

The Manchester PBA wants to clarify some incorrect statements recently made regarding the Manchester-Coffee County Conference Center (MCCCC) and clarify what the MCCCC has been doing to cut costs and improve the economic value to the City of Manchester taxpayers. Additionally, we feel that transparency and openness are important and want to address the questions that members of the community, including current and future customers have as a result. Just as importantly, we want to reassure all our current clients (holding more than 30 contracts currently secured for future bookings) that we are open for business. Please reach out to us if you have any questions or concerns.

January to June 2021 Budget:

- 1) The City of Manchester approved a \$25K/month allocation for the MCCCC for January 2021 to June 2021, since the Manchester PBA was formed in the middle of a fiscal year due to the transition from a County and city operation (the next fiscal year is July 2021 to June 2022).
- 2) The Manchester PBA/MCCCC has not received additional money from the City of Manchester beyond the approved allocation since that time.
- 3) The Finance Director was quoted as saying "**Total expenses to date for just from January to May we have spent \$225,021.41.**" While we cannot speak for exactly where those numbers came from, **the actual expenses the city reimbursed the Manchester PBA/MCCCC for January 2021 to May 2021 was \$118,755.25 (the city allocated \$125,000 for this time period).** It is possible that the \$225,021.41 figure was based on the total for the past 11 months, which would include the city's expenses for the old Coffee County PBA from July 2020 to Dec 2020 and the \$118,755.25 reimbursed to the Manchester PBA. This includes approximately \$47,194 in "clearing cost" expenses for the Coffee County PBA that occurred after Jan 1st, 2021, which are unrelated to the Manchester PBA. We believe this was an honest mistake of switching numbers or misunderstanding the question. Since the question was reportedly what the city paid to the Manchester PBA/MCCCC for January to May, we understand the reaction that was generated by a number that was incorrect by \$106,266.16.
- 4) We do not feel that the statement made at the Finance Committee meeting about being over budget was accurate considering that the Manchester PBA has NOT been over budget this year. In fact, the Conference Center has overachieved on monthly budgets so far this year (Jan to May 2021).
- 5) The MCCCC works with segregation of duties with our bookkeeper and GM. While the GM gives direction to the bookkeeper, the bookkeeper reports any inconsistencies directly to the Manchester PBA. All entries to the bookkeeping system are made by the bookkeeper and reconciled monthly by a third-party CPA. All reporting and numbers come from QuickBooks directly compiled by the bookkeeper.

Source of the \$39K "unpaid" figure:

- 1) The "\$39,078.72" figure quoted at the Finance meeting includes money originally included in the \$25K/month allocation the city approved for January to June. The Manchester PBA did not ask the city for an additional \$39K over the original allocation.
- 2) The source of the \$39K figure is that the MCCCC was approved for an SBA PPP loan, and they are using those funds for payroll expenses per the program's rules. We expect those loans to be forgiven. These funds are only used for hourly employees. Salaried leadership positions did not qualify for PPP loans, so their payroll is expensed to the city as normal.
- 3) Per the city's direction at a Manchester PBA meeting, MCCCC used the PPP money for payroll but submitted the normal \$25K/month expense to the city for reimbursement. The PBA was instructed to reserve the remainder of the funds for future payroll expenses in the next fiscal year, which makes good financial sense.
- 4) However, the city subsequently decided to not pay the total \$25K amount requested for expensed amounts to the city by the Manchester PBA for months that PPP money was used for payroll, resulting in a difference of \$39K.

Fiscal Year 2022 (FY22) Budget:

- 1) Members of Manchester PBA and MCCCC management put considerable work into producing the FY22 (July 2021 to June 2022) budget numbers to be as realistic as possible given the still uncertain projections about business activities as recovery from COVID continues to shape up.
- 2) Part of that budget process was cutting out a lot of expenses that would be beneficial to goal of increasing traffic to the conference center but could not be justified given the economic uncertainty as we rebuild operations from the COVID related downturn. Also included in the FY22 budget was a payroll reduction.
- 3) The Manchester PBA budget for FY22 that was submitted to the city was around \$39K/month. The city approved an allocation of \$29K/month. The Manchester PBA will strive to come within the approved allocation set by the city through various means but the Manchester PBA determined that it will realistically take an investment from the City of \$39K/month to operate the MCCCC in FY22. If funding for the MCCCC is not approved from a comprehensive budget, we will always appear over budget in the public's eyes.
- 4) MCCCC continues to explore grants and other avenues to reduce the costs of operations to the City of Manchester and its taxpayers. And we are hopeful that the reopening of the economy will improve the margins of the MCCCC so that the City of Manchester does not have to exceed their current allocation.

Cost Cutting:

- 1) The Manchester PBA, MCCCC management, and every MCCCC employee of the conference center have been working very hard to keep costs down.
- 2) Some of these cost cutting activities include a lot of maintenance and cleaning performed by employees instead of contracting third party vendors, removing landscaping that required maintenance, postponing all but absolutely necessary new expenses, etc.
- 3) Unfortunately, there are one-time transitional costs that are the result of the city taking over the conference center and transitioning employees from city employees to PBA employees, which make this year's expenses higher. Some of those are reflected in the FY2022 budget request.
- 4) Additionally, due to larger events not being allowed most of last year, many of the social distanced, smaller events held at the conference center resulted in higher expenses because items could not be bought in bulk from normal suppliers. As the recovery increases, the cost of goods should go down.

401k Option:

- 1) We sought to provide the MCCCC employees with a choice between the Tennessee Consolidated Retirement System pension plan and a 401k plan offered by the State of TN, in order to be more competitive with the private sector.
- 2) The Manchester PBA can only do that if the city also offers the choice.
- 3) We felt that we owed it to our employees to pursue this option, so we asked that the city let the TN State Treasury come give their presentation to the city, something the Regional Outreach Representative said they had tried to do in the past.
- 4) Offering the choice for all city employees does not cost the city anything, employees choose which one they want to contribute to.
- 5) We hope after the initial discussion at the 6/28 Finance meeting, the city will look into this option further for the benefit of all City of Manchester employees.

Please see the June 28th Manchester Times article "Conference center director briefs PBA on closing year" for more details about the activity at the Conference Center this year. MCCCC management has a presentation with additional information for any groups wishing to understand how the MCCCC generates positive economic impact to the Manchester area based on the State of Tennessee's formulas and what we are doing to provide additional benefits to Manchester via work programs and in-kind contributions.

We continue to look forward to working with the City of Manchester to ensure that the MCCCC continues to provide an economic benefit to the city via bringing visitors from out of town for events and providing Manchester and surrounding Middle TN with a beautiful space for holding conferences, bridal events, seminars, meetings, and concert events. The MCCCC continues to book and hold events and the projected sales for the rest of 2021 are higher so far than originally projected as the economy opens back up, with some area businesses holding events recently that could not occur last year.

Sincerely,

The Public Building Authority of Manchester, Tennessee

July 1st, 2021