Service (6)</b>
Grants & Other	269,056				▪ Expo operations net over \$1.1 million annually, (note 5) however, Expo pays annual debt service of \$1.2 million (note 6) until 2025. Current principal balance due: \$9.4 million.
Revenue (TLT Pooled Cap.)	360,000			8	
Aramark Capital Contrib.	45,000				
<b>Total Capital Revenue</b>	<b>674,056</b>				<b>Capital Program &amp; Reserves Dynamic (9 &amp; 10)</b>
<b>Capital Expenditures</b>	<b>955,000</b>			<b>9</b>	▪ Expo's 5-year Capital plan (2016-2020) is funded primarily by reserves and includes roof replacements etc., if executed as planned; it would completely deplete reserves (note 10) by 2020. The plan relies heavily on Transient Lodging Tax (TLT) funding. (\$2.8 million) (note 8)
Net Capital	(280,944)				
Beginning Fund Balance	3,402,144	-8.3%			
Ending Fund Balance	3,039,644	-10.1%		10	
<b>Fund Bal Inc/(Dec)</b>	<b>(362,500)</b>				

<sup>1</sup> Annual Economic and Fiscal Impact Analysis Reports by Crossroads Consulting Services 2008-2014

<sup>2</sup> The majority of operating expense increases are due to Water & Sewer fee increases and Drainage District tax assessments each with an 18% GACR 2007-2014

**Metropolitan Exposition Recreation Commission**  
**Record of Expo Project Work Session**  
October 7, 2015  
Portland Expo Center, Room D202-203

<b>Present:</b>	Terry Goldman, Judie Hammerstad, Deidra Krys-Rusoff, Ray Leary, Karis Stoudamire-Phillips, Damien Hall, Metro Council Liaison Sam Chase
<b>Absent:</b>	
	The session was opened by Chair Terry Goldman at 1:50 p.m.
<b>1.0</b>	<b>EXPO OPERATIONAL AND FINANCIAL CONDITIONS</b> Scott Robinson provided background information on the Expo Project study as well as for the Internal Advisory Team then MERC Finance Manager, Ben Rowe, utilizing a Power Point presentation and two handouts, provided an overview of Expo operational and financial conditions noting that the numbers are based on FY2013 – the fiscal year the Hunden Strategic Partners based their report on.
<b>2.0</b>	<b>EXPO PROJECT PROCESS UPDATE AND OVERVIEW</b> MERC Venues Policy Coordinator, David Fortney, presented a series of slides regarding the Expo Project process overview with background information on internal due diligence and external engagement as well as the financial tools that could be available for the project – both internal and external. The presentation then focused on investment scenarios being considered along with their respective costs, the annual external funding requirements for each and timing for financing.
<b>3.0</b>	<b>INTERNAL ADVISORY TEAM PROCESS AND OUTCOMES</b> Fortney provided background on options considered by the Internal Team along with the financial realities and core assumptions that accompany each before showing a chart with suggested levels of investment and effort for the different scenarios.
<b>4.0</b>	<b>DISCUSSION</b> Fortney and Rowe opened the session to Commissioners for discussion. <ul style="list-style-type: none"> <li>• Commissioner Hall suggested that the “no build” option be moved up on the effort scale to reflect “no build until finances are available”</li> <li>• Commissioner Hammerstad suggested that some amount of investment would be acceptable however it would be necessary to have a better grasp on the Return on Investment</li> <li>• Commissioner Hammerstad recommended pursuing the Hybrid option noting that scenarios which require investment from outside partners would be difficult and the ROI most likely would not be seen for many years. Commissioners Leary and Stoudamire-Phillips agreed.</li> <li>• Commissioner Goldman suggested that either the hybrid or SM-D option (renovate hall C, deconstruct halls AB) would make the most sense.</li> <li>• Commissioner Hall stated that much more information would be needed to “flesh-out” the hybrid scenario.</li> </ul> Scott Robinson suggested that the dialog be continued at the MERC Budget Retreat scheduled for November 4.
	Chair Terry Goldman closed the session at 3:05 p.m.