



Durham Convention Center Authority Meeting
Thursday, June 26, 2014
Durham Convention Center Meeting Room II
11:30 AM

The meeting was called to order at 11:50AM with the following representatives present:

Authority: Patrick Byker, Richard Ford, Rosemarie Kitchin, and Dawn Paffenroth.

Owners: Drew Cummings, Sharon DeShazo, Jina Propst, Joel Reitzer, and Al Walker.

Management Company (Global Spectrum): Jen Noble and Andrea Gliatta.

A quorum was established for approval of the minutes. Rosemarie Kitchin made a motion to approve the May 29, 2014 meeting minutes with minor edits; Richard Ford seconded, and the minutes were approved unanimously.

Durham City and County Administration:

Capital Project Update:

▪ Pre-function Corridor doors (*PFC*):

The contractor completed all punch list items, re-installation of the header piece and keying the doors. Staff is waiting on close-out information. The issues with noise occurring while the entrance door closes, remains ongoing. Once the noise is resolved, training will be initiated for DCC staff.

▪ PFC heat issues remain ongoing. The design team is investigating a solution for the heat issues. A funding source has not been identified for this project.

▪ Joel Reitzer suggested forecasting for deferred maintenance to include signage, skylights, and fountain repairs. Costs for capital projects exceed \$100,000. The project will include high priority work associated with code compliance and work that will improve operations. The Durham Convention Center (DCC) should begin a capital plan for these items. Joel proposed that the Owners capture savings from FY2013/14 for facility use. (This fiscal year's savings are accredited to vacant DCC staff positions. Now that the DCC is currently, fully staffed future savings will come from revenues).

Fountain in Plaza:

▪ Leaks are on-going but have been significantly reduced. General Services Department (GSD) Facilities Operations staff will perform a final test of the return pipe within the next two weeks. Repairs have been paid out of GSD funds; the DCC budget will not be invoiced for this repair.

Interlocal Agreement:

▪ A Meeting with the City Finance Department was held on June 17 to review and discuss logistics for operations and capital for agreement with the County. The direction has shifted to modifying the entire agreement in an effort to properly address issues, while focusing on changes within the proposed business points. Collaboration with the County's Finance Office

is anticipated within the next two weeks. The County will review and incorporate any changes. A final review with the City and County Managers prior to release of the draft to the attorneys. The current agreement will remain until the new agreement is approved and released.

- DCCA recommended making the modified interlocal retroactive to reflect July 1, 2014 if not complete by this timeframe.

Facility Maintenance Plan:

- Consulting work with MBP (McDonough, Bolyard and Peck construction and program management firm) is on-going. A timetable for adjusting anomalies found with the meter reading has not yet been defined.

(Proposed) DCC Fiscal Year 2014/15 Budget Review:

- The DCC budget was accepted by City Council on June 16, 2014. The Owners will forward a budget acceptance letter to Global Spectrum.
- The Owners are in process of completing the year-end review for incentive pay. This is due 30 days after the audit is complete.
- The Owners will present a contract extension proposal to the DCCA.
- Joel Reitzer approved advancing \$165,000 to Global Spectrum for FY2014/15 to alleviate cash flow issues. (\$391,000/12) This amount represents five months funding disbursed during the first quarter of the fiscal year. *(Explanation provided in the Finance Committee's report.)*

Mediation with Shaner:

- No update to report this meeting.

Global Spectrum (GS) Report:

In May 2014, the DCC hosted 28 events with 6,235 guests and 36 event days.

Financials for May:

	Budget	Variance
Total Gross Revenue	\$194,512	\$34,542
\$229,054		
Total Indirect Expenses	\$148,094	(\$2,698)
\$150,792 (Actual)		
Net Operating Income (Loss)	(\$41,397)	\$39,066
(\$2,331)		
Year-to-date		
Net Operating Income (Loss)	(\$250,206)	\$106,567
(\$143,639)		

- Customer survey scores for the current fiscal year are 4.56 out of 5. Customer surveys are generated weekly. GS looks for feedback from customers in an effort to improve service.
- *Notable events:*
 - Khanna – Koneru WR – 462 guests; DCC Revenue – \$41,157.28.
 - DCRI – 170 guests; DCC Revenue – \$11,273.76.
 - Duke PHD Hooding – 1600 guests; DCC Revenue – \$82,724.35.
 - Chase Media – Bimbe – 875 guests; DCC Revenue – \$9,578.14.
 - El Centro – 270 guests; DCC Revenue – \$12,742.09.
- Occupancy for the month of May was 26%.

- Current sales bookings for fiscal year 2013/14 are as follows:
Beginning: July 2013
 - Definite/Actual: \$1,946,492
 - Tentative: 0
 - Proposals: 0
 - TOTAL: \$1,946,492

Based on the current booking pace, the DCC has \$182,180 definite on the books for the month of June versus a budget of \$105,000, and anticipates a (\$44,769) net income versus (\$81,821) budgeted net income. Fiscal year net income will be \$189,041 versus \$382,028 with a positive end-of-year variance of \$139,622. This is barring any unforeseen expenses. Global Spectrum has managed expenses with personnel and utilities savings in an effort to maintain the approved FY2013/14 subsidy.

Fiscal Year 2014/15 Bookings:

- Definite: \$585,638 (at \$427,610 same time last year)
- Tentative: \$198,613
- Proposals: \$242,920
- TOTAL: \$1,027,171

- The DCVB has been very active in forwarding leads.
- *GS Staffing:*
 - No changes to report this meeting. Staff is at capacity.
- *GS Public Relations:*
 - Attending Rotary Club on weekly basis.
 - Updating Facebook/Twitter/Pinterest and website prior to the end of this fiscal year.
 - Duke Magazine.
 - Triangle Business Journal – ¼ page ad.
 - Continue with social media.
 - Co-op with Global Spectrum in Small Meetings Magazine.
- *Website activity:*
 - Visitors: 1,247 New: 75.76%
 - Demographic: 1695 Google organic, 187 Full Frame Festival, 837 Direct, 189 Bing, 77 Southern Bride & 33 Forever Bridal
 - Page views: 4,727
 - Page Visits: 2.48
 - Duration: 1.37 minutes

Durham Convention Center Authority:

- Discussion of orientation/training for new Authority members.

Subcommittees:

- *Finance Committee:*

The auditors (Cherry Bekaert) presented and discussed roles, expectation and FY2013/14 audit schedule during the DCC Finance Committee meeting. This committee consists of three members of the DCCA (Al Bass, Richard Ford and Dawn Paffenroth) along with members from City and County staff. Members of the Finance Committee voiced concern regarding timing of incentive payment dispensed to GS last fiscal year. The Committee would like the Owners to resolve cash flow issues the DCC experiences at the beginning of each fiscal year. Cash flow came in at above 50% of the 2014/15 fiscal year budget. With that being said, GS is requesting payment slightly above 50% of their operating subsidy to be processed at the beginning of the first quarter (July 2014).

- *Public Relations:*
Meeting scheduled with Greater Durham Chamber of Commerce on June 30.
- *Marketing and Sales Committee:*
No update to report this meeting.
- *DCCA Nominees Committee:*
Discussion of orientation/training for new Authority members.
 - Who will provide orientation/training?
 - Discussion of scheduling a walk through.
 - Drew Cummings will forward information on the new County appointee.