

Georgia International and Maritime Trade Center Authority

Minutes of the Special Meeting of the Board of Directors (Budget Workshop)
Wednesday, May 21, 2014, 8:30 am.

Jasper Boardroom, Savannah International Trade & Convention Center

Members present: Cutter, Jackson, McAlister, Marinelli, Polote and Smith. **Members absent:** Baxter, Center, Bazzard, Monsees, Quattlebaum and Tollison. **Also present:** Sherrie Spinks (GWCCA), Tom Gray and SITCC staff Bob Coffey, Ronnie Hickman, Fredia Brady, Stephen Hall and Gail Terrell.

Chairman Smith convened the meeting at 8:44am.

Mr. Smith made a note to draft a second letter request to the County commission for water ferry funding.

Mr. Coffey first reviewed the FY15 Water Transportation Operating Budget Key Points. Mr. Coffey noted supplemental ferry revenue to increase by 6% while operating revenues remain stable. Mr. Coffey commented that expenditures are expected to increase by 7% based on CAT Maritime Services Director's guidance (increases mainly due to bi-annual major maintenance expenses and fuel cost).

Mr. Coffey next reviewed the Trade Center Authority's FY15 revenues and expenditures, noting the building deficit increasing from current year forecast. Mr. Coffey noted the FY15 operating deficit is expected to increase substantially due to a decrease in F&B, and the typical off-year revenue scenario. Mr. Coffey cited 1.4 million in unspecified F&B revenue with half of the budget booked. Mr. Coffey reviewed property insurance to increase by 20% based on rates provided by the State Department of Administrative Services (DOAS). Mr. Smith questioned whether Legislative Consulting was necessary for FY15 to which Mr. Coffey replied only if there's a development opportunity in the Civic Master Plan (Parcel 7) area which might attract federal assistance, ie a marine science-based attraction or another major facility. Mr. Coffey confirmed to Mr. Smith that the Trade Center would set the parking rates under its new agreement with AAA Parking. Mr. Smith asked if there was a parking agreement in place with Westin to which Mr. Coffey replied not for Westin employee parking in the surface lot; but there is for the Bryan Square garage, which gives Westin rights to all 216 spaces and the Authority the right to increase rates by 7% annually, but not to exceed the published public parking rates. Coffey noted the agreement expires in 2016 and needs updating in any case.

Mr. Coffey returned to the review of Authority expenditures. Mr. Smith and Ms. Cutter expressed concern with the addition of an Event Coordinator position. Mr. Coffey clarified that the action is actually to restore an unfilled position, based on demonstrated need. Mr. Hall further noted that the part-time positions to be added in FY15 will replace equivalent temp staff, at a marginally-lower rate. Mr. Smith asked the board for any comments on the FY15 Budget Summary. Mr. Marinelli commented that the comparative bottom lines of FY14 and FY15 budget will probably make it into the newspaper; to which Mr. Coffey responded that Ms. Mayle (Savannah Morning News) understands the scenario. Mr. Smith confirmed that the sales tax savings due to the GWCCA relationship is in the budget. Mr. Smith noted that in past years Trade Center has usually surpassed the budget, and that the board usually requests a tightening of the budget between the initial and final presentations. Mr. Polote asked how the appropriate number is determined to which Mr. Smith replied that in the past 5%, 10% or \$100k in improvements has been requested.

Mr. Marinelli commented that the Trade Center and GWCCA have undergone an intense transition process within a very tight timeframe; and that team focus can only now shift to revenue opportunities, noting he will meet after the board meeting with Mr. Coffey and Mr. Poe to discuss ways to increase PR exposure, and synergize sales and marketing efforts. Mr. Marinelli further recommended that the board recognize both the opportunities and difficulties presented by the management transition, and that GWCCA and staff be allowed the discretion of this first-year budget, with firmer expectations for higher performance next year and beyond. Mr. Polote agreed. Ms. Cutter agreed but with reservations on how

much leeway within the first year. Ms. Cutter further agreed with increased efficiency, enhancements and developing a relationship with GWCCA but was concerned with the adding any additional personnel costs in the immediate future. Ms. Brady commented that Sales booking status would remain the same regardless of the transition due to the convention center booking cycle. Mr. Brady commented that restoring the Event Coordinator position minimizes Sales involvement in Event operations and allows the Sales team to focus on sales and the Event team to focus on service. Mr. Smith asked about the booking status for 2016 to which Ms. Brady replied that 2016 is starting to come more on pace; with more Sales focus needed on the odd numbered years due to booking cycles and patterns.

Mr. Smith commented on a recent meeting with the President of GA Tech's Savannah campus noting that Gulfstream currently employs 8k employees. Mr. Smith commented that another Gulfstream product will be developed in Savannah with the potential to increase employee numbers.

Mr. Hall noted additional cost savings on Insurance, sales tax and F&B (net split) due to the transition. Ms. Spinks and Mr. Coffey restated the importance of restoring the Event Coordinator position.

Mr. McAlister commented on the legal line item difference from FY14 to FY15 and questioned the need for two Attorneys. Mr. Smith affirmed the need for two attorneys due to GIMTCA's local activities involving property and legal agreements. Mr. McAlister inquired about no funding in the budget for the audit, to which Mr. Hall replied that the audit is performed by the State through GWCCA.

Mr. Polote asked Ms. Cutter if she was satisfied with the staff's explanation for the need to restore the Event Coordinator position to which Ms. Cutter commented that she has a clearer understanding of the burden but cautions the staff to monitor their expenses.

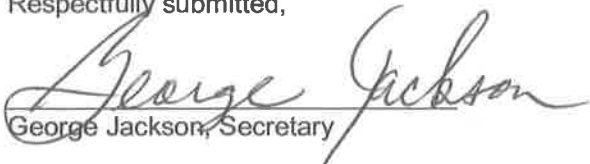
Mr. McAlister questioned the cost of the state retirement plan to which Ms. Spinks replied that the state's retirement plan is higher and GWCCA is currently in the process of locating a less expensive plan.

Mr. Hall reviewed the capital budget. Mr. Marinelli asked if the air wall replacement item is an upgrade or due to sound-bleed complaints; Mr. Hickman replied the project is intended to address both concerns.

Mr. Smith questioned if a contingency was included in the capital budget for unexpected expenses. Mr. Coffey responded no, that if there's a contingency budget it would come to be viewed as a budget item, and certainly be spent. Ms. Spinks comments that GWCCA plans to implement the Trade Center's current maintenance system process, called Bigfoot, at the Atlanta campus. Mr. Polote asked about the center's roof type, to which Mr. Hickman replied single ply fiber type membrane. Mr. Smith asked if the roof will require replacement around 2020 to which Mr. Hickman replied maybe sooner, due to the effects of the minimal insulation layer in the existing roof. Mr. Polote affirmed that skimpy insulation accelerates HVAC costs and deterioration. Mr. Polote further stated that roof replacement would cost a minimum of \$1.5 million to \$3 million, which Mr. Hickman confirmed. Mr. Hickman commented that former board member Mr. Shay suggested a lightweight concrete roof; Mr. Polote agreed that it is used at newer Chatham County schools. Mr. Smith asked if the Trade Center is expanded in the future, would it be advisable to replace the roof at that time, which Mr. Polote, Mr. Coffey and Mr. Hickman affirmed.

Mr. Smith requested any further business; hearing none, Mr. Smith adjourned the meeting at 10:04am.

Respectfully submitted,


George Jackson, Secretary