



Durham Convention Center Authority Meeting
Thursday, October 30, 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: Patrick Byker, Richard Ford, Bill Kalkhof, Rosemarie Kitchin, Dawn Paffenroth, and Billy Ruffin. *Owners:* Drew Cummings, Sharon DeShazo, Jina Propst, and Al Walker. *Management Company (Global Spectrum):* Jen Noble and Andrea Gliatta. Rosemarie Kitchin made a motion to approve the September 30, 2013 meeting minutes, Richard Ford seconded, and the minutes were approved unanimously.

Action Items: *(comments italicized)*

- Request for Global Spectrum to provide a return on investment analysis on Convention Center FF&E recently purchased.
 - *(DCC investment of \$25,822.79 for audio/visual equipment (LCD projectors, screens, flipcharts,) etc. Gross \$58,491.50 in FY 2011/2012).*

Durham City and County Administration:

- *Design and Construction Update:*
 - Pre-function Corridor doors (*PFC*):
PFC doors installation is near completion with minor punch list items remaining. The contractor is working with fabricators for a header piece. Logos over the doors were installed during the week of October 16. Coordination of work will be scheduled with Global Spectrum.
 - Skylights:
Work is approximately 50% complete. Completion for roof repairs is expected by early November following a water test. Drywall repairs include replacement that occurred during water infiltration. Once confirmed without leakage, repairs can be coordinated with Global Spectrum.
 - Fountain in Plaza:
Convention Center Plaza fountain repairs remain ongoing to repair all leaks. The the contract is \$23,400 with FloorChem, Inc. The scope of work includes grinding areas to remove existing failing coatings, cleaning and adding new coatings, repairing joints, cracks, applying polyurethane resins, installing fiberglass mesh cloth, and applying polyuria resins for a smooth finish. The project timeline is scheduled to begin November 11 pending weather conditions. In addition, the fountain is scheduled for temporary operation due to the Friends of Nursing event.
 - Incentive Fee:

Included in today's distribution materials is Global Spectrum's self-evaluation. It is a summary of the calculation for the incentive fee based on the financial requirements. Qualitative requirements are included. Durham Convention and Visitors Bureau's (DCVB) survey revealed positive results for the Durham Convention Center (DCC). DCVB is the only entity to respond to Global Spectrum's survey per the agreement. The incentive fee recommendation is \$101,445.75 which is slightly below the amount Global Spectrum could potentially earn at \$101,700. Global Spectrum has appropriately identified the area (customer service) that did not allow receipt of the remaining 5% as described in the documentation. The Owners are recommending acceptance of the recommended amount. At the Owners discretion, the DCCA are asked to review. The DCCA does not have a specific role associated with Global Spectrum's incentive fee; therefore, its recommendation would be non-binding since DCCA's role is advisory. To date, the incentive pay for FY2012/13 due Global Spectrum has not been paid.

- The mediation between the Owners and Shaner was successful with agreement by both entities. The Owners are drafting correspondence delineating property ownership and financial resolution.
- Interlocal Agreement:
The proposed interlocal agreement amendments will address operational savings, authorizations to purchase capital assets, and powers and duties of Owners' representatives. There was consensus for the City to lead the endeavor to work with both City and County attorneys to develop the agreement. The agreement will not be confirmed by end of the calendar year.
- The Facilities Maintenance Plan the DCC is set for completion in November.
- The 2012 operating revenue report for convention centers, provided by Hunden Partners, was distributed for review to possibly examine at November's DCCA meeting.

Global Spectrum (GS) Report:

In September, the DCC hosted 29 events with 6,658 guests and 39 event days.

Current financials for September:

▪ Gross Revenue	Budget	Variance
\$150,357	\$220,181	(\$69,824)
Indirect Expense		
\$115,258	\$122,973	+\$7,715
Net Income (Loss)		
(\$14,206)	(\$1,583)	(\$12,623)

GS anticipates yielding a profit of approximately \$15,000 in October.

- Customer survey scores for the current fiscal year are 4.52 out of 5.
- Notable events:
 - Repticon - 1917 guests; DCC Revenue - \$10,015.50.
 - Escapist – 6,625 guests; Room Revenue - \$116,100.00; DCC Revenue - \$42,990.68.
 - Duke Cell Therapy – 360 guests; DCC Revenue - \$18,510.40
 - Blue Cross Blue Shield – 407 guests; DCC Revenue - \$24,899.60.
 - IDCON/Pulp and Paper Maintenance – 280 guests; DCC Revenue - \$25,380.60
- Sales bookings for fiscal year July 1, 2013/June 30, 2014:
 - Definite: \$1,059,455 (Definite on the books reflects contracted events and actualized revenue).
 - Tentative: \$164,747
 - Proposals: \$154,685

- Projected Total: \$1,378,887
- Pace for fiscal year 2013/14:
 - \$123,750 vs. \$68,058 on the books for one year out. Ahead of pace by 182%.
- GS Public Relations:
 - Attending Rotary Club on weekly basis.
 - Updated Facebook/Twitter/Pinterest and website.
 - A co-op advertisement with DCVB in *Our State* Magazine.
 - Participated in AENC and City of Durham Golf Tournaments.
- Website activity:
 - Visitors: 2,029 New: 20.5%
 - Demographic: 1,112 Google organic, 352 direct, 71 – NCHO, 39 Southern Bride and Escapist Expo
 - Page views: 2.72
 - Duration: 1.06 minutes
- DCC Staffing:
 - Currently looking to fill vacant Executive Assistant and Director of Convention Services positions.
- Budget: September 2013
 - Net Income (loss) for September: (\$14,206)
 - August Budget Variance: (\$12,623)
 - Year-to-date Budget Variance: (\$65,388)
 - Year-to-date Actual: (\$170,064)
 - Total Event Income (Actual): \$100,567
 - Total Event Income (Budget): \$120,390
 - Total Event Income (Variance) (\$19,823)
 - Total Annual Budget: (\$332,028)
- Occupancy is 22% for the month of September.
- Global Spectrum increased revenues on concessions from last fiscal year by 30%.
- Global Spectrum voiced concern in regard to utility cost shared with Shaner and distributed data with utility cost per square foot. A meeting with General Service’s staff is scheduled to discuss methodology for pro-rated cost.

Durham Convention Center Authority (DCCA):

- On behalf of the DCCA, Dawn Paffenroth made a motion to accept the Durham Convention Center FY2013 financial audit, Richard Ford seconded, and the audit was accepted unanimously.

Subcommittees:

- Finance Committee:
 - The DCC September financials were discussed during the Finance Committee meeting.
- Public Relations:
 - Jen Noble, Jina Propst, and Dawn Paffenroth met to review a preliminary of the DCC sales and marketing plan. The committee anticipates holding an additional meeting in November to discuss the DCVB marketing plan and additional options to increase sales. Future meetings will be coordinated with Global Spectrum.