



Durham Convention Center Authority Meeting
 Thursday, January 31, 2013
 Durham Convention Center Meeting Room II
 11:30 AM

The meeting was called to order at 11:30AM with the following representatives present:
Authority: Al Bass, Patrick Byker, Richard Ford, Bill Kalkhof, Rosemarie Kitchin, and Dawn Paffenroth. *Owners:* Drew Cummings, Sharon DeShazo, Jina Propst, Joel Reitzer, Al Walker, and Karmisha Wallace. *Management Company (Global Spectrum):* Andrea Gliatta, Jen Noble, and Barry Strafacci. Mr. Ford made a motion to approve the January 03, 2013 (December 2012) meeting minutes, Mr. Bass seconded, and the minutes were approved with minor adjustments.

Action Items: *(Comments italicized)*

- Interior and exterior signage to identify and market the Durham Convention Center.
Interior signage has been installed.
- Joel Reitzer, General Services Department (GSD) Director, and Al Walker, GSD Financial Manager to discuss an independently functioning fund for the DCC with City of Durham Finance.
General Services met with the City Finance department to collaborate on DCC fund balance reporting. A format is in process and staff will be able to provide a report approximately in April 2013.

Durham City and County Administration:

- The past due notice for Shaner's remaining (phase II project) reimbursement to the Owners at \$277,962 was forwarded on November 28, 2012. The Owners responded to a request from Shaner for additional documents and final lien releases on January 31, 2013.
- Shaner re-filed law suit against the Owners for settlement on January 17, 2013 in state court.
- Global Spectrum purchased the following FF&E authorized by the DCCA:

| | Budgeted | Actual | Variance |
|-----------------------------|-----------------|--------------------|-------------------|
| ○ Two Double Ovens | \$23,000 | \$10,822.93 | \$(12,085.25) |
| ○ Atcom - Networking | \$ 6,500 | \$4,926.15 | \$(1,573.85) |
| ○ Security System | \$12,000 | \$10,170.35 | \$(1,829.65) |
| ○ Office Furniture (added) | | \$2,153.36 | |
| ○ Employee Lockers (added) | | \$1,098.40 | |
| ○ Trash Receptacles (added) | | \$4,000.00 | |
| Total | \$41,500 | \$33,171.19 | \$8,328.81 |

- DCC surplus is auctioned through an online process and currently grossed over \$42,515. The net earnings are subject to reconciliation by the City Finance Department. This is required to validate the fund balance.
- Interior signage and meeting rooms' curtains were installed on January 28, 2013.
- Wall sconces have been shipped.
- The DCC Finance committee met on January 30. The DCC year-to-date financial forecast for the FY2012/13 is currently under budget by \$373,911, with an improvement over last month's year-to-date actuals by \$96,359. The improvement denotes less of a loss from November 2012 to December 2012.
- The contract amendment to RND for the design of external signage and the pre-function corridor entrance doors at \$14,500 will be completed by February 2013.
- Carpet for the DCC administrative offices was installed and is ready for staff to move in. New hardware will be installed by February 7.
- The additional work with Periscope on sub-metering is complete. Staff is verifying data and accuracy.
- The DCCA's motion to approve the incentive amount of \$99,625 is subject to a required contract amendment for consideration by the elected boards, upon request to the contract administrator from Global Spectrum. The contract amendment draft regarding Global Spectrum's request to amend Article 3.2 incentive fee based on a ten month analysis is in process. City administrators are scheduled to review the agenda item. The Durham County agenda item is complete. Accordingly, Global Spectrum has been asked to remit the cash reserve balance to the Owners, less the approved purchases for FF&E, which has been adjusted at \$124,917.19. The Owners provided the approved payment in advance for estimated costs of FF&E.
- Bill Kalkhof made a suggestion to enhance public relations by getting DCC successes into the news. Global Spectrum can begin this process by collaborating with DPAC to discuss their successes. Joel Reitzer suggested creating an external communications plan. An example is creating a DCC newsletter for use as an outreach tool.
- DCC to develop a facilities maintenance plan and a replacement schedule based on a 25 year projection that will mirror an existing plan created for the DPAC.
- The Owners and Global Spectrum have discussed and agreed on maintaining a conservative benchmark for fiscal year budgeting. Maintaining a conservative approach is result of the large amount of short term bookings and the limited guest rooms available. Per discussion, end-of-year operational savings can be placed in a reserve account for future assets. The Owners have not had to request approval for additional funds because of savings assumed. Drew Cummings made a suggestion to discuss with City and County Officials the benefits of purchases made because of fiscal year-end savings. Further suggestion was made to develop an analysis on how the investment has benefited in revenue generation.

Global Spectrum Report:

- In December, the DCC hosted 20 events with 7,830 guests and 28 event days. January currently has 14 events with an estimated 5,609 guests and 20 event days. Customer survey scores are 4.41 out of 5.
- Notable December and events:
 - Duke Teddy Bear Ball - 570 guests; DCC Revenue - \$61,423.49.

- Debutante Ball – 468 guests; DCC Revenue - \$23,609.43; Room Revenue - \$8,618.00.
- Y & E Entertainment – 987 guests; DCC Revenue - \$14,483.55; Room Revenue - \$62,500.00.
- Appalachian/UNC IT Conference – 614 guests; DCC Revenue - \$89,926.90; Room Revenue - \$28,509.00.
- New Year’s Eve Celebration – 1211 guests; DCC Revenue - \$21,853.00; Room Revenue - \$16,898.00.
- Duke Fraternity/Sorority – 4,000 guests; DCC Revenue - \$54,467.11.
- Sales bookings for fiscal year 2012/13.

| | Beginning 07/26/2012 | As of December 2012 |
|----------------|----------------------|---------------------|
| ○ Definite: | \$706,838 | \$1,840,211 |
| ○ Tentative: | \$138,612 | \$31,920 |
| ○ Proposals: | \$214,760 | \$17,500 |
| ○ Grand Total: | \$1,060,210 | \$1,889,613 |
- Global Spectrum Public Relations:
 - Smart Meetings Magazine for the March issue.
 - Full Frame ad for April event.
 - Attending Rotary Club on weekly basis.
 - Updated Facebook and website.
 - Triangle Business Journal ad.
 - Duke Magazine.
 - Meeting with Dr. Bryant (North Carolina Central University) regarding internships.
- Website activity: (December)
 - Visitors: 1,479 (New: 1,215)
 - Demographic: NC, CA, GA, VA, NY
 - Page views: 3,999
 - Duration: 1.31 minutes
- Durham Convention Center Staffing:
 - No new hires to report. Global Spectrum is fully staffed.
- Budget: December 2012

| | |
|-----------------------------------|-------------|
| ○ Net Income (loss) for December: | (\$96,359) |
| ○ December Budget Variance: | \$47,970 |
| ○ Year-to-date Budget Variance: | \$163,972 |
| ○ Year-to-date Actual: | (\$35,681) |
| ○ Total Event Income (Actual): | \$203,475 |
| ○ Total Event Income (Budget): | \$163,226 |
| ○ Total Event Income (Variance) | \$40,249 |
| ○ Total Annual Budget: | (\$573,046) |
- The DCC has a large percentage of short term bookings. This fiscal year began with 30% of budgeted revenues on the books, and booking 70% in the year for the year. This percentage is lower than industry norm. As additional downtown guestrooms become available, a shift will occur to increase long-term booking cycles for the DCC. Global Spectrum will position the DCC and the hotel(s) in markets that will assist in increasing long-term bookings.

DCCA:

- DCCA would like attendance at the DCVB retreat scheduled in March. The retreat will discuss output on a study completed.
- DCCA continues to work toward attaining a seat on the DCVB board.

Subcommittees:

- Finance Committee:
 - FY2012/13 gross revenue includes:

| | |
|---------------------|-------------|
| ▪ YTD actual | \$626,761 |
| ▪ YTD projected | \$1,840,211 |
| ▪ YTD forecast | \$1,982,838 |
| ▪ FY 2012/13 budget | \$1,655,332 |
- Hotel Task Force:
 - None to report.
- Public Relations:
 - Members of the DCCA met with Jen Noble to discuss a joint marketing plan. The plan is to partner DCC with major downtown entities such as the Nasher, Durham Bulls, American Tobacco, DPAC, DDI, and the Greater Durham Chamber of Commerce to propose a marketing package. The committee will move forward with scheduling informal meetings. There is a great opportunity to increase the DCC market share.

New Business:

- None to report.