

Georgia International and Maritime Trade Center Authority

Minutes of the Special Meeting of the Board of Directors (Budget Workshop)
Wednesday, May 20, 2015, 8:30 am.

Jasper Boardroom, Savannah International Trade & Convention Center

Members present: Baxter, Center, Cutter, McAlister, Marinelli, Quattlebaum, Sanders, and Smith.
Members absent: Cook, Jackson, Polote, Tollison. **Also present:** Sherrie Spinks and Kevin Duvall (GWCCA) and SITCC staff Bob Coffey, Ronnie Hickman, Fredia Brady, Jamie Parks, Judy Johnson, and Gail Terrell.

Chairman Smith convened the meeting at 8:32am and opened with a review of the FY16 Budget memo. Discussion ensued on changes in report formats from former manager SMG to GWCCA.

Mr. Smith commented on the increase in total expenses budgeted for FY 2016 as compared to prior years. Ms. Johnson commented on the GA State Retirement System expense, not present under the former (private) manager. To Mr. Smith's question, Ms. Spinks clarified that a percentage (currently, 21.7%) of overall payroll is paid by the employer into the State's pension plan; and a further percentage as employer match into the state 401k plan (if the employee elects to participate). Discussion ensued regarding whether the board was prior advised of the State retirement plan expense.

Ms. Quattlebaum recollected previous assertions that the transition would result in reduced expenses. Ms. Spinks stated that the expectation was that under the new management model, savings in other areas would more than offset any increased expenses such as retirement plan. Mr. Baxter requested additional information on offsets. Ms. Spinks commented that GWCCA is having discussions with OPB and the State Auditor about alternate funding scenarios for Authorities that don't receive appropriated funding. To Mr. Center's question, Ms. Spinks stated that retirement plan funds are received and managed by the State Retirement System.

To Mr. Smith's question, Mr. Coffey explained the difference in revenue versus expenses in FY '13 to date. Mr. Coffey commented on the increased costs of servicing events, the substantial difference in event mix; general declines in event income, and the exceptional F&B revenues generated in the 2nd half of last year (FY'14) combined to create lower budget expectations for FY16 compared to current and immediate prior years. To Mr. Marinelli's question regarding rental income trends in Atlanta, Mr. Duvall commented that GWCC has shown a moderate increase in year-over-year business but the short term picture is very competitive. He noted that GWCCA FY'16 budget reflects a similar decrease in revenue and that significant spending has been deferred or removed from the budget.

Mr. Center asked whether any 'employer' contributions to the retirement system were recoverable if an employee left without being fully vested (10 years of state employment); or if the Trade Center was no longer managed by GWCCA. Ms. Spinks replied no, that all employer contributions to the state retirement system are retained by the State Retirement system. Employees with under 10 years of service can withdraw their own contributions, but employer contributions in any case are retained by the retirement system, not returned to the employer.

To Mr. Smith's question regarding the increased retirement costs, Ms. Spinks commented that a comparison report which detailed the increases and decreases of revenue and expenditures was reviewed in 2014 and an update will be provided to the board promptly.

To Mr. Smith's question regarding event rental revenue, Mr. Coffey reviewed the FY 2016 Revenue Statistics worksheet in the budget package.

Mr. Smith posed the question to the board if budget should be adopted as-is or should staff find additional savings to be presented at the June board meeting. To Mr. Baxter's comment on cost-savings made in 2009 due to the changes in the market, Mr. Hickman confirmed that the staff has continued to implement the additional cost-savings measures in 2009 to date. To Mr. Smith's question regarding the vacant positions, Mr. Hickman reviewed the current job openings and recently filled positions. Mr. Hickman and Mr. Coffey also highlighted the vacant Security Coordinator position to be upgraded to Public Safety Manager in the future. In addition to an increase in the Engineering department staff with a part-time General Maintenance Technician. Ms. Cutter stated staff should review both increased revenue options and expense reduction. Mr. McAlister reminded the board that the goal of the Trade Center is to bring business to the Savannah area. After a brief discussion, motion by Mr. Center to receive a revised budget at the June board meeting which reflects a combination of additional cost savings, additional revenue options to reduce the difference between FY15 year-end forecast and the FY16 budget to zero. Seconded by Mr. Marinelli, approved by voice vote.

Mr. Smith requested review of the Water Transportation budget. Mr. Coffey reviewed the FY 2016 Water Transportation Operating Budget, citing an increase in operating costs due to increased maintenance costs. Mr. Coffey commented on a potential grant that Chatham Area Transit (CAT) may be able to use to offset \$100k or more of qualifying maintenance expenses. Mr. Smith summarized the history of the Authority's support to the Water Ferry Transportation. Mr. Coffey commented on a proposed increase to the Westin's Per Occupied Room (POR) fee from \$1.75 to \$2.50. Discussion ensued regarding increasing the Westin POR fees. To Mr. Marinelli's question regarding the absence of any Chatham County contribution, Mr. Smith commented on the second letter he drafted last year to the County commission for water ferry funding with no reply. Mr. Coffey commented that the commission referred the request to CAT for any targeted grant support funds (see above). Motion by Mr. Center for staff to negotiate an increase to \$100k contribution to the Ferry Operations from the Westin by July 1, 2015; seconded by Mr. Baxter and approved by voice vote.

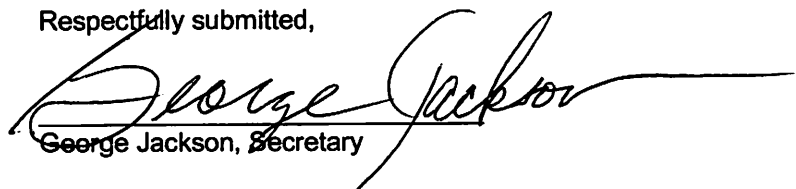
Mr. Coffey reviewed the FY 2016 GIMTCA Operating Budget. Mr. Coffey clarified the higher budgeted accruals into the Authority's Capital account. To Mr. Center's question, Ms. Johnson affirmed that the Water Transportation Expense item is the fluctuating operating loss which is the Authority's responsibility, and the Funding for Water Transportation item which is the Authority's budgeted contribution.

Mr. Coffey reviewed the FY 2016 GIMTCA Capital Investment Schedule. Mr. Coffey reviewed staff's proposal for a one-time \$750k transfer from the General Capital fund to the Reserve fund. Brief discussion ensued. Motion by Mr. Marinelli to approve the additional \$750k one-time contribution to Reserve fund; seconded by Ms. Cutter and approved by voice vote.

To Mr. Marinelli's question regarding the upcoming negotiations of the hotel/motel tax renewal, Mr. Smith commented on the history of the hotel/motel tax subsidy to the Trade Center. Mr. Baxter commented on the breakdown of the 6% tax and its allocation. Mr. Smith commented on educating the hoteliers and State Senators on the importance of the hotel/motel tax law and its origins.

Mr. Smith requested any further business; hearing none, Mr. Smith adjourned the meeting at 10:02am.

Respectfully submitted,



George Jackson, Secretary