

Franklin County Convention Facilities Authority

General

The Authority is a body corporate and politic in and of the State of Ohio, duly created on July 12, 1988 under the authority of the Act and pursuant to Resolution No. 818-88 of the Board of County Commissioners of Franklin County. The Authority is authorized pursuant to Chapter 351 of the Ohio Revised Code to levy and collect the hotel and motel taxes and to issue tax and lease revenue anticipation bonds to be paid from and secured by taxes and lease revenues.

The address of the Authority is 400 North High Street, Fourth Floor, Columbus, Ohio 43215, and its telephone number is (614) 827-2800.

Issuing Authority

Pursuant to the ORC Chapter 351 the governing Board of Directors of the Authority consists of eleven members, of whom six directors are appointed by the Board of County Commissioners of the County (one a representative of townships in the County, one a representative of a major trade association in the County, and one a representative of the Greater Columbus Convention and Visitors Bureau), three directors are appointed by the Mayor of the City (subject to the approval of a majority of the City Council of the City); and two directors are appointed by agreement of the mayors of the remaining municipal corporations in the County. The present Board members serve for the terms specified below.

Currently serving on the Board of Directors of the Authority are:

<u>Board Members</u>	<u>Office</u>	<u>Appointed By</u>	<u>Term Expires</u>
John S. Christie	Chairman	Columbus Mayor	07/17/05
Sally W. Bloomfield	Vice Chairman	Franklin County Commissioners	07/25/08
David P. Lauer	Secretary	Columbus Mayor	07/14/08
John P. Raphael	Treasurer	Franklin County Commissioners	07/25/07
Mary Jo Cusack		Suburban Mayors	07/25/07
John S. Ensign		Franklin County Commissioners	07/25/06
Barbara R. Nicholson		Franklin County Commissioners	07/25/06
Clark P. Pritchett		Suburban Mayors	07/17/05
Stephen S. Rasmussen		Franklin County Commissioners	07/25/07
Rhett C. Ricart		Franklin County Commissioners	07/25/08
Pierrette Talley		Columbus Mayor	08/17/06

Operations

The Center consists of over 840,000 total square feet of quality convention space. Recently renovated, the south facility of the Center is 25 years old and consists of Battelle Hall (a 90,000 square foot multi-purpose/exhibit hall), meeting rooms, the Regency Ballroom, an underground parking garage and food court and shops. This facility is connected to a large north facility that was originally opened in 1993 with an expansion that opened in 2001. The north facility consists of over 336,000 square feet of exhibit hall space, two large ballrooms, and over 63 meeting rooms. The Center also operates a parking garage and two parking lots adjacent to the facility.

The Authority contracts with SMG to operate the Center. SMG was hired in April, 1997 and their contract was renewed through 2006. SMG currently manages 51 exhibition facilities internationally, including the Moscone Center in San Francisco, the Denver Convention Center Complex, the Miami

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Beach Convention Center, and the Atlantic City Convention Center. SMG also provides full service operations for over 125 other facilities, including numerous arenas, stadiums and theaters.

Operationally, the Center does very well financially. Through the twelve years of operation, the Center has significantly exceeded financial expectations. The Authority has been required to provide minimal funds for building operations since the north facility opened in 1993. (The Authority was required to provide funds in 2001 for payment of one-time expenses associated with the expansion project.) During the past years, the Center has operated with a surplus, despite recent economic challenges experienced in the travel/convention industry. The financial stability of the Center is a result of an aggressive marketing effort to book national and regional business in advance and for multiple years. This initiative has resulted in a base level of business that is stable and consistent. Furthermore, the Center has diversified revenue such that resources are achieved not only from events but from parking and from retail/lease opportunities.

The following pro forma provides information on operating revenues and expenses for the Center since 2001. The historical information is based on audited information. Information for 2005 is based on the budget for the year as developed by SMG and reviewed by the Authority.

Center Operations – Summary¹

<u>OPERATING INCOME</u>	<u>2001 Actual</u>	<u>2002 Actual</u>	<u>2003 Actual</u>	<u>2004 Actual</u>	<u>2005* Budget</u>
Event Income	\$6,615,401	\$6,319,552	\$6,857,056	\$6,710,881	\$7,106,042
Other Operating Income					
Rental	430,766	639,936	645,284	730,690	740,473
Non-event Parking	1,670,458	1,940,877	1,866,365	1,530,653	1,839,000
Miscellaneous	<u>358,778</u>	<u>333,518</u>	<u>293,231</u>	<u>312,892</u>	<u>325,880</u>
Total Other Operating Income	2,460,002	2,914,331	2,804,880	2,574,235	2,905,353
Total Operating Income	<u>\$ 9,075,403</u>	<u>\$ 9,233,883</u>	<u>\$ 9,661,936</u>	<u>\$ 9,285,116</u>	<u>\$10,011,395</u>
 <u>OPERATING EXPENSES</u>					
Executive	\$ 399,833	\$ 379,240	\$ 450,999	\$ 404,240	\$ 460,275
Finance	454,291	446,586	455,748	471,502	494,377
Marketing	747,582	724,389	658,762	621,244	699,596
Events Management	325,246	368,580	388,332	406,689	440,528
Operations	3,229,282	3,505,197	3,742,518	3,777,962	3,901,016
Client Utilities	217,560	195,339	218,824	211,945	226,175
Parking	749,209	641,525	676,295	628,968	730,648
Box Office	34,515	36,783	38,604	37,777	40,382
Overhead	<u>2,671,574</u>	<u>2,432,525</u>	<u>2,655,481</u>	<u>2,429,142</u>	<u>2,662,405</u>
Total Operating Expenses:	<u>8,829,092</u>	<u>8,730,164</u>	<u>9,285,563</u>	<u>8,989,469</u>	<u>9,655,402</u>
Sub-Total Net Operating Income:	<u>246,311</u>	<u>503,719</u>	<u>376,373</u>	<u>295,647</u>	<u>355,993</u>
Less-Capital Expenses/Other ²	388,745	42,916	137,795	141,873	122,400
Incentive Fee ³	238,700	186,524	255,500	144,864	227,500
 Total Net Operating Income:	 <u>(\$ 381,134)</u>	 <u>\$ 274,279</u>	 <u>(\$ 16,922)</u>	 <u>\$ 8,910</u>	 <u>\$ 6,093</u>

* Projected

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Notes:

1. Financial information for 2001 through 2004 is based upon audited financial statements prepared by Ernest and Young for the Center's operations. 2005 expenses and revenues are based upon the operator's budget as approved in November 2004.
2. The line item referred to as "capital expenses/other" include those expenses that are extraordinary to the day-to-day operation of the center such as expenses associated with capital improvement projects. During 2001 such expenses included one time costs associated with the expansion opening celebration and the south facility renovation tenant inducement program. Beginning in 2003, this line item also included the convention center's contribution to the Greater Columbus Sports Commission for their efforts to market the center a destination for sporting events. All major expenses included in this line item are board approved.
3. The incentive fee reported is the amount payable to SMG as estimated at time of the audit payable to SMG. Actual incentive fees were \$235,812 in 2001; \$187,024 in 2002, and \$252,485 in 2003. Actual incentive fee for 2004 is still under review by the FCCFA Board and has not been paid yet.

The principal sources of operating revenues of the Authority are expected to be fees for use of the exhibit hall, ballroom and meeting room space, food service and beverage sales revenues (or fees from an independent contractor to whom such food service facilities may be leased); parking fees from the Authority's parking facilities; sale of utility services to exhibitors; and miscellaneous revenue sources for services provided such as in-house advertising services, trash removal, security, cleaning and equipment rental.

Marketing

Maintaining a regional and national convention and trade show business requires a long-term commitment to sales and marketing. Regional and national shows book space three or more years into the future. Current marketing and sales activities are focused on securing long range business in 2007 and beyond while filling remaining 2005 and 2006 dates with local and state business. To achieve long-term sales goals, the marketing and sales strategy includes penetrating the national marketplace with messages on the capabilities and unique nature of the Center. Key elements of this plan include:

Personal contacts with major convention planners, supported by the Greater Columbus Convention and Visitor's Bureau (the "CVB") and the hospitality community. Tactics include sales blitzes to target cities (Chicago, New York and Washington, D.C.), site visits for qualified potential users, national association familiarization tours sponsored by the CVB and formal presentations to association selection committees;

Visible exposure at professional industry conventions and meetings through exhibits at major trade shows such as the American Society of Association Executives and the International Association of Exposition Managers, special promotions at these meetings and sales staff attendance at additional industry meetings;

Involvement of Franklin County companies and organizations in soliciting convention business from their regional and national associations and corporate offices;

A communications/advertising package promoting Columbus' and the Center's unique characteristics. Elements include advertisements for trade publications, updated brochures, sales video, and a complete meeting planner kit;

An educational initiative campaign to recruit educational, scientific and research meetings. The Ohio State University, CVB, the management company and the lodging sector will inform these specialized groups about the unique position Columbus holds as home to the state capital, an extensive network of higher education institutions and a major convention complex; and

Officials market the Center as a complex that provides 426,000 square feet of exhibit space designed for conventions needing flexibility and state-of-the-art features. Thirty loading docks enable multiple events to concurrently load or unload equipment quickly and efficiently. Sixty-three meeting rooms provide more space for convention meetings. A business center is located within the facility with copy and fax service so convention delegates are able to keep in touch with their office while they are away.

The sales team continuously monitors several factors to successfully plan for the Center's future. These factors include the Center's position within the industry, competing facilities, and trends within the convention market.

Resume for John S. Christie

John S. Christie. President and Chief Operating Officer of Worthington Industries, Inc. Formerly the President of JMAC, a multi-million dollar diversified investment company located at 150 East Wilson Bridge Road, Worthington, Ohio. Formerly Senior Vice President, Corporate Development, Battelle Memorial Institute, 505 King Avenue, Columbus, Ohio. Formerly President of the Columbus Area Chamber of Commerce from 1983 through 1988. Serves on the Board of Directors for Worthington Industries, Neoprobe and Citizens National Bank. Serves on the Advisory Board of Battelle Memorial Institute Pension Plan, The Fishel Company and Ruscilli, Inc. Mr. Christie is active in numerous community organizations. Education: Master of Business Administration, Emory University (Atlanta); Bachelor of Business Administration, Miami University (Ohio).