

**GWCCA FINANCE COMMITTEE MEETING
MINUTES
May 22, 2012
1:00 p.m.
GWCC Sales & Event Services Board Room**

Finance Committee Members Present:

David Allman, Chairman
Tim Lowe, Ex-Officio
Gary Smith *(by teleconference)*
Doug Tollett

Finance Committee Members Absent:

Taz Anderson
John Downs

Personnel Committee Members Present:

David Allman
Glenn Hicks
Dee Yancey *(by teleconference)*

Personnel Committee Members Absent:

Jeff Anderson
Sen. Bill Hamrick
Lee Hunter

GWCC Staff Present:

Carl Adkins
Dale Aiken
Stephanie Carter
Kevin Duvall
Jennifer LeMaster
Frank Poe
Patrick Skaggs
Sherrie Spinks
Mark Zimmerman

Chair Allman called the meeting to order at 1:35 p.m.

A motion to approve the April 12, 2012 Personnel Committee meeting minutes was made by Doug Tollett, seconded by Gary Smith, and unanimously approved.

The October 24, 2011 meeting minutes will be presented at the next meeting for approval.

The Finance Committee was joined by the Personnel Committee today to review the proposed FY13 Budgets. Following budget presentations, the Finance Committee will determine their recommendation for Board action at the June Authority meeting.

Some common items in the proposed budgets for each business unit are as follows: 1) a recommended 3% merit increase; 2) salary survey adjustments; 3) deferred compensation; 4) Hotel/Motel Tax projected growth of 4.2%; and 5) Final Four.

An FY13 Operating Budget Summary Comparison and a list of budget assumptions for each facility were sent to committee members prior to this meeting for review. Each FY13 Budget Summary shows the FY12 projected year-end numbers and the Proposed FY13 Budget. A copy of each budget summary and assumptions is appended and made a part of these minutes. Mark Zimmerman, Carl Adkins, and Joe Skopitz will present their respective facility's budget.

In addition to the FY13 Budget review, the GWCCA capital needs program and the health insurance bid process will be reviewed.

GWCC

FY12 has been a challenging year. The Congress Center hosted forty-three tradeshow and two public shows for an estimated economic impact of \$1.5B. PricewaterhouseCooper's 2011 report, which analyzes the tradeshow industry market, revealed the Congress Center obtained 46.80% of the exhibit hall business while other centers with more than 500K square feet of exhibit space secured 51% and other centers in Gateway Markets secured 52.1%. Staff anticipates the Congress Center should be at 48% for 2012. The Marketing Fund should help increase the percentage. The Committee expressed concern as to why the Congress Center falls below the other markets. The Congress Center does not get its market share of the business due to Atlanta not having destination appeal and over supply of convention centers. Staff noted that 62 to 65% of the market would be at best. Practical maximum is 70%, never 100%.

Projected FY12 Total Revenue is \$28,170,578. Proposed FY13 Total Revenue is \$29,909,653 which is 6% ahead of the FY12 projected revenue. FY13 rental and catering revenue is up 16% over FY12. FY13 Exhibit Utility Service is less than FY12 due to event mix. Parking, Hotel/Motel Tax, and Other are ahead of FY12 projections.

Projected FY12 Total Expenditures are \$30,187,578. Proposed FY13 Total Expenditures are \$31,760,482, to include an average 3% merit increase. Regular operating is up \$429K or 5% over FY12. Overall, FY13 Total Expenditures are up 5% over FY12. Personal Services reflects an average 3% merit increase and salary survey adjustments.

The Congress Center projects an FY12 net loss of (\$2,017,000) and forecasts an FY13 net loss of (\$1,850,829).

Committee expressed concern that budget was not balanced and questioned how staff would go about balancing it. Staff expects to confirm additional citywide business through the 1% Marketing Fund which will improve the FY13 budget. Just since October 2011, twelve citywide events have booked due to the Marketing Fund. There are more in the pipeline.

Pattsie Rand, GWCC Director of Sales, is retiring June 30, 2012. An outside consultant is reviewing our sales process. Results will show if our process is running efficiently and will help determine which direction we should take going forward. GWCC will also re-visit our responsibilities with ACVB during this process.

FY14 forecast will be presented at the 2012 Authority Planning Retreat.

Georgia Dome

The Dome expects a strong FY13 with the NCAA Men's Final Four and a second Chick-fil-A Kickoff Game. In FY 13 the Dome will host thirty-two publically ticketed events, and thirteen private events for an estimated economic impact of \$271 million.

Projected FY12 Total Revenue is \$59,540,457. Proposed FY13 Total Revenue is \$60,311,470 which is 1.29% ahead of the FY12 projected revenue. FY13 rental is down \$500K in FY12 due to no concert next year. There are no suites sales for the Final Four. Catering revenue is up due to Final Four. Suite/Seats License Fees is down \$150K. There are no single suite sales for the Final Four.

Projected FY12 Total Expenditures are \$42,669,754 Proposed FY13 Total Expenditures are \$44,314,858, a 3.86% increase over FY12. Personal Services reflects an average 3% merit increase and salary survey adjustments.

The Dome projects an FY12 net profit of \$6,147,781. The proposed regular FY13 Dome budget forecasts a \$6.3 million net gain after depreciation.

Centennial Olympic Park

The Park expects a consistent FY13. Marquee FY13 events include the NCAA Men's Final Four "Big Dance;" second Chick-fil-A Kickoff concert; July 4th Celebration; and Party in the Park. The Park will host two hundred fifteen events in FY13.

Projected FY12 revenue is \$2,402,275. Proposed FY13 Total Revenue is \$3,266,853 which is 36% ahead of the FY12 projected revenue. Catering revenue includes a Microsoft event; Advertising includes pouring rights agreement; and Holiday Festival includes more sponsorship support.

Projected FY12 Total Expenditures is \$2,711,708. Projected FY13 Total Expenditures is \$3,236,567 or a 19% increase over FY12. Personal Services reflects an average 3% merit increase and health insurance increases.

The Park projects an FY12 net loss of (\$1,837,409) and proposes an FY13 net loss of (\$1,482,780).

FY13 Capital improvement needs for the Congress Center and the Park will be submitted through the GO Bond process.

Request for Proposal (RFP) responses for health insurance have been received. Evaluation of the responses is in progress.

This concludes the FY12 and FY13 budget reports. Staff recommends committee approval of the FY13 budgets. Should the committee approve, the budgets will be presented to the full Board at the June 2012 Board meeting for action.

A motion to recommend the FY 2013 Budgets, as presented at today's meeting, to the full Board for approval at the June 2012 Authority meeting was made by Doug Tollett, seconded by Gary Smith, and unanimously approved.

There being no further business, the meeting adjourned at 2:50 p.m.

Respectfully submitted:

Approved:

Dale Aiken, Assistant Secretary

David Allman, Chair