

STONE MOUNTAIN MEMORIAL ASSOCIATION
DEVELOPMENT AND FINANCE COMMITTEES MEETING
November 14, 2011

A joint meeting of the Development and Finance Committees of the Stone Mountain Memorial Association was held at 11:00 a.m. on Monday, November 14, 2011, at Confederate Hall, Stone Mountain Park.

FINANCE COMMITTEE MEMBERS PRESENT

Greer Johnson, SMMA Vice Chairman by telephone

DEVELOPMENT COMMITTEE MEMBERS PRESENT

Carolyn Meadows, SMMA Chairman
Ray S. Smith III, Chairman Development Committee
Joan Thomas

MEMBERS - OTHER

Roy Roberts

MEMBERS ABSENT

Dick Childers
Becky Kelley representing Mark Williams, Commissioner Department of Natural Resources
Scott Johnson

OTHERS PRESENT

Bill Stephens, C.E.O.
Gail Durham, Director of Finance and Secretary
Chuck Kelley, Chief of Police and Fire
Duane Studdard, Administration Manager
Naomi Thompson, Education Supervisor
Gerald Rakestraw, VP Silver Dollar City/Stone Mountain Park
Other SMMA and HFE staff

Call to Order

The meeting was called to order by Carolyn Meadows, Chairman.

Proposed 2012 Budget

Ms. Durham reviewed the 2012 proposed budget for SMMA. Total budgeted revenues for 2012 are about \$10.1 million compared to \$9.7 million for the 2011 budget. The rent will increase based on the CPI-U increase from November 2010 to November 2011 with a cap of 4%.

Total operating expenses of \$7.5 million are proposed for 2012. The 2011 budget was \$7.1 million. Labor costs will increase about \$133,500 or 4%. A 3% pay increase has been projected and part-time labor has been added to provide grounds quality and maintenance services. This additional labor will supplement the prison detail labor which

has been declining over the last few years. In addition, SMMA has additional maintenance costs associated with the Education Annex at the Forrest Hills Baptist Church property and other new facilities.

Employee benefits are budgeted about \$26,000 higher than 2011. The retiree health benefits have been terminated. SMMA will provide the remaining 17 retirees with a \$300 monthly payment which will allow them to purchase their own Medicare supplement policy.

Rental fees will increase about \$135,000. These fees arise from the funding of the Marriott 5% reserve account. The reserve dollars are used for capital projects and also rental fees for the golf cart leases. This rental expense is not subject to capitalization and must be expensed on a monthly basis.

Outside services and repairs and maintenance are budgeted at about \$25,000 higher than 2011. The budget reflects price increases as well as the need to maintain aging infrastructure in some areas of the Park. Mr. Cowhig stated that a lot of the initial water and sewer lines date back to the early 1960's. We have upgrade many of these lines, but still have water lines in the center of the Park that need attention. All the new technology and communication systems require ongoing maintenance and repair.

Operating supplies are budgeted about \$22,000 higher than 2011. The cost of fuel, medical supplies, and cleaning supplies continue to rise with the increases throughout the general economy.

Utility costs will increase next year to reflect the addition of new facilities and general price increases. Depreciation expense will increase about \$1 million over the 2011 budget and reflects about \$13 million in capital projects closed at the end of 2010 as well as the capitalization of escrow contributions for improvements at the resort properties.

The small capital project budget was discussed. This budget includes small equipment and vehicles for 2012. The total 2012 budget for small capital is \$315,050. Large capital projects (over \$1 million) require Board approval and were addressed in the June 2012 SMMA Board meeting for a five year period. Ms. Meadows inquired about the emergency call boxes. Mr. Studdard stated that there are 24 call boxes in the Park. The boxes are about 11 years old and a 3 year replacement program was started in 2011. 2012 will be the second year of this program. The vehicle replacement program was discussed. All vehicles purchases must be approved by DOAS. Mr. Stephens explained that this was a recommendation of the New Georgia Commission. A fleet management policy was established and approval at the state level is required. This is a good check and balance procedure to establish control and oversight.

Mr. Roberts inquired about cash flow and accumulation. Ms. Durham confirmed that about \$2.5 million in cash will be generated in 2012. This cash along with the \$7.2 million held in investments and bank accounts will be used to fund capital projects for SMMA and improvements for the resort properties as agreed to in amendments seven and eight.

Mr. Stephens said that the Board will have until December 2nd to ask questions and review the budget materials. The proposed budget will be on the agenda for approval at the December 3rd SMMA meeting. Mr. Stephens commented that this is his first year being involved with the budget and reviewing the health benefits. SMMA has a very good health plan with no deductibles. During open enrollment this year the employees will be advised that going forward it is very likely that they will have out of pocket deductibles in 2013. Ms. Thomas stated that their company has to change health insurance providers almost every year due to the rising costs.

Review of Year-to-Date Financial Statements

Ms. Durham stated that total revenues are about \$7.4 million through September 30. Operating expenses are \$4.9 million and profit before depreciation is about \$2.5 million. After depreciation, interest income, and recognized loss on the GEAP investment account through September 30, the net loss year-to-date is \$1.1 million compared to the budgeted loss of \$1.2 million.

SMMA has two investment accounts. The Georgia Fund 1 account is a short-term investment account that earns interest. The Georgia Extended Asset Pool (GEAP) is a longer term fund that invests in Treasuries and other financial instruments. Both funds are managed by the Office of the State Treasurer and investments are restricted by law under the direction of the State Depository Board considering the probable safety of capital and then the probable income to be derived.

The statement of cash flows reflects about \$1.6 million in cash provided by operating activities for the first nine months of 2011. About \$1 million has been invested in capital assets and the cash balance at the end of September was \$7.3 million.

Meeting adjourned at 11:45 a.m.

Notes taken by
Gail Durham, Secretary