

**MINUTES**  
**GWCCA FINANCE COMMITTEE MEETING**  
**May 9, 2016**  
**2:00 p.m.**  
**Authority Board Room**

**Finance Committee Members Present:**

Steve Adams  
David Allman, Chairman  
Lee Hunter, Ex-Officio  
Bill Jones  
Doug Tollett

**Finance Committee Members Absent:**

Brian Daniel  
Andrew MacCartney

**Personnel Committee Members Present:**

Steve Adams  
David Allman  
Glenn Hicks, Chair

**Personnel Committee Members Absent:**

Brian Daniel  
Bill Rice  
Bill Russell

**GWCC Staff Present:**

Mark Adams  
Carl Adkins  
Dale Aiken  
Janet Arsenault  
Kevin Duvall  
Julia Karrenbauer  
Kay Lawrence  
Jennifer LeMaster  
Frank Poe  
Pargen Robertson  
Lynn Ross  
Rose Schultze  
Patrick Skaggs  
Adam Straight  
Erik Waldman

Chair Allman called the meeting to order at 2:05 p.m. and asked for a motion to approve the April 7, 2016 Finance Committee – OPEB Board of Trustees meeting minutes.

*A motion to approve the April 7, 2016 Finance Committee – OPEB Board of Trustees meeting minutes was made by Doug Tollett, seconded by Steve Adams, and unanimously approved.*

**FY17 BUDGET**

The FY17 Budget is the first budget under the new organizational realignment. The Budget is no longer venue specific but focuses on core business function. With current analytics, we are better able to understand revenue and expenses so we can look at strategies on how to grow revenue.

The Executive Level of the new organizational realignment consists of the Executive Director and his eight Direct Reports.

- Executive Assistant
- Director of Government Relations
- Legal Counsel
- Director of Internal Audits
- Chief Administrative Officer
- Chief Operating Officer
- Chief Commercial Officer
- SITCC General Manager

FY16's organizational change has been about gained efficiencies. Operating departments are sharing labor and are better using resources to support events on campus. The Authority's diverse sales team has not only developed new ways to engage our customers but has consolidated redundant processes. Getting the right team members into the right spot has been a top priority since the new organizational structure went into effect in January 2016. A renewed focus on revenue generation versus expense management has generated creativity and inspiration. With eight new Governance groups made up of senior leaders and emerging leaders, the Authority is looking at top line revenues and expenses, by event, across the organization; and in doing so, is teaching the next generation leaders the business acumen necessary to compete in a global environment. While the Authority has been at the forefront of our industry capturing data and seeking feedback, it is now learning and teaching its teams new ways to look at it, understand it, and use it to make the better decisions.

The following global targets, which reflect the Authority's new alignment around function and not venue, were developed.

- Customers
- Facilities
- Economic Sustainability
- Stakeholders
- Corporate Reputation

Taking care of the customer is the heart of all we do and we need great people to do that. The Authority is in the early stages of organization-wide succession planning. By investing in and taking care of its people, who also take care of the facilities, the Authority is better leveraging the ROI. The focus on development revenue is allowing staff to get a handle on what its core business is and should be. Analyzing all of the information available and through our integration and use of the most modern Business Intelligence tools, we are looking revenue development in a new way. It's about better commercial strategy using the best information available to decide what we need to do to get the desired customer we do not have. In the past, the Authority has relied on its ability to execute on its mission to drive economic impact and provide for quality of life to attract partners who then tell its story. The Authority is developing new and better ways to engage its stakeholders with compelling and consistent brand messaging. The results should bring more potential partners and influencers who bring increased focus and attention to our campus as the economic engine that drives tourism. All of this feeds into the Authority's vision to be globally recognized as the #1 convention, sports, and entertainment destination in the world in the #1 state in which to do business.

Rose Schultze, Lynn Ross, and Kay Lawrence, members of the Finance team, were in attendance at today's meeting and were recognized for their hard work in developing the FY17 Budgets.

The new Administrative Team structure is led by Jennifer LeMaster, Chief Administrative Office. She oversees the Senior Director of Finance, Janet Arsenault; the Director of Purchasing, Erle Coleman; the Director of Communications, vacant; and the Director of Human Resources, vacant.

Today's meeting will focus on the FY17 proposed Budgets for the Congress Center and Park combined and the Georgia Dome. Each FY17 Budget Summary shows the FY16 projected year-end numbers and the Proposed FY17 Budget.

The following highlights are reflected in each budget.

- Hotel/Motel Tax (includes a 4% increase based on State's economist recommendation); and
- Personnel
  - Merit Pool
  - Health Insurance

Total Personnel Services for the Congress Center and the Park in FY17 amount to \$24,727,670, which is impacted by the merit pool, full-funding of vacant positions, and an increase in salaries in priority areas. This represents a total increase of \$1,496,212 or 6.05% over FY16 projected. The increase includes the following.

- 3% Merit Pool – increase of \$435K
- Salary adjustments – increase of \$204K
- Fringes – increase of \$327K
- Health insurance – increase of \$166K (10% increase for 7 months)

Total personnel services are broken out into our three areas.

- Commercial at 11%
- Administration at 20%
- Operations at 70%

#### **GWCC and COP FY17 Revenue Budget**

The new Commercial Team structure is led by Carl Adkins, Chief Commercial Officer. He oversees the Director of Products and Services, Joe Skopitz; the Director of Sales, Mark Adams; the Senior Director of Business Development, Julia Karrenbauer; and the General Manager of Convention Development, Mark Zimmerman. Three FY16/FY17 Revenue Budget Summary Comparisons (GWCC, Park, and GWCC/Park combined) were reviewed.

Ways we measure ourselves include:

- Events, Attendance, and Economic Impact;
- Sales Performance – Future bookings and in-the-year-for-the year bookings;
- Revenue per occupied square footage;
- Revenue per occupied square footage by event type;
- Revenue trends and projections based on revenue per occupied square footage; and
- How we compare to our competition.

Projected FY16 Total Revenue for the Congress Center is \$41,613,214. Proposed FY17 Total Revenue is \$43,009,492 which is a 3.36% or \$1,396,278 increase in revenue over FY16.

Projected FY16 Total Revenue for the Park is \$3,560,230. Proposed FY17 Total Revenue is \$4,555,051 which is a 27.9% or \$994,821 increase in revenue over FY16.

Projected FY16 Total Revenue for the Congress Center and the Park combined is \$45,173,444. Proposed FY17 Total Revenue is a 5.29% or \$2,391,099 increase in revenue over FY16.

The following comparison of FY16 to FY17 Congress Center events, estimated attendance, and economic impact was presented.

In FY16 the Congress Center hosted the following events which resulted in a total estimated attendance of 1,165,269 and a total economic impact of \$856M.

- 36 Tradeshows
- 11 Corporate events
- 14 Consumer-Public events
- 194 Other events (67 confirmed / 127 forecasted ITYFTY)

In FY17 the Congress Center will host the following events which will result in a total estimated attendance of 1,206,145 and a total economic impact of \$811M.

- 32 Tradeshows
- 9 Corporate events
- 14 Consumer-Public events
- 198 Other events (58 confirmed / 140 forecasted INTYFTY)

Comparison of FY16 / FY17 Park events:

<b>FY16</b>	<b>FY17</b>
July 4 <sup>th</sup> Celebration	July 4 <sup>th</sup> Celebration
1 day of Foo Fighters	20 <sup>th</sup> Anniversary Celebration
3 days of Sweetwater 420 Fest	3 day of Sweetwater 420 Fest
14 Runs/Walks	13 Runs/Walks
17 Wednesday WindDown Concerts	17 Wednesday WindDown Concerts
6 days of “Shaky” Music Festivals	6 days of “Shaky” Music Festivals
35 Music at Noon Concerts	35 Music at Noon Concerts
51 days of Ice Rink	45 days of Ice Rink

Sales performance compared FY14/FY15 actual to FY16/FY17 projected total rental, years booked, and number of events. A comparison of in-the-year-for-the-year booking total sales and number of events for the same fiscal years was also reviewed. From this information, the team is gaining knowledge regarding where and when to book business so more business can be booked.

### **GWCC and COP FY17 Expense Budget**

The new Operations Team structure is led by Kevin Duvall, Chief Operations Officer. In this position, he oversees the Senior Director of Projects and Programs, Adam Straight; the Senior Director of Campus Operations, Patrick Skaggs; and the Senior Director of Logistics and Georgia Dome Events, Erik Waldman. The FY16/FY17 Expense Budget Summary Comparison for the GWCC and Park combined was reviewed.

Funding for \$1.4M (\$1.2M is from FY15 operations surplus) for the following projects has been identified.

- Digital media technology upgrade;
- Digital camera upgrades (zone budget);
- Campus wayfinding;
- Public Safety office upgrades;
- Authority Boardroom AV upgrade;
- Phase 2 facility assessment; and
- Red Deck improvements (cosmetic & operational)

Projected FY16 Total Expenditures are \$42,606,689. Proposed FY17 Total Expenditures are \$43,217,075, a 1.43% or \$610,386 increase over FY16.

Staff requested approval to set aside a total of \$1.8M from GWCC FY16 net operating revenue for the following three items.

- Establish a Park maintenance reserve of \$300K for continued maintenance of hard and soft scape;
- Add \$950K to existing project reserve of \$1.2M, adding to the \$1.4M in the FY17 budget giving the Authority a total of \$3.55M in project funds; and
- Invest \$569K in OPEB Trust Fund bringing the total investment to \$4.3M.

The remaining balance of approximately \$750K would be rolled into the fund balance.

### **Georgia Dome FY17 Budget**

The Georgia Dome's "final year" logo was presented. Logo lapel pins were distributed to Board members. The final Georgia Dome budget is for twelve months but has staggered endings.

- Final event – March 11, 2017;
- Vacate by May 1, 2017; and
- Salvage complete by May 15, 2017

The Dome has 40 publicly ticketed and 7 private events scheduled with an additional 18 events projected in-the-year-for-the-year. These events should bring an approximate attendance of 1,303,250 and an estimated economic impact of \$372M.

High profile publicly tickets events include:

- Guns N Roses;
- Beyoncé Concert #2;
- 35 football games; and
- Monster Jam, Supercross (last publicly ticketed events)

Year-end trifecta events include Peach Bowl semi-final game, Falcons, and Passion conference/concert (will take place campus-wide).

### **Decommissioning of the Dome**

#### **Personnel Placement:**

- As of October 1, 2013, there were 132 full-time positions.
- As of July 1, 2015, there were 111 full-time positions.
- As of July 1, 2016, there will be 87 full-time employees.

Since October 1, 2013, the current personnel status is:

- 34 – Promotions/transfers from Dome to GWCC
- 58 – Separations
- 35 – Offered conditional employment with StadCo
- 10 – Plan to retire when Dome closes
- 10 – Stated "other" desired career path

Promotions and separations are a cumulative number representing position updates since October 1, 2013. All interviews with StadCo have been completed and discussions with individual staff continue.

Regarding the current 87 full-time positions, vacancies are being addressed by a combination of the following:

- Continued consolidation of duties with 10% increase in pay where applicable;
- Seasonal staffing;
- Contract labor;
- Full-time staff hired since October 1, 2013 were informed and have signed documents stating they understand that they will not be guaranteed employment beyond March 1, 2017.

Staffing transition plans for period April 1, 2017 through June 30, 2017 have been identified.

**Cap Ex/Special Projects:** (mutually agreed upon process)

Section 3.2 of the Transaction Agreement – Operations of Georgia Dome states, “no capital expenditures or ‘special projects’ will be made or undertaken with respect to the Georgia Dome unless agreed to in writing by StadCo and the GWCCA. The FY17 Budget includes no approved projects.

**Salvage:**

Areas identified include the following.

- Food service equipment – anticipate an estimated cost avoidance of at least \$525K for the Congress Center.
- Rolling stock (tables, chairs, staging) – anticipate an estimated cost avoidance of \$1.5M for the Congress Center.
- Storage/material handling – cost of \$750K (half is labor cost)
- Equipment (carts, gators, forklifts) – anticipate an estimated cost avoidance of \$450K for the Congress Center.
- AV and digital assets

Estimated salvage costs - \$750K

Minimum estimated cost avoidance - \$2.5M

Anticipated operating cash balance:

Balance at end of FY16	\$7,487,885
FY17 projection	<u>988,283</u>
<b>TOTAL</b>	<b>\$8,476,168</b>

Staff would like to set up a reserve and earmark \$750K of it for salvage costs.

**Debt Service:**

• Current balance	\$18,255,000
• April 2016 – Additional Principal payment	4,750,000
• May 2016 – Additional payment (payoff)	<u>13,505,000</u>
➤ Early retirement / Sinking fund	
Balance	\$0

Projected FY16 Total Revenue is \$80,957,819. Proposed FY17 Total Revenue is \$51,033,414 which is 36.96% or \$29,924,405 less than FY16 projected revenue.

Projected FY16 Total Expenditures are \$51,749,440. Proposed FY17 Total Expenditures are \$44,239,289, a 14.51% or \$7,510,151 decrease from FY16.

The Dome projects an FY16 net profit of \$27,414,256 and forecasts an FY17 net profit of \$3,953,133, as negative variance of \$23,461,123.

Staff recommends Committee approval to recommend the FY17 Budgets to the full Board for action at the May 24, 2016 Board meeting.

***A motion to recommend the FY 2017 Budgets, as presented at today's meeting, to the full Board for action at the May 24, 2016 Board of Governors meeting was made by Doug Tollett, seconded by Bill Jones, and unanimously approved.***

There being no further business, the meeting adjourned at 3:26 p.m.

Respectfully submitted:

Approved:

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Dale Aiken, Assistant Secretary

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David Allman, Chair