

GEORGE L. SMITH, II
GEORGIA WORLD CONGRESS CENTER

ANNUAL REPORT
FISCAL YEAR 1977-78

AUGUST 15, 1978

TABLE OF CONTENTS

| | <u>PAGE</u> |
|---|-------------|
| Introduction..... | 1 |
| Financial Analysis | |
| General..... | 2 |
| Income..... | 4 |
| Rentals..... | 4 |
| Food Service..... | 6 |
| Exhibit Utility Services..... | 8 |
| Georgia Hall..... | 10 |
| Parking..... | 10 |
| Miscellaneous..... | 11 |
| Expenditures | |
| Personal Services..... | 12 |
| Operating Expenses..... | 12 |
| Financial Synopsis - First Three Years..... | 14 |
| Event Attendance Analysis..... | 16 |
| Staffing | |
| General..... | 21 |
| Affirmative Action..... | 23 |
| Summary | |
| General..... | 26 |
| Future..... | 26 |

LIST OF EXHIBITS:

| | |
|--|-------|
| A. Income and Expenditures; Projected VS. Actual..... | 3 |
| B. Rental Income 1977-78..... | 5 |
| C. Food Service Division, Financial Summary..... | 7 |
| D. Exhibit Utility Services, Income & Expenditure Report.. | 9 |
| E. Operating Expenditures; Projected VS. Actual..... | 13 |
| F. Financial Synopsis - First Three Years..... | 15 |
| G. Event Attendance Summary..... | 17 |
| H. Economic Impact, 1977-78 Attendance..... | 18-19 |
| I. Economic Impact Projections..... | 20 |
| J. GWCC Organizational Chart..... | 22 |
| K. Analysis of Work Force..... | 24 |
| L. S.M.S.A. Reference..... | 25 |

INTRODUCTION

Fiscal year 1977-78 was particularly significant in that it was the first full fiscal year of operation in the brief history of the Georgia World Congress Center.

As a new facility in the national and international convention/tradeshaw market, the primary objective for the year was to establish and solidify a high position in the market place. In this respect we believe the Center has had a most successful year. Establishing credibility within the convention/tradeshaw industry during the initial years of development is essential to the long range success of the facility. We firmly believe great strides have been taken toward insuring the long range success of the Georgia World Congress Center.

Financially, fiscal year 1977-78 must also be considered highly successful. State funds appropriated for operations totaled \$500,000.00 in 1977-78 compared to \$1,681,451.00 the previous year, a REDUCTION OF \$1,181,451.00. Of equal significance, NO APPROPRIATION OF FUNDS was requested for the coming year 1978-79.

Initial budget forecasts projected an operating deficit of \$274,576.00 for 1977-78. At the close of operations June 30, 1978, an actual operating deficit of \$8,118.00 was realized. In other words, a NET GAIN of \$266,458.00 in actual operations versus forecast operations for the year.

The future appears extremely bright for the Georgia World Congress Center. Current bookings represent in excess of 250 days of major event activity per year through the year 1987 and are continuing to grow. Of even greater significance to the staff, the Center continues to maintain repeat commitments at better than an 80% rate.

Short range concerns include continued development and professional training within the organization and the never ending battle to stay ahead of inflation. Inflationary factors will be critical to the financial stability of the Center during the early years and we anticipate substantial difficulty in maintaining a "break even" financial position.

FINANCIAL ANALYSIS

GENERAL:

As touched upon briefly in the introduction, financial projections for the year were exceeded by over \$266,000. Income projections were surpassed by some twenty percent (20%). Conversely, expenditures increased by approximately nine percent (9%) over original projections.

Income increases were due primarily to additional business while expenditure increases were necessitated for the most part to service the new business.

Exhibit "A" summarizes projected income and expenditures compared with actual income and expenditures.

1977-78 INCOME AND EXPENDITURES
PROJECTED VS ACTUAL

| | <u>PROJECTED</u> | <u>ACTUAL</u> |
|--------------------------|--------------------|--------------------|
| <u>INCOME:</u> | | |
| Rent | \$ 954,900 | \$1,110,677 |
| Food Service (Rich's) | 237,678 | 249,536 |
| Exhibit Utility Services | 304,000 | 524,699 |
| Georgia Hall | 150,579 | 65,920 |
| Parking | 2,000 | 5,902 |
| Miscellaneous | 57,757 | 101,258 |
| State Appropriation | 500,000 | 500,000 |
| Other Reimbursements | -0- | 140,000 (1) |
| TOTAL | <u>\$2,206,914</u> | <u>\$2,697,992</u> |
| <u>EXPENDITURES:</u> | | |
| Personal Services | \$1,566,190 | \$1,684,322 |
| Regular Operating | 728,380 | 771,955 |
| Equipment | 67,000 | 108,529 |
| Contracts | 81,100 | 75,309 |
| Other | 38,820 | 65,996 |
| TOTAL | <u>\$2,481,490</u> | <u>\$2,706,111</u> |

NOTE:

- (1) "Other Reimbursements" in amount of \$140,000 represents an expenditure from prior year operating funds for portable walls in the exhibit hall. The Center anticipates these funds will be reimbursed from original construction funds by the State Department of Finance and Investments/Construction Division.

INCOME:

Income was realized primarily as projected prior to entering fiscal year 1977-78. Notable increases were realized in the categories of RENT and EXHIBIT UTILITY SERVICES. The only category which did not live up to expectations was GEORGIA HALL. An analysis of each major source of income follows:

A. RENTALS:

Total rental income for all activities was \$155,777 above projections, an increase of approximately 16%. This increase was realized primarily from the addition of several major events; notably, the International Hi-Fidelity Show, Congress of Beauty and World Fair for Technology.

In addition to the new shows not originally anticipated, rental income was increased through a number of existing shows which experienced unusually large growth in exhibit space requirements. Consequently, rental income from these shows was greater than originally anticipated.

Minor event income from small meetings, corporate users, auditorium events, etc. was about as anticipated. We believe this area will continue to grow as small organizations realize their needs can be well served in the Congress Center.

Exhibit "B" summarizes major event rentals and the total of minor events.

RENTAL INCOME 1977-78

| <u>MAJOR EVENTS</u> | <u>AMOUNT</u> |
|---|---------------------------|
| Atlanta Gift Show - July 1977 | \$ 42,308.00 - |
| Bobbin Show | 64,214.20 |
| American Hospital Association | 34,524.00 |
| Intelcom '77 | 31,100.00 |
| Atlanta Marine Trade Show | 61,060.00 |
| Southern Plant Engineering & Maintenance | 32,368.00 |
| American Osteopathic Association | 14,970.00 |
| Auto Expo | 30,000.00 |
| Dixie Farm Show | 33,000.00 |
| WXIA-TV Superball '78 | 10,500.00 |
| American Society of Hospital Pharmacists | 10,100.00 |
| Atlanta Gift Show - January 1978 | 33,346.80 |
| Southern Pulp and Paper | 5,212.00 |
| World of Wheels | 10,645.73 |
| S. E. Poultry and Egg | 35,113.20 |
| S. E. Heating and Air Conditioning | 41,313.20 |
| Atlanta Boat Show | 40,000.00 |
| World Fair for Technology | 10,912.00 |
| American Association of School Administrators | 46,033.60 |
| Atlanta International Sport and Travel | 86,500.00 |
| S. E. Variety Merchandise | 13,200.00 |
| S. E. Hospital Conference | 17,750.00 |
| Apartment Builders Expo | 29,964.00 |
| Ace Hardware | 35,860.00 |
| Hi-Fi Show | 28,815.20 |
| American Psychiatric Association | 32,549.60 |
| American Booksellers Association | 43,192.00 |
| Biological Chemists | 16,970.00 |
| Congress of Beauty | 15,072.80 |
| Southern Baptist Convention | 27,399.60 |
| Computer Caravan | 6,000.00 |
| Financial Independence Expo | 6,000.00 |
| World Thrust | 5,900.00 |
| Greatest Sew on Earth | 13,500.00 |
| Rogers National Research | 9,000.00 |
| TOTAL MAJOR EVENTS | \$ 974,393.93 |
| TOTAL MINOR EVENTS | 136,283.28 |
| TOTAL EVENTS | <u>\$1,110,677.21</u> |

B. FOOD SERVICE:

Prior to fiscal year 1977-78, Rich's Food Service operation had been somewhat disappointing from a financial standpoint. No income whatsoever was realized during the partial year of operation in 1976-77. We had stated at that period an overall confidence in their approach and felt circumstances beyond Rich's control had precluded realization of income. We also voiced confidence that expectations could be met for 1977-78 and, indeed, they have been.

A net profit of \$323,932 was realized from gross sales of \$1,567,294. This represents a profit margin of 20.7%. The Georgia World Congress Center received 80% of the net profit, or, \$259,145.00.

Perhaps more important than profit figures, we believe Rich's has firmly established a reputation for quality and service unique to convention facilities. Unfortunately, many convention facilities are unable to accommodate much more than very basic "institutional" type food service programs. In contrast, the Georgia World Congress Center is rapidly developing a reputation for being very capable of handling gourmet meal functions and massive banquets with no sacrifice to quality or service. We anticipate continued growth in the food service area with greater income production for the Congress Center.

Exhibit "C" summarizes Rich's income and expenditures.

EXHIBIT "C"

RICH'S FOOD SERVICE DIVISION
FINANCIAL SUMMARY

| <u>INCOME:</u> | <u>AMOUNT</u> | <u>PERCENT</u> |
|------------------------------------|---------------------|----------------|
| Food Sales | \$ 1,193,102 | 76.1% |
| Beverage Sales | <u>374,192</u> | <u>23.9%</u> |
| TOTAL INCOME | <u>\$ 1,567,294</u> | <u>100.0%</u> |
| <u>EXPENSES:</u> | | |
| Cost of Sales (product) | \$ 443,790 | 28.3% |
| Wages, Salaries, Taxes and Fringe | 542,623 | 34.6% |
| Other Operating Expenses | 215,780 | 13.8% |
| Administration and Management Fees | <u>41,169</u> | <u>2.6%</u> |
| TOTAL EXPENSES | <u>\$ 1,243,362</u> | <u>79.3%</u> |
| <u>NET INCOME:</u> | \$ 323,932 | 20.7% |

DIVISION OF NET INCOME:

| | | |
|---------------------|-------------------|---------------|
| Rich's (20% of Net) | \$ 64,786.40 | 4.14% |
| GWCC (80% of Net) | <u>259,145.60</u> | <u>16.56%</u> |
| | \$ 323,932.00 | 20.7% |

NOTE: Rich's closed fiscal year 1976-77 with approximately a \$10,000 deficit. Thus net profit to the Congress Center was reduced by that amount.

C. EXHIBIT UTILITY SERVICES:

The providing of electrical service, gas connections, compressed air, water and drains, etc. to exhibitors continues to be one of our most successful operations. Exhibit Utility Services represents by far our most effective method of acquiring income beyond space rental. Approximately 20% of total income was generated through the provision of utility services to exhibitors.

In addition to income production, the utility services operation has been extremely beneficial in building a reputation nationally as a facility free from labor problems and exorbitant costs to exhibitors.

Exhibit "D" summarizes gross income and labor expenditures for the utility services operation. It should be noted that amortization of equipment is not reflected, nor is electrical consumption attributed to exhibitor usage calculated.

EXHIBIT UTILITY SERVICES
INCOME AND EXPENDITURES - REPORT
FISCAL YEAR 1977-78

| <u>DATE</u> | <u>MAJOR EVENTS</u> | <u>GROSS INCOME</u> | <u>EXPENDITURES LABOR</u> | <u>NET INCOME</u> |
|-------------|--|-------------------------|-------------------------------|-------------------|
| July 77 | Atlanta Gift Show | \$ 24,854.50 | \$ 6,405.02 | \$ 18,449.48 |
| Sept. 77 | American Hospital Association | 28,601.86 | 6,350.78 | 22,251.08 |
| Oct. 77 | Bobbin Show | 88,630.40 | 22,473.07 | 66,157.33 |
| Oct. 77 | Marine Trade Show | 12,254.00 | 3,903.17 | 8,350.83 |
| Oct. 77 | Intelcom '77 | 32,205.30 | 5,335.47 | 26,869.83 |
| Oct. 77 | Greatest Sew on Earth | 3,512.00 | 1,524.74 | 1,987.26 |
| Nov. 77 | American Osteopathic Association | 5,933.00 | 858.00 | 5,075.00 |
| Nov. 77 | Plant Engineering & Maintenance Show | 20,066.30 | 5,174.67 | 14,891.63 |
| Nov. 77 | Auto Expo Atlanta | 4,220.50 | 665.80 | 3,554.70 |
| Dec. 77 | American Society of Hospital Pharmacists | 5,669.00 | 562.75 | 5,106.25 |
| Dec. 77 | Dixie Farm Show | 2,069.00 | 594.45 | 1,474.55 |
| Jan. 78 | Pulp and Paper Show | 6,569.00 | 1,568.54 | 5,000.46 |
| Jan. 78 | World of Wheels | 2,080.00 | 224.00 | 1,856.00 |
| Jan. 78 | Atlanta Gift Show | 18,163.10 | 2,791.79 | 15,371.31 |
| Jan. 78 | S.E. Poultry and Egg | 16,309.75 | 1,515.42 | 14,794.33 |
| Feb. 78 | Campus Crusade | 1,269.00 | 159.72 | 1,109.28 |
| Feb. 78 | ASHRAE | 28,685.08 | 5,458.18 | 23,226.90 |
| Feb. 78 | World Fair Tech Exchange | 4,671.00 | 1,180.23 | 3,490.77 |
| Feb. 78 | Atlanta Boat Show | 3,219.00 | 517.92 | 2,701.08 |
| Feb. 78 | A A S A | 19,966.00 | 2,264.03 | 17,701.97 |
| Mar. 78 | Atlanta Sport & Travel | 6,675.02 | 1,078.06 | 5,596.96 |
| Apr. 78 | Apartment Builders | 33,638.19 | 6,949.81 | 26,688.38 |
| Apr. 78 | Computer Expo | 6,295.50 | 477.58 | 5,817.92 |
| Mar. 78 | Financial Independence | 1,620.00 | 304.00 | 1,316.00 |
| Apr. 78 | S.E. Hospital Conf. | 12,504.35 | 968.70 | 11,535.65 |
| Mar. 78 | S.E. Variety Mdse. Show | 5,881.50 | 560.15 | 5,321.35 |
| May 78 | Ace Hardware | 17,415.55 | 2,886.42 | 14,529.13 |
| May 78 | American Booksellers | 32,485.50 | 5,370.54 | 27,114.96 |
| May 78 | Amer. Psychiatric Assn. | 8,091.50 | 1,060.91 | 7,030.59 |
| May 78 | High Fidelity Show | 19,448.75 | 4,488.59 | 14,960.16 |
| June 78 | Amer. Society Biological Chemists | 14,573.50 | 2,068.83 | 12,504.67 |
| June 78 | Southern Baptist | 5,327.50 | 1,400.20 | 3,927.30 |
| June 78 | Congress of Beauty | 7,764.70 | 1,392.73 | 6,371.97 |
| | Miscellaneous Events | 24,029.80 | 897.45 | 23,132.35 |
| | TOTAL | \$524,699.15 | \$ 99,431.72 | \$425,267.43* |

*Net Income represents 81.5% of Gross Income.

D. GEORGIA HALL:

Early projections for Georgia Hall anticipated income of \$150,579. Actual income realized totaled \$65,920, or, less than 50% of original projections. We do not know, in all candor, how to entirely explain the shortcoming. Obviously, we may simply have been somewhat overly optimistic with projections. However, we believe there are other significant factors, particularly the initial investment necessary to produce an appropriate display.

Four extremely impressive displays were entered in Georgia Hall during the fiscal year. Specifically, Goodyear, Georgia Ports Authority, Southern Bell and Coca Cola have all developed dramatic displays which are now in operation. In addition, seven smaller businesses have purchased kiosk space. Unfortunately, we are experiencing a great deal of difficulty in receiving solid commitments from other major firms.

Interest in Georgia Hall has been expressed by a number of firms. However, few are willing to commit to the expenditure required to participate. We can only hope the economy will stabilize sufficiently for more firms to consider the necessary expense for a long term commitment acceptable.

The image theater feature of Georgia Hall continues to move closer to reality. A concept has been developed, cost estimates projected and a sales presentation piece commissioned. If in fact there will be interest in sponsoring such a theater, we anticipate the coming year will be the year such interest will be developed. 1978-79 will unquestionably be a pivotal year for Georgia Hall.

E. PARKING:

Parking income for the fiscal year is virtually insignificant. Such income that was realized was generated through utilizing vacant portions of the exhibit hall for parking during special functions such as banquets, one day meetings, etc.

Of much greater significance, a special appropriation of \$2,300,000 was granted late in the fiscal year for the explicit purpose of developing exhibitor parking and truck marshalling facilities for the Congress Center. Prior to the end of the fiscal year roughly 6-1/2 acres of land were purchased and contracts were

let for construction of these facilities.

We anticipate parking and truck marshalling construction will be completed by October 1, 1978. The facilities will accommodate approximately 420 automobiles and 60 semi-trailer rigs. Revenue from this area will become much more significant in future years.

F. MISCELLANEOUS:

Miscellaneous income represents primarily equipment rental and labor charges. It should be pointed out that labor is a reimbursable expense reflected on operating expenditure accounts, thus is more accurately a recovery of out-of-pocket expense as opposed to true income.

EXPENDITURES:

A. PERSONAL SERVICES:

Expenditures for personal services were \$118,132 in excess of original projections. In essence, two areas created the over expenditure; (1) with the abnormally fast development of a full schedule of business, permanent personnel were recruited to fill vacant positions earlier than had been originally anticipated; (2) part-time man hours were expended in greater numbers than originally anticipated.

In addition, overtime expense was larger than projected, particularly in the skilled trade classifications. This is attributed to the dramatic increase in the utility services operation which is accomplished by the Engineering Department.

B. OPERATING EXPENSES:

Normal operating expenses other than personal services were experienced reasonably as projected with a few exceptions.

Equipment expenditures exceeded projections by \$41,529. Predominately, this is the result of finding it essential to rapidly upgrade our inventory of utility services equipment (electrical panels, transformers, air compressors, etc.) and event related equipment (microphones, chalkboards, portable drapes, control ropes, etc.).

Insurance costs were \$30,584 over budget and are attributed to ever increasing insurance rates. It is significant to note that liability insurance rates are tied into facility attendance figures, thus increased attendance results in increased insurance costs.

Expenditures significantly exceeding projections were also experienced in the areas of per diem and fees and supplies and materials. Both are attributed primarily to the increased volume of business.

Minor savings were realized in rental of outside equipment and contractual services.

Exhibit "E" summarizes projected versus actual expenses in all major categories.

1977-78 OPERATING EXPENDITURES
PROJECTED VS ACTUAL

| <u>ITEM</u> | <u>PROJECTED</u> | <u>ACTUAL</u> |
|---------------------------|-------------------|--------------------|
| Utilities | \$ 396,200 | \$ 399,560 |
| Equipment | 67,000 | 108,529 |
| Contractual | 81,100 | 75,309 |
| Advertising and Promotion | 48,000 | 54,770 |
| Insurance | 37,200 | 67,784 |
| Communications | 35,000 | 32,857 |
| Supplies and Materials | 148,850 | 160,966 |
| Repairs and Maintenance | 9,500 | 14,932 |
| Rent | 39,830 | 26,305 |
| Travel | 12,600 | 13,799 |
| Publications and Printing | 10,500 | 13,113 |
| Per Diem and Fees | 15,000 | 38,881 |
| Other | 14,520 | 14,984 |
| TOTAL | <u>\$ 915,300</u> | <u>\$1,021,789</u> |

FINANCIAL SYNOPSIS - FIRST THREE YEARS

By way of offering a brief overview of the first two fiscal years of operation of the Georgia World Congress Center and the third or current year just beginning, Exhibit "F" indicates grand totals for State appropriations, self-generated income, expenses and economic impact results. We believe the figures to be dramatic in terms of progress and bringing one of the largest convention facilities in the country on stream.

FINANCIAL SYNOPSIS - FIRST THREE YEARS

| | <u>1976-77</u> <u>Actual</u> | <u>1977-78</u> <u>Actual</u> | <u>1978-79</u> <u>Projected</u> |
|---|---------------------------------|---------------------------------|------------------------------------|
| I. <u>OPERATING INCOME AND EXPENDITURES</u> | | | |
| <u>Income:</u> | | | |
| Generated from Operations | \$ 753,829 | \$ 2,197,992 | \$ 2,989,338 |
| State Appropriations | <u>1,681,451</u> | <u>500,000</u> | <u>-0-</u> |
| <u>TOTAL INCOME</u> | \$ 2,435,280 | \$ 2,697,992 | \$ 2,989,338 |
| <u>Expenditures:</u> | | | |
| Operating Expense | \$ 1,938,791 | \$ 2,706,111 | \$ 2,989,338 |
| Start-Up Costs | <u>495,732</u> | <u>-0-</u> | <u>-0-</u> |
| <u>TOTAL EXPENDITURES</u> | \$ 2,434,523 | \$ 2,706,111 | \$ 2,989,338 |

II. ECONOMIC IMPACT RESULTS:Attendance (all events):

| | | | |
|-------------------------|----------------|----------------|----------------|
| Local | 296,691 | 398,854 | 420,000 |
| Out-of-Town | <u>249,380</u> | <u>302,114</u> | <u>344,000</u> |
| <u>TOTAL ATTENDANCE</u> | 546,071 | 700,968 | 764,000 |

Economic Impact:

| | | | |
|------------------------------|---------------|---------------|---------------|
| "New Dollars" Generated | \$ 68,579,500 | \$ 87,613,060 | \$ 99,760,000 |
| Department of Revenue | | | |
| Multiplier | <u>x2.25</u> | <u>x2.25</u> | <u>x2.25</u> |
| <u>IMPACT OF NEW DOLLARS</u> | \$154,303,875 | \$197,129,385 | \$224,460,000 |

Tax Revenues:

| | | | |
|---------------------------|------------------|------------------|------------------|
| Georgia State Tax (3%) | \$ 4,629,117 | \$ 5,913,881 | \$ 6,700,800 |
| MARTA Tax (1%) | 1,543,039 | 1,971,294 | 2,233,600 |
| Atlanta Hotel/Motel Tax | <u>1,152,136</u> | <u>1,455,300</u> | <u>1,741,740</u> |
| <u>TOTAL TAX REVENUES</u> | \$ 7,324,292 | \$ 9,340,475 | \$ 10,676,140 |

ECONOMIC IMPACT PROJECTIONS

| | FISCAL 78-79 | FISCAL 79-80 | FISCAL 80-81 | FISCAL 81-82 | FISCAL 82-83 | FISCAL 83-84 | FISCAL 84-85 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| ATTENDANCE BASED ON CURRENT BOOKINGS (1) | 373,900 | 283,500 | 363,700 | 374,500 | 250,500 | 337,500 | 302,500 |
| TOTAL ATTENDANCE DAYS FROM CURRENT BOOKINGS (2) | 1,495,600 | 1,134,000 | 1,454,800 | 1,498,000 | 1,002,000 | 1,350,000 | 1,210,000 |
| AVERAGE EXPENDITURE PER PERSON PER DAY (3) | \$72.50 | \$72.50 | \$72.50 | \$72.50 | \$77.50 | \$77.50 | \$77.50 |
| TOTAL "NEW DOLLARS" INTO ECONOMY (4) | \$108,431,000 | \$ 82,215,000 | \$105,473,000 | \$108,605,000 | \$ 77,655,000 | \$104,625,000 | \$ 93,775,000 |
| TOTAL ECONOMIC IMPACT OF "NEW DOLLARS" (5) | \$243,969,750 | \$184,983,750 | \$237,314,250 | \$244,361,250 | \$174,723,750 | \$235,406,250 | \$210,993,750 |
| TOTAL STATE TAX BENEFIT FROM "NEW DOLLARS" IMPACT (6) | \$ 9,539,217 | \$ 7,232,865 | \$ 9,278,987 | \$ 9,554,525 | \$ 6,831,699 | \$ 9,204,384 | \$ 8,249,856 |
| STATE SALES TAX FROM "NEW DOLLARS" ECONOMIC IMPACT (7) | \$ 7,099,520 | \$ 5,383,027 | \$ 6,905,845 | \$ 7,110,912 | \$ 5,084,461 | \$ 6,850,322 | \$ 6,139,918 |
| STATE MARTA TAX FROM "NEW DOLLARS" ECONOMIC IMPACT (8) | \$ 2,439,698 | \$ 1,849,838 | \$ 2,373,143 | \$ 2,443,613 | \$ 1,747,238 | \$ 2,354,063 | \$ 2,109,938 |
| HOTEL/MOTEL TAX DOLLARS (9) | \$ 1,729,661 | \$ 1,311,471 | \$ 1,682,476 | \$ 1,732,437 | \$ 1,279,053 | \$ 1,723,275 | \$ 1,544,565 |
| ATTENDANCE BASED ON PROJECTED BOOKINGS | 373,900 | 394,525 | 436,800 | 442,000 | 470,000 | 470,000 | 470,000 |
| TOTAL ATTENDANCE DAYS FROM PROJECTED BOOKINGS (2) | 1,495,600 | 1,578,100 | 1,747,200 | 1,768,000 | 1,880,000 | 1,880,000 | 1,880,000 |
| AVERAGE EXPENDITURE PER PERSON PER DAY (3) | \$72.50 | \$72.50 | \$72.50 | \$72.50 | \$77.50 | \$77.50 | \$77.50 |
| TOTAL "NEW DOLLARS" INTO ECONOMY (4) | \$108,431,000 | \$114,412,250 | \$126,672,000 | \$128,180,000 | \$145,700,000 | \$145,700,000 | \$145,700,000 |
| TOTAL ECONOMIC IMPACT OF "NEW DOLLARS" (5) | \$243,969,750 | \$257,427,563 | \$285,012,000 | \$288,405,000 | \$327,825,000 | \$327,825,000 | \$327,825,000 |
| TOTAL STATE TAX BENEFIT FROM "NEW DOLLARS" IMPACT (6) | \$ 9,539,217 | \$ 10,065,418 | \$ 11,143,969 | \$ 11,276,636 | \$ 12,817,958 | \$ 12,817,958 | \$ 12,817,958 |
| STATE SALES TAX FROM "NEW DOLLARS" ECONOMIC IMPACT (7) | \$ 7,099,520 | \$ 7,491,142 | \$ 8,293,849 | \$ 8,392,586 | \$ 9,539,708 | \$ 9,539,708 | \$ 9,539,708 |
| STATE MARTA TAX FROM "NEW DOLLARS" ECONOMIC IMPACT (8) | \$ 2,439,698 | \$ 2,574,276 | \$ 2,850,120 | \$ 2,884,050 | \$ 3,278,250 | \$ 3,278,250 | \$ 3,278,250 |
| HOTEL/MOTEL TAX DOLLARS (9) | \$ 1,729,661 | \$ 1,825,073 | \$ 2,020,637 | \$ 2,044,692 | \$ 2,399,820 | \$ 2,399,820 | \$ 2,399,820 |

(1) Only closed shows occupying 100,000 gross square feet are included in the following computation.

(2) Total Attendance Days is based on an average of 4 days per delegate.

(3) Expenditure per day per person was provided by Atlanta Convention & Visitors Bureau. Expenditures include such items as hotel, beverages, meals, entertainment, retail purchases, and local transportation expenses.

(4) Total "NEW DOLLARS" is total attendance days time expenditure per day.

(5) Total economic impact reflects the effect of 2.25 multiplier based on information from the State Department of Revenue.

(6) Total State Tax Benefit is the summation of Sales and MARTA tax collections.

(7) State sales tax is computed at 3% of total new dollars, less a 3% allowance to each merchant (Georgia law 1951, page 360).

(8) MARTA tax is computed as 1% of total "NEW DOLLARS".

(9) Hotel/Motel Tax is calculated as 3% of the average single occupancy rate for major downtown Atlanta hotels. The current rate is inflated by \$4.00 for years subsequent to 1981-82.

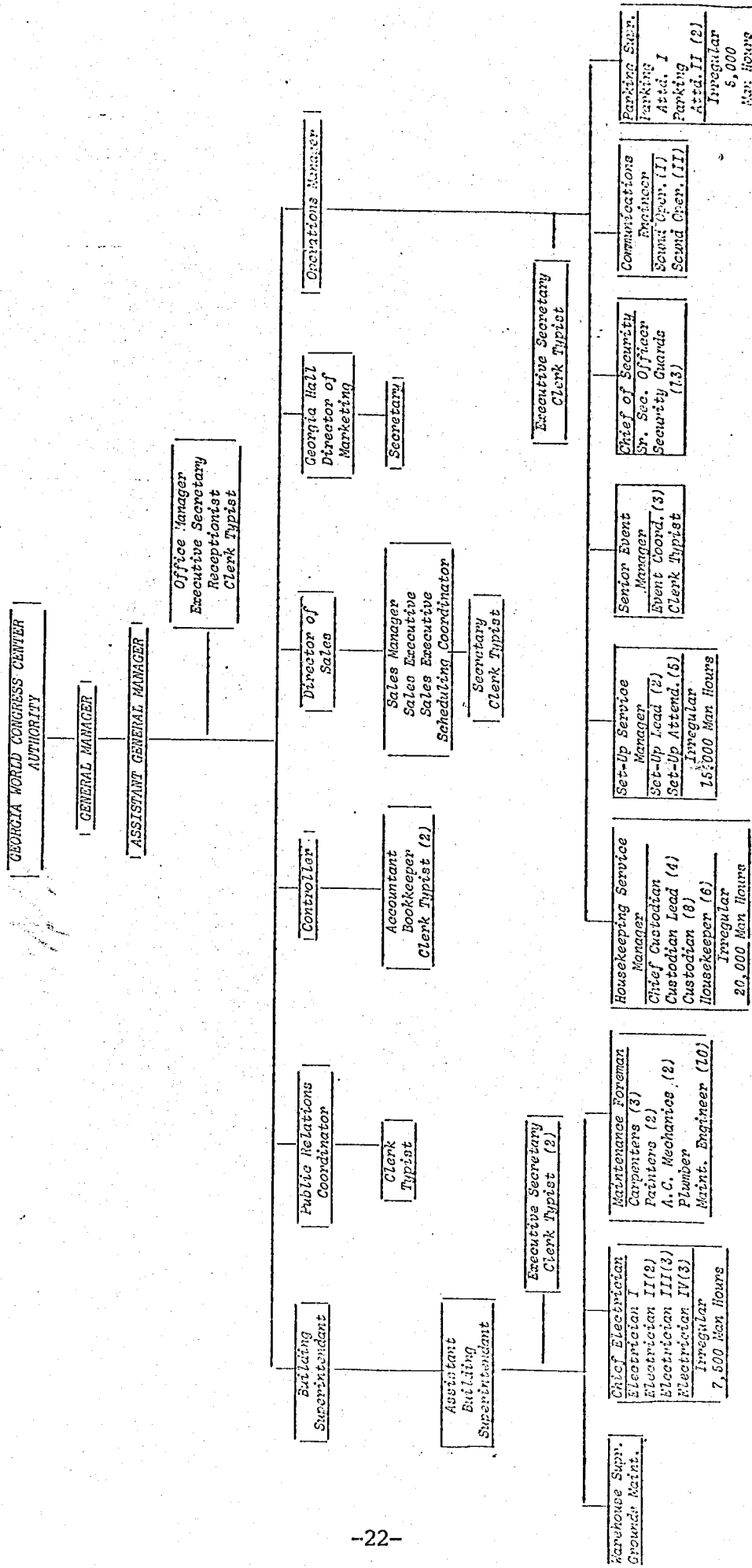
STAFFING

GENERAL:

As with the partial year of operation in 1976-77, the emphasis in 1977-78 was directed toward continued recruitment and development of high caliber personnel within the organizational structure of the Georgia World Congress Center. We believe the initial success of the facility, particularly in the unusually high 80% re-booking factor, can be largely attributed to the dedication and professionalism of the staff at all levels.

As of June 30, 1978, the Congress Center employed 94 full time personnel and carried budgeted positions for 106 personnel. The vacant positions have intentionally been left unfilled until need dictates. In addition, the Center employed approximately 40,000 man hours of part-time labor during fiscal year 1977-78. This is equivalent in hours to approximately twenty (20) full time personnel at forty (40) hours per week.

Exhibit "J" is an organizational chart depicting the functional flow of the organization.



AFFIRMATIVE ACTION:

In developing what we believe has proven to be an effective, efficient and professional staff, affirmative action and equal employment opportunity objectives have been of high priority throughout the process.

Exhibit "K" is a summary of staff composition as of June 30, 1978. We believe there continues to be a need for a realistic affirmative action program, however, we also believe major progress has been made. Of the nine (9) major functional areas within the organization, two (2) are directed by minority employees, two (2) are directed by female employees, and one (1), (parking), has not become operational.

Exhibit "L" offers S.M.S.A. statistics which are pertinent to the evaluation of Exhibit "K".

ANALYSIS OF WORK FORCE

| <u>DEPARTMENT</u> | <u>AUTHORIZATION</u> | <u>FILLED</u> | <u>VACANT</u> | <u>MALE</u> | | <u>FEMALE</u> | |
|-------------------|----------------------|---------------|---------------|--------------|--------------|---------------|--------------|
| | | | | <u>WHITE</u> | <u>BLACK</u> | <u>BLACK</u> | <u>WHITE</u> |
| Administration | 8 | 7 | 1 | 2 | 0 | 1 | 4 |
| Operations | 10 | 10 | 0 | 6 | 1 | 0 | 3 |
| Sales | 9 | 8 | 1 | 3 | 0 | 0 | 5 |
| Maintenance | 32 | 29 | 3 | 21 | 5 | 1 | 2 |
| Housekeeping | 19 | 16 | 3 | 0 | 14 | 2 | 0 |
| Set-Up | 7 | 6 | 1 | 1 | 5 | 0 | 0 |
| Security | 14 | 13 | 1 | 6 | 7 | 0 | 0 |
| Accounting | 5 | 5 | 0 | 1 | 0 | 0 | 4 |
| Parking | 2 | 0 | 2 | 0 | 0 | 0 | 0 |
| TOTAL | 106 | 94 | 12 | 40 | 32 | 4 | 18 |

PERCENTAGES:

100% 42.5 34.1 4.3 19.1

Effective Date: June 30, 1978

S.M.S.A. REFERENCEDEFINITION:

S.M.S.A. - Standard Metropolitan Statistical Area

EXPLANATION:

The S.M.S.A. for Metropolitan Atlanta consists of a fifteen county area as follows:

| | | |
|----------|----------|---------|
| Butts | Cherokee | Clayton |
| Cobb | Dekalb | Douglas |
| Fayette | Forsyth | Fulton |
| Gwinnett | Henry | Newton |
| Paulding | Rockdale | Walton |

ATLANTA S.M.S.A. RATIOS:

| | <u>Number</u> | <u>Percentage</u> |
|----------------------------|---------------|-------------------|
| Total Population All Races | 1,597,816 | 100.0 |
| Minority Male and Female | 364,085 | 22.8 |
| White Male and Female | 1,248,010 | 78.1 |
| Female Population | 827,441 | 100.0 |
| Minority Female | 194,088 | 23.5 |
| White Female | 640,453 | 77.4 |
| Male Population | 770,375 | 100.0 |
| Minority Male | 169,979 | 22.1 |
| White Male | 607,557 | 78.9 |

NOTE: Statistics compiled from "Georgia Data for Affirmative Action Plan."

State and Standard Metropolitan Statistical Areas
For Use in Calendar Year 1977
Georgia Department of Labor

SUMMARY

GENERAL:

As the first full fiscal year of operation, 1977-78 was most successful from both the standpoint of internal operation and financial progress. A competent, highly professional staff has been assembled and is now experienced in the operation of the facility. Event bookings and progress toward financial stability continue to remain far ahead of schedule by all projections.

Of paramount importance, the facility has successfully operated during its first year and one-half of existence with the good fortune of encountering no major set backs and has thereby established tremendous credibility in the national and international convention/tradeshow market.

FUTURE:

The future of the Georgia World Congress Center appears extremely bright. Future activities scheduled as of June 30, 1978 represent well over 450 major conventions and tradeshow spanning the next fifteen years. Well over 250 major days of activity annually are on the book today. These bookings represent several million visitors and literally hundreds of millions of dollars in direct economic benefit to Georgia.

The major concerns of the future include inflation and maintaining the high level reputation established to date. In the short run of the next two or three years, inflation and financial stability of the Center will be critical. As with all industries, the convention/tradeshow industry fluctuates from year to year. The coming year of 1978-79 will be an excellent financial year for the Center with a "break even" operation projected. However, 1979-80 appears to be somewhat a "soft" year financially. Summer business, always light in this industry, will be considerably less than in 1978-79. The remainder of the year will be heavily booked, but many of the events scheduled are less substantial revenue producers than 1978-79 events, primarily due to the nature of the exhibitions they produce. 1978-79 contains many heavy industrial exhibitions which are high revenue producers in the areas of utility services and food services, while 1979-80 events are more heavily weighted toward the professional organizations with less emphasis on the tradeshow aspect of their conventions.

On the other hand, 1980-81 appears to be developing into a record income producing year and 1981-82 appears equally strong.

Conversely, operating costs will continue to escalate regardless of income production. We project that an overall increase in rental rates and fees for various services will be necessary by calendar year 1980. It is imperative that our level of quality of service and facilities be maintained if such a rate increase is to be acceptable to our users.

Never the less, the future of the Georgia World Congress Center is tremendously exciting. We believe sensible rate increases and constant evaluation of operating costs will offset inflation and the facility will continue to be one of the most successful operations in the country, both in terms of events hosted and financial stability.

EVENT ATTENDANCE ANALYSIS

The total number of major events and subsequent attendance figures exceeded projections by some 15%. A number of major events were first time productions which had not been in existence previously. Of note in this category were Intelcom '77, Atlanta International Marine Trades Exposition, Southern Plant and Engineering Show and International Hi-Fidelity Show.

Exhibit "G" depicts a complete list of activities and attendance figures experienced during fiscal year 1977-78.

Exhibit "H" translates these figures into dollars and cents. Of particular significance are the total economic impact figures of \$197,129,385 and subsequent State tax revenues of \$7,885,184 generated from 302,114 out of town visitors.

Exhibit "I" offers up-dated attendance and economic impact projections through fiscal year 1984-85.

EVENT ATTENDANCE SUMMARY

| <u>EVENT</u> | <u>TOTAL ATTENDANCE</u> | <u>OUT OF TOWN ATTENDANCE</u> |
|--|-----------------------------|-----------------------------------|
| Atlanta National Gift Show | 11,000 | 9,900 |
| American Hospital Association | 12,773 | 11,500 |
| Governor's Conference on Libraries | 1,219 | 750 |
| Ford Motor Company | 728 | 450 |
| Chevrolet | 700 | 300 |
| Bobbin/AAMA | 21,000 | 19,500 |
| Intelcom '77 | 8,000 | 7,200 |
| Atlanta International Marine Trades Exposition | 4,436 | 3,900 |
| National Federation of Republican Women | 2,000 | 1,800 |
| Plant Engineering and Maintenance Show | 5,333 | 4,800 |
| Greatest Sew on Earth | 17,367 | 1,736 |
| American Osteopathic Association | 5,096 | 4,587 |
| Auto Exposition | 40,000 | 4,000 |
| Family Concern (Seventh Day Adventist) | 60,000 | 6,000 |
| Dixie Farm Show | 16,000 | 1,600 |
| American Society of Hospital Pharmacists | 4,800 | 4,320 |
| WQXI Super Ball '78 | 25,000 | 2,500 |
| Corporate Sales and Advertising (Mack Trucks) | 450 | 405 |
| Atlanta National Gift Show | 11,436 | 10,293 |
| Pulp and Paper Industry World Conference | 1,500 | 1,350 |
| S.E. Air Conditioning, Heating and Refrigeration | 17,878 | 16,091 |
| World of Wheels | 27,000 | 2,700 |
| International Poultry Show | 10,000 | 9,433 |
| Atlanta Boat Show | 75,841 | 7,584 |
| World Fair for Technology | 1,200 | 1,080 |
| American Association of School Administrators | 17,481 | 15,733 |
| Atlanta International Sport and Travel Show | 57,945 | 5,794 |
| Variety Merchandise Show | 4,171 | 3,754 |
| BMW | 350 | 315 |
| Campus Crusade for Christ | 1,200 | 1,080 |
| Financial Independence Expo | 3,200 | 320 |
| S.E. Hospital Conference | 8,500 | 7,650 |
| Apartment Builder/Developer Conference | 11,038 | 9,938 |
| Computer Caravan | 3,060 | 2,733 |
| Ace Hardware | 8,500 | 7,650 |
| Educational Tour Consultants | 13,702 | 12,332 |
| American Psychiatric Association | 10,618 | 9,557 |
| International High Fidelity Show | 10,867 | 9,781 |
| American Booksellers Association | 16,500 | 14,850 |
| Bio-Chemist & Immunologist Convention | 8,573 | 8,370 |
| Southern Baptist Conference | 22,872 | 20,585 |
| International Harvester | 250 | 225 |
| Grady Hospital Family Planning Conference | 4,000 | 3,600 |
| Congress of Beauty | 15,000 | 13,500 |
| | 598,584 | 281,546 |
| Minor and Miscellaneous Events | 102,384 | 20,568 |
| <u>TOTAL</u> | <u>700,968</u> | <u>302,114</u> |

ECONOMIC IMPACT - 1977-78 ATTENDANCE

| EVENT | OUT OF TOWN ATTENDEES | "NEW (1) DOLLARS" GENERATED | ECONOMIC (2) IMPACT OF NEW DOLLARS | GEORGIA TAX REVENUE | ATLANTA (3) H/M TAX REVENUE |
|--|--------------------------|-----------------------------------|--|---------------------------|-----------------------------------|
| Atlanta National Gift Show | 9,900 | \$ 2,871,000 | \$ 6,459,750 | \$ 258,390 | \$ 45,738 |
| American Hospital Association | 11,500 | 3,335,000 | 7,503,750 | 300,150 | 53,130 |
| Governor's Conference on Libraries | 750 | 217,500 | 489,375 | 19,575 | 3,465 |
| Ford Motor Company | 450 | 130,500 | 293,625 | 11,745 | 2,079 |
| Chevrolet | 300 | 87,000 | 195,750 | 7,830 | 1,386 |
| Bobbin/AAMA | 19,500 | 5,655,000 | 12,723,750 | 508,950 | 90,090 |
| Intelcom '77 | 7,200 | 2,088,000 | 4,698,000 | 187,920 | 33,264 |
| Atlanta International Marine Trades Expo. | 3,900 | 1,131,000 | 2,544,750 | 101,790 | 18,018 |
| National Federation of Republican Women | 1,800 | 522,000 | 1,174,500 | 46,980 | 8,316 |
| Plant Engineering & Maintenance Show | 4,800 | 1,392,000 | 3,132,740 | 125,280 | 22,176 |
| Greatest Sew on Earth | 1,736 | 503,440 | 1,132,740 | 45,310 | 8,021 |
| American Osteopathic Association | 4,587 | 1,330,230 | 2,993,018 | 119,721 | 21,192 |
| Auto Exposition | 4,000 | 1,160,000 | 2,610,000 | 104,400 | 18,480 |
| Family Concern (Seventh Day Adventist) | 6,000 | 1,740,000 | 3,915,000 | 156,600 | 27,720 |
| Dixie Farm Show | 1,600 | 464,000 | 1,044,000 | 41,760 | 7,392 |
| American Society of Hospital Pharmacists | 4,320 | 1,252,800 | 2,818,800 | 112,752 | 19,958 |
| WOXI Super Ball '78 | 2,500 | 725,000 | 1,631,250 | 65,250 | 11,550 |
| Corporate Sales & Advertising (Mack Trucks) | 405 | 117,450 | 264,262 | 10,571 | 1,872 |
| Atlanta National Gift Show | 10,293 | 2,984,970 | 6,716,182 | 268,648 | 47,553 |
| Pulp & Paper Industry World Conference | 1,350 | 391,500 | 880,875 | 35,235 | 6,237 |
| S.E. Air Conditioning, Heating & Refrigeration | 16,091 | 4,666,390 | 10,499,378 | 419,974 | 74,340 |
| World of Wheels | 2,700 | 783,000 | 1,761,750 | 70,470 | 12,474 |
| International Poultry Show | 9,433 | 2,735,570 | 6,155,033 | 246,202 | 43,580 |
| Atlanta Boat Show | 7,584 | 2,199,360 | 4,948,560 | 197,943 | 35,038 |
| World Fair for Technology | 1,080 | 313,200 | 704,700 | 28,188 | 4,990 |
| American Assn. of School Administrators | 15,733 | 4,562,570 | 10,265,782 | 410,632 | 72,686 |
| Atlanta Int'l. Sport and Travel Show | 5,794 | 1,680,260 | 3,780,585 | 151,224 | 26,768 |
| Variety Merchandise Show | 3,754 | 1,088,660 | 2,449,485 | 97,980 | 17,343 |
| BMW | 315 | 91,350 | 205,538 | 8,222 | 1,456 |
| Campus Crusade for Christ | 1,080 | 313,200 | 704,700 | 28,188 | 4,990 |
| Financial Independence Expo | 320 | 92,800 | 208,800 | 8,352 | 1,479 |
| S.E. Hospital Conference | 7,650 | 2,218,500 | 4,991,625 | 199,665 | 35,343 |

| EVENT | OUT OF TOWN ATTENDEES | "NEW" (1) DOLLARS" GENERATED | ECONOMIC (2) IMPACT OF NEW DOLLARS | GEORGIA TAX REVENUE | ATLANTA (3) H/M TAX REVENUE |
|---|--------------------------|------------------------------------|--|---------------------------|-----------------------------------|
| Apartment Builder/Developer Conference | 9,938 | \$ 2,882,020 | \$ 6,484,545 | \$ 259,382 | \$ 45,914 |
| Computer Caravan | 2,733 | 792,570 | 1,783,283 | 71,332 | 12,626 |
| Ace Hardware | 7,650 | 2,218,500 | 4,991,625 | 199,665 | 35,343 |
| Educational Tour Consultants | 12,332 | 3,576,280 | 8,046,630 | 321,866 | 56,974 |
| American Psychiatric Association | 9,557 | 2,771,530 | 6,235,943 | 249,438 | 44,153 |
| International High Fidelity Show | 9,781 | 2,836,490 | 6,382,102 | 255,285 | 45,188 |
| American Booksellers Association | 14,850 | 4,306,500 | 9,689,625 | 387,585 | 68,607 |
| Bio-Chemist & Immunologist | 8,370 | 2,427,300 | 5,461,425 | 218,457 | 38,670 |
| Southern Baptist Conference | 20,585 | 5,969,650 | 13,431,712 | 537,269 | 95,103 |
| International Harvester | 225 | 65,250 | 146,812 | 5,873 | 1,039 |
| Grady Hospital Family Planning Conference | 3,600 | 1,044,000 | 2,349,000 | 93,960 | 16,632 |
| Congress of Beauty | 13,500 | 3,915,000 | 8,808,750 | 352,350 | 62,370 |
| SUB-TOTAL | 281,546 | 81,648,340 | 183,708,765 | 7,348,359 | 1,300,743 |
| Minor Events | 20,568 | 5,964,720 | 13,420,620 | 536,825 | 95,024 |
| GRAND-TOTAL | 302,114 | \$ 87,613,060 | \$197,129,385 | \$ 7,885,184 | \$ 1,395,767 |

- (1) New dollars are calculated on the basis of four (4) day stay per attendee at an average expenditure of \$72.50 per day.
- (2) Economic impact indicates the total effect of new dollars by applying a 2.25 multiplier as recognized by the State Department of Revenue.
- (3) Atlanta Hotel/Motel Tax dollars are calculated on an average room rate of \$38.50 per day.