

# Georgia International and Maritime Trade Center Authority

Minutes of the Regular Meeting of the Board of Directors  
Wednesday, April 10, 2013

Jasper Boardroom, Savannah International Trade & Convention Center

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**Members present:** Baxter, Center, Cutter, Jackson, Lockett, McAlister, Marinelli, Polote, Quattlebaum and Smith. **Members absent:** Green(x), Monsees(x) **Also present:** GIMTCA Counsels Tom Gray and Jon Pannell, Ron Droop and Dee DeRussy (Moran Towing), Jeff Hewitt, Marc Friday, Marty Johnston, Howard Morrison, Captain Farley, Linda Cramer, Michael Kaigler, Alderman Tony Thomas, Mary Mayle (Sav News), Bob McClintock (SMG) and SITCC staff Bob Coffey, Ronnie Hickman, Fredia Brady, Stephen Hall, Jamie Parks and Gail Terrell.

Chairman Smith convened the meeting at 11:03am.

Mr. Smith welcomed Chatham County Commissioner Tony Center, newly appointed to the Trade Center Authority by the County Commission; and congratulated board member Ms. Stephanie Cutter on her permanent appointment to City Manager of Savannah.

Mr. Smith opened the meeting with the presentation by Mr. Howard Morrison, Mr. Dee DeRussy and Mr. Ron Droop, of ship model *MV James A. Moran*, loaned by Moran Towing Corp, New Canaan, CT. The presentation included an impressive performance by the real James A. Moran in the Savannah River.

Mr. Smith noted a quorum, and asked for approval of March 2013 Minutes and Treasurer's Report; moved by Mr. Jackson; seconded by Ms. Quattlebaum and approved by unanimous voice vote.

Mr. Smith asked for a review of March 2013 financial reports; Mr. Hall reported an unfavorable variance to the Center budget for March, and forecasted an unfavorable budget at year-end. Mr. Hall noted that FY13 budget will very likely not be met. Mr. Coffey commented on the low-revenue months of March through June, representing an unprecedented lack of short term event activity for the period. Mr. Coffey responded to Mr. McAlister question regarding the lack of short term booking by stating that it's mainly short-term corporate business that shows up in the last third of the year (March--June); and there has been little to no interest from these markets. Mr. Coffey further stated that hotels are experiencing the same situation. Mr. Marinelli commented that competition from new facilities in Jekyll Island, Augusta and Macon may have impacted short term business, and potentially future state association business. Mr. Marinelli replied to Mr. Center's question regarding any available data which demonstrates the other regional facilities success by stating that although he does not have any data available, Jekyll, Augusta and Macon are in the market competing for business. Mr. Smith asked Mr. Coffey about the status of Jekyll Island's short term business to which Mr. Coffey replied that Jekyll Island is booked for the next seven weeks. Mr. Smith asked which businesses would have come to Savannah but booked with Jekyll Island to which Mr. Coffey replied GBI and GA Dept of Labor are examples. Ms. Brady commented that Jekyll Island have booked local cheerleading and sports events. Mr. Bob McClintock, SMG VP of Convention Centers, commented that Jekyll Island Convention Center has been successful with local business in the Brunswick area. Mr. McClintock further stated that Jekyll does not compete with Savannah's hotel package. Mr. McClintock commented that the convention center business has also had a slight impact due to the Federal sequester; for example, Rhode Island Convention Center was impacted in corporate and other short term bookings. Mr. Center asked Mr. McClintock to explain how SMG handles competing facilities that are located close together to which Mr. McClintock replied that each individual site team is responsible for booking events in their facility which then creates an opportunity for businesses to move from state-to-state and city-to-city which is promoted by the corporate office. Mr. Marinelli commented that local hotel occupancy is at all-time record levels, citing Bohemian, Andaz and Hyatt hotels. Mr. Marinelli also stated that leisure business has been strong which may have an impact on the availability of hotel rooms to support short-term Trade Center bookings. Mr. Smith asked if space

availability is an issue to which Ms. Brady replied that space is not a concern, but that the smaller meetings which usually book in the spring have not materialized this year. Mr. Coffey commented that SMG's regional sales and marketing cooperatives, such as the Southeast Region headed by Ms. Brady, attempt to 'route' common clients through SMG facilities/cities in the region in successive years, while not encroaching on the natural competition between those facilities/cities for 'this year' bookings.

The financial review continued with Mr. Hall reporting that the Water Transportation shows a favorable variance for March; year-end currently projected to be unfavorable to budget. Mr. Smith asked if there was a fee to ride the ferry on St. Patrick's Day to which Mr. Hall replied no. Mr. Coffey stated that per-occupied-room ("POR") fees from the 29 hotels in the Savannah Convention District fund the water ferry, River Street streetcar, "dot" shuttle, front-line training, the Convention Transportation Fund, and Wayfinding. To Mr. Smith's question, Mr. Coffey replied that reinstating a fare structure for the ferry is not very practical at boarding (as hotel guests are already paying the POR fee and IDing them vs other riders is complex and time consuming) or handling cash, or back office accounting. Mr. Coffey commented on the status of JA-RC funding: staff forecasts little if any future funding from this source.

Mr. Center asked who owns the water ferry to which Mr. Coffey stated that CAT owns the vessels and the Authority owns 'landside support' facilities--the Hutchinson Island ferry docks and maintenance facility. Mr. Smith commented on a future discussion to charge a fee to ride the ferry in order to balance the expense incurred. Mr. Coffey commented that after much confusion and delays, staff has just recently had opportunity to reconcile actual Veolia expense invoices with the FY2013 budget, and it's clear that the budget was too low given higher insurance and maintenance repair costs. Mr. Coffey stated that a staff will meet with CAT after the transition away from Veolia has been completed. Mr. Center asked if there is a written contract was in place with CAT to which Mr. Coffey stated that there are two agreements--one with CAT and GA DOT to assign general responsibilities (including that GIMTCA pay all system expenses) and an operating agreement. Mr. Baxter suggested a contract that would reimburse GIMTCA for any expenses above the budget. Mr. Coffey explained that a 'Fare Box' scenario creates complications since there must be someone overseeing that passengers have placed their money in the Fare Box. The captain and deckhand are unable to do that because of other duties dockside. Mr. Smith asked that the Water Ferry discussion be continued and prioritized at the upcoming Budget Workshop.

The financial review continued with Mr. Hall reporting an unfavorable variance to the Authority's budget for March; and year-end currently projected to be unfavorable to budget due to two unbudgeted rental credit events (GA TAC and YMCA Gymnastics Championships). Hotel/Motel tax projected to be favorable at year end. Mr. Hall commented that the City of Savannah Hotel/Motel tax numbers are stronger. Mr. Smith commented on Tybee's Hotel/Motel tax being unfavorable to which Mr. Hall stated that the Tybee appeared to have a budgeting anomaly in September 2012. Mr. Hall further stated that Tybee's prior history outside of 2012 is more consistent. Mr. Center asked why the months of December 2012 through February 2013 are noted as Forecasted numbers instead of Actual numbers for the Hotel/Motel tax spreadsheet to which Mr. Hall replied that the final monies have not been received from the Water Ferry to date and will reflect an Actual amount upon confirmation of all receipts. Mr. Smith commented that Hotel/Motel tax typically has a sixty day delay to report. Mr. McAlister asked if the Hotel/Motel tax revenue reflected in December represents actual occupancy to which Mr. Hall replied affirmatively.

Mr. Smith asked for Counsel's Report. Mr. Gray responded no report at this time.

Mr. Smith asked for the Sales and Marketing Report. Ms. Brady reported 27 bookings in March, including 16 definites. Ms. Brady highlighted the upcoming Gulfstream Live Well-Be Well conference featuring Suze Orman. Ms. Brady also commented on the definite bookings of the Professional Insurance Agents of Georgia in 2014 and Utility Supply Management Alliance in 2015. Ms. Brady mentioned the (tentative) repeat booking of the Ocean Exchange – Solutions Summit for September 2013. Ms. Brady reviewed the year-over-year comparison report and the bar graph depicting room-nights consumed by market segment for the current year. Mr. Smith asked the total number of FY 2013 room nights that included the Rock n Roll marathon to which Ms Brady replied approximately 21,000. Mr. Smith asked for total room nights occupied by the Westin and other hotels as depicted in the bar graph data provided for FY2013. Ms. Brady replied approximately 25%-26% and Mr. Coffey commented that the percentage fluctuates from 25%-45%. Ms. Brady further stated the Trade Center business contributed by the Westin makes up 25%-40% of Trade center room nights depending on the year and citywide bookings. Mr. Smith commented

on a phone call he received from a local hotelier that the local hotels are not benefiting from Trade Center business. Mr. Smith requested an analysis which summarizes the number of rooms being occupied by the local hotels versus the Westin due to Trade Center business. Mr. Center asked if the gymnastics events are open to the public to which Ms. Brady replied affirmatively. Mr. Smith suggested a press release detailing the Trade Center's best-ever year for FYE 2013 which surpassed the G8 Summit (FY2004) figures. Ms. Brady commented on the numerous sales calls with National accounts at the Destination Showcase Trade Show with meeting planners in Washington, DC. Mr. Hewitt commented on the Meeting Planners focus to scout for destinations as the priority not hotels. Mr. Hewitt stated that the Trade Show was very positive with consistent traffic at the booth.

Mr. Smith asked for the Food and Beverage Report. Mr. Parks reviewed Savor...Savannah's Customer Feedback Report for February--which had a 50% return rate, and a combined score of 3.95 out of 4. Mr. Parks commented on the herb garden to be planted today in the Curtis Cooper Garden on the mezzanine. Mr. Parks commented on an upcoming meeting this Friday with the Westin to continue discussions on the 'Savannah Harbor Conference Center' concept.

Mr. Smith asked for the Operations Report. Mr. Hickman reviewed the Operations Update memo, highlighting a very busy St. Patrick's Day, parking an estimated 1,500 cars at the Center. Mr. Smith asked if there was a charge for parking to which Mr. Hickman replied that there was a \$15 charge per car, \$5 of which was remitted to the city to offset the cost of the CAT charter buses utilized to give parade attendees alternate transportation choices. Mr. Hickman reviewed the Capital Project Updates to include the Ballroom Dimming System Project, Exhibit Hall Floor Post-Tension Cable Repair and Chair Carts.


Mr. Smith asked for the General Manager's Report. Mr. Coffey reviewed the Preliminary Operating Budget for FY 2014. Mr. Smith asked if the year-end forecast will be adjusted prior to the budget workshop, to which Mr. Coffey replied that the forecast will be adjusted but not the budget numbers. Mr. Smith confirmed the budget workshop will be held from 8:30am – 9:45am on Wednesday April 14, 2013. Mr. Hall confirmed that updates will be made to the forecast and brought to the budget workshop.

Mr. Coffey distributed and reviewed the GIMTCA-Visit Savannah Rental Credit Program Update memo, commenting that the program offers free or discounted center rental for Visit Savannah to be competitive when soliciting conventions/trade shows. Mr. Smith asked for the total amount of rental credits for FY 2013 to which Mr. Coffey replied \$144,000. Mr. Smith noted the increase in rental credit awards to \$279,000 for FY 2014. Mr. Coffey replied that an unusual number of RC-related bookings presented themselves for FY2014; but also that after review, opportunity also exists to develop more specific qualifications and performance measures for groups being considered for rental credits. Mr. Center asked if the \$175,000 budgeted in rental credits for FY 2013 is a guideline to which Mr. Coffey replied affirmatively. Mr. Marinelli commented that in the earlier years of the program, credits were extended to GA Association groups; however, in later years the program has shifted to national groups. Mr. McClintock commented that a number of competitors are also using rental credit or other direct subsidies. Mr. Smith commented on articles in the trade magazines claiming that nationally, convention business is trending down. Mr. McClintock replied that there is downward pressure on rental pricing due to past practices. Mr. Marinelli commented on an article in USA Today to the effect that business travel is increasing and therefore driving increased attendance at meetings.

Mr. Smith commented on an upcoming meeting to include CSX, Westin, SMG and GIMTCA representatives to discuss a stronger working relationship between Westin and the Trade Center. Mr. Smith also requested that the meeting to include discussions on a parking agreement and Riparian Rights on the SITCC riverfront. Mr. McAlister complimented Mr. Smith on addressing all of the issues at once.

Mr. Smith requested any further business: and hearing none adjourned the meeting at 12:24pm.

Respectfully submitted,

  
George Jackson, Secretary