



Durham Convention Center Authority Meeting
Thursday, January 27, 2015
Durham Convention Center
11:30 AM (Lunch)

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

Authority: Al Bass, Patrick Byker, Richard Ford, Bill Kalkhof, Dawn Paffenroth, Alice Sharpe and Darah Whyte.

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. Alice Sharpe made a motion to approve the January 8, 2015 meeting minutes. Dawn Paffenroth seconded, and the minutes were approved unanimously.

Executive Summary/Major Discussion Items:

- Global Spectrum's requirements for maintaining the Facility Maintenance Plan (FMP) prior to the contract being fully executed.
- The Owners to meet with Shaner on utilities cost share concerning the algorithm on separate metering.
- City of Durham General Services will provide a status report to include a cost analysis on the Plaza Water Fountain operations.
- Upcoming meeting with Shaner in February to discuss facility upgrades for the hotel.
- DCCA to meet and collaborate on DCC's financial status prior to the upcoming budget meeting scheduled on March 30.

Action Items:

- A press conference to announce DCC fiscal year-end success.

Durham City/County Administration Update:

THIRD AMENDMENT TO AIR LEASE:

- The amendment is complete.
- Owners will meet with Shaner's engineering and management staff to review the status of the recommended Facilities Maintenance Plan (FMP) regarding the details of the new platform.
 - Plan includes joint maintenance of facilities.
- Need Shaner's participation in jointly developing an effective algorithm in allocating costs for utilities that both parties can agree based on engineering data and the modification of the air-lease.
- Owners to receive an update from Shaner on future improvements planned or contemplated for the facility.

PLAZA WATER FOUNTAIN:

- City GSD Facilities Operations is collaborating with W.P. Law a waterproofing company to evaluate methods to reduce leaks caused by ground water issues. Lori Blake-Reid, GSD Facilities Operations Manager will provide an update to Global Spectrum regarding the history of multiple year repairs.
- GSD will assume all cost associated with current ground water issues prior to releasing the maintenance and cost over to Global Spectrum.

MANAGEMENT AGREEMENT:

- Owners are waiting for signatures and are communicating with the Global Spectrum corporate office on the amendment, which extends the contract to June 30, 2019:
 - Global Spectrum has provided clarification regarding IRS Revenue Procedure 97-13.
 - IRS Notice 2014-67 (effective 01/22/2015) provides more flexible management contract rules:
 - Possible flat five year period (no option period)
 - Broader range of incentive options
 - Modified productivity awards available in incentives for performance.
- Owners will review the public finance update provided and will report to Global Spectrum and the Authority accordingly.

PFC HEAT PRIORITY ITEM:

- General Services staff is waiting for the engineering contract to begin the bidding and construction phase.
- General Services staff will provide a schedule as part of the next steps in the process.

FY 2015/16 BUDGET PROCESS:

- City/County Budget meeting is scheduled on March 30, 2015. Global Spectrum is invited to attend.

Global Spectrum (GS) Update:

EVENTS FOR THE MONTH

GS held 27 events with 38 event days booked and 5,397 guests.

Notable events:

	<u>Revenues</u>	<u>Guests</u>
▪ Winter Lodge	\$120,628.36	
▪ Rogers, Banks & Williams	\$18,107.56	600
▪ Debutante Ball	\$20,058.57	500 (Repeat business)
▪ Duke Financial Holiday Party	\$17,566.80	
▪ BioMeriux, Inc.	\$20,397.37	
▪ Contracted multiple year bookings with FullFrame, Comicon and Endurance Magazine.		

OCCUPANCY: For the month of December is 46%.

CURRENT FINANCES FOR THE MONTH OF NOVEMBER

	Actual	Budget	Variance
Gross Revenues	\$272,902	\$286,918	(\$14,016)
Less Event Expenses	\$112,005	\$126,557	\$14,553

Less Indirect Expense	\$111,395	\$120,509	\$9,114
Net Income (Loss)	\$49,502	\$39,851	\$9,651

Global Spectrum has successfully increased convention business this fiscal year, partially due to Association Executives coming in and with the addition of impending downtown hoteliers. The Durham Convention and Visitors Bureau (DCVB) have also been a factor for increased marketing opportunities. In FY2013/14 the DCC had only seven event days booked with conventions; within the current fiscal year, it has booked thirty thus far.

Year to Date

	Actual	Budget	Variance
Gross Revenues	\$1,070,155	\$1,021,933	\$48,222
Less Event Expenses	\$447,853	\$425,403	(\$22,450)
Less Indirect Expense	\$694,779	\$748,317	\$53,528
Net Income (Loss)	(\$72,477)	(\$151,787)	\$79,310

Sales Pace: FY2014/15: Current Sales Bookings as of January 23, 2015.

- Definite/Actual: \$1,663,834
- Tentative: \$81,460
- Proposals: \$178,673
- TOTAL \$1,996,767 vs. Budget of \$2,100,548 leaving \$92,651 to book in the year for the year until 6/30/2015.
- GS has approximately \$72,800 in proposals.

CUSTOMER SURVEY SCORES: Currently 4.63 out of 5.

STAFFING: DCC is currently interviewing for Director of Sales and Marketing and the Executive Assistant positions.

GS PUBLIC RELATIONS:

- Weekly Rotary Club meetings.
- Facebook/Twitter/Pinterest and website updates.
- NCCU – Hospitality Advisory Board Meeting.
- Duke Magazine – Winter Issue.
- Received Convention South Magazine’s People’s Choice Award 2014 – presented to City Council.
- Current update and Convention Planet site co-op with GS

WEBSITE ACTIVITY:

- Visitors: 1,140 New: 84.30%
- Demographic: 662 Google organic, 243 Direct, 169 Referral, and 66 Social
- Page views: 2,711
- Page Visits: 2.38
- Duration: 1.33 minutes

Subcommittees:

- **FINANCE COMMITTEE:** *Al Bass, Dawn Paffenroth and Richard Ford*

City and County staff, the Finance Committee and members of Global Spectrum reviewed and discussed the DCC December 2014 monthly financials and the impact of the Facilities Maintenance Plan (FMP) on the FY2015/16 Budget and Global Spectrum's issues with the amendment to their Management Contract.

- **FACILITY NEEDS COMMITTEE:** *Bill Kalkhof, Alice Sharpe and Patrick Byker*
The Facility Needs Committee awaits comments from Global Spectrum regarding the management agreement.

- **MARKETING & SALES COMMITTEE:** *Darah Whyte, Richard Ford and Patrick Byker*
Patrick Byker and Jen Noble interviewed with Durham County Public Affairs to promote the DCC and are waiting on an airtime date. The announcement of the People's Choice award was well received at the City Council meeting. Jen Noble has begun serving on the NCCU Hospitality Advisory Board. Patrick Byker was voted and approved for the Durham Convention and Visitor's Bureau (DCVB) board.