



Durham Convention Center Authority Meeting
Thursday, April 24, 2014
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 and Jen Noble.

A quorum was established for approval of the minutes. Rosemarie Kitchin made a motion to approve the March 27, 2014 meeting minutes; Al Bass seconded, and the minutes were approved with corrections made regarding duplication per a Global Spectrum notable event. In addition, an explanation of the 2014/15 DCC operating subsidy was reviewed referencing the total contribution shared by the Owners. The overall fund (beyond the operating budget) is inclusive of air lease revenues received from the hotel and includes additional indirect expenses.

Action Items:

- *Interlocal Agreement:*
Al Walker, General Services Financial Manager, will forward a copy of the interlocal draft to the DCCA for review.
- *Financial Update:*
Request that Global Spectrum produce two additional charts showing gross revenue versus actual income, and actual revenues versus budgeted net income.

Durham City and County Administration:

Capital Project Update:

- Pre-function Corridor doors (*PFC*):
The contractor completed re-installation of the header piece and keying doors on April 1, 2014.
- PFC heat:
PFC heat issues are ongoing. General Services' staff met with the engineer and provided preferences on location and unit heater type. The engineer will perform calculations to determine how many unobtrusive base heat units are needed, a source of power, and a preliminary cost estimate.
- Sconces:
18 sconces were installed in the DCC meeting rooms on April 16, 2014.
- Fountain in Plaza:

The fountain is currently inoperable due to needed repairs. Staff was able to turn on the fountain for the Full Frame Festival. The contractor (Pipetechs) moved forward with repairing leaks and pipe repairs on April 23, 2014 working around DCC's event schedule. Anticipate three days for completion. The contractor will then test piping prior to repairing concrete. This work is invoiced at \$3,500.

- *Interlocal Agreement:*

City and County Finance Departments reviewed a draft with General Services staff on April 14, 2014. A meeting was held with the City Attorney's office on April 22, 2014. The next step in the process is a final internal review with the City Manager's Office prior to release of the draft to the attorneys. The draft may change after the attorneys' review.

The creation of a DCC fund from operational savings is noted but not exclusively included in the interlocal agreement. It is not an enterprise fund, but accounted for as a joint venture between both City and County. The owners are in agreement on the definition of a capital expense. There will be additional discussion regarding use of operational dollars for capital expenditures.

Bill Kalkhof inquired about the DCCA's role in the interlocal agreement. Per the DCCA chair, one responsibility is making recommendations regarding timing of the agreement's execution. Staff will address any budget impacts associated with the interlocal. Total cost share and property description for the plaza will also be addressed in the interlocal.

- *Facility Maintenance Plan:*

The executed contract is complete and was delivered on January 14. Lori Blake-Reid, General Services Department, Facilities Operations Manager, and a MBP (McDonough, Bolyard and Peck construction and program management firm) representative will meet with Global Spectrum to tour the Marriott and identify those building systems that support the hotel as well as the DCC so that the FMP (Facility Maintenance Plan) can be revised to show separation of the two entities.

- *(Proposed) DCC Fiscal Year 2014/15 Budget Review:*

- No update to report this meeting.

- *Mediation:*

- No update to report this meeting.

Global Spectrum (GS) Report:

In March 2014, the DCC hosted 25 events with 5,664 guests and 39 event days.

Financials for March:

Gross Revenue	Budget	Variance
\$163,141	\$201,868	(\$38,727)
Indirect Expenses		
\$115,049	\$122,064	\$7,015
Net Income (Loss)		
(\$1,923)	(\$9,407)	\$7,484
Year-to-date		
Net Income (Loss)		
(\$139,422)	(\$216,822)	\$75,400

- GS is anticipating approximately a \$55,000 end-of-fiscal-year savings.

- Customer survey scores for the current fiscal year are 4.66 out of 5.
- *Notable events:*
 - NC Augmentative Communication Association – 409 guests; DCC Revenue - \$13,828.29.
 - Let’s Roll Motorcycle Club – 875 guests; DCC Revenue - \$9,652.72.
 - Duke PILF Auction – 400 guests; DCC Revenue - \$12,631.10
 - Duke Law Blueprint – 250 guests: DCC Revenue - \$11,661.60
 - Blue Cross Blue Shield IT – 325 guests: DCC Revenue - \$23,793.00
 - Syngenta – 240 guests: DCC Revenue - \$16,360.02
 - New Concept Homes – 955 guests: DCC Revenue - \$13,285.93
- Occupancy for the month of March was 43%. The increase is due to the New Concepts Home Show.
- Sales bookings for fiscal year July 1, 2013/June 30, 2014:
Current sales bookings for fiscal year 2013/14 are as follows:
Beginning: July 2013
 - Definite/Actual: \$1,788,517
 - Tentative: \$7,610
 - Proposals: 0
 - Total: \$1,796,127

Based on the current booking pace, the DCC is estimated to complete the year at \$1,842,112 in gross revenues with a \$265,673 subsidy for the end of the year. This is barring any unforeseen expenses that may arise. Global Spectrum will continue to manage expenses in an effort to maintain the approved deficit.

Fiscal Year 2014/15 Bookings:

- Definite: \$354,365 vs. \$277,272 in 2012-2013 on the books for one-year-out events. Ahead of pace by 122%.
- Firm: \$179,000 vs. \$165,000
- Proposals: \$420,000 vs. \$299,000

- *GS Staffing:*
 - Ernest Cherry resigned as events manager. Derema Blue will fill this position and comes with 20 years of experience from a GS Fayetteville facility.
- *GS Public Relations:*
 - Attending Rotary Club on weekly basis.
 - Updating Facebook/Twitter/Pinterest and website prior to the end of this fiscal year.
 - \$2,000 upgrade for website.
 - Greater Durham Chamber of Commerce mixers.
 - *Durham Magazine.*
 - *Triangle Business Journal.*
 - Continue with social media.
 - Co-op with Global Spectrum Buildings in Facilities/Destinations Magazine.
 - *Durham Relocation Guide.*
 - Extended banquet promotion into July.

- *Website activity:*
 - Visitors: 3,526 New: 79.81%
 - Demographic: 1695 Google organic, 187 Full Frame Festival, 189 Bing, 837 Direct, 77 Southern Bride & 33 Forever Bridal
 - Page views: 8,727
 - Page Visits: 2.48
 - Duration: 1.37 minutes

Durham Convention Center Authority:

- Discussion of DCCA’s recommendation for Global Spectrum’s contract proposals:
 - Global Spectrum’s review:
 - Current contract versus a 5-, 7-, and 10-year term based on the incentive fees and the base fee:
 - A five-year term would yield a savings of \$36,420 (amount City/County would pay out) over the course of five years versus what is currently in place. This is approximately over \$5,000 per year in savings on a five year contract.
 - A seven-year term based on the maximum incentive fee; decreasing to \$35,500 versus the base fee of \$142,000. The base fee increases and the incentive decreases. A seven-year term would yield a savings of approximately \$206,000 over the course of seven years.
 - A ten-year term with a \$33,000 maximum incentive fee and the annual base fee at \$135,000 with a difference in savings of approximately \$650,000 over the next ten years. Global Spectrum’s preference is a ten-year term, which offers stability with the Owners and clients based on its proven track record.
 - On behalf of the DCCA, Richard Ford made a motion for the Authority to recommend a ten-year term contract option if it complies with both City and County current debt obligations. Bill Kalkhof seconded and the motion was voted and approved by all members present.
 - Rosemarie Kitchin inquired about the DCC’s involvement in maintaining the Civil Rights mural being created on the back wall. There is currently a grant agreement with the artist. There is no known liability to the DCC. The answer to this inquiry is unknown at this time. Drew Cummings will forward images of the mural to Rosemarie Kitchin.
 - A discussion in regard to hosting a firearms event was held. Per Patrick Byker, the City manager requested a recommendation from the Authority. Global Spectrum has a crisis plan in place and works consistently with armed off-duty police officers with its larger trade or consumer events that include firearm events. Police would ensure that all safety measures are met. Approximately 15 security/police officers would be present for an event hosting firearms. Due to the right to protest, this is an opportunity for groups to combine their efforts. Global Spectrum is accustomed to hosting these type events. These type events will increase revenue for the DCC.
 - On behalf of the DCCA, Rosemarie Kitchin made a motion for the Authority to approve hosting a firearms event after ensuring that all relevant safety measures are enforced. Al Bass seconded, and the motion was voted and approved by all members present with one abstaining.
 - Bill Kalkhof inquired about funding for DCC exterior signage. Per GSD staff, funding is not currently available. Signage was not included in funding approved for phase II of the capital project. Joel Reitzer suggests requests for any CIP (Capital Improvement Plan) project be submitted this fall as part of the formal process for the following year. CIP expenditures require costs of \$100,000 and above.

Subcommittees:

- *Finance Committee:*
Al Bass, Patrick Byker and Dawn Paffenroth met with a County Commissioner and a City Councilman regarding the interlocal agreement, parking, and infrastructure.
- *Public Relations:*
Jen Noble and Patrick Byker joined Beverly Thompson, City of Durham Public Relations Manager, on a City of Durham City Life television segment to promote the DCC. It can be viewed on YouTube.
- *Marketing and Sales Committee:*
Jen Noble is in process of completing a DCC sales and marketing plan.
- *DCCA Nominees Committee:*
The sub-committee met and have an additional list of nominees to forward to the DCCA for review. The process will be complete by the end of May 2014.