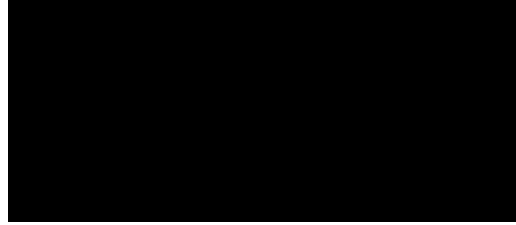


*High Point Market Authority
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Memo

To: Chairs, NER Appropriations Subcommittee
Kristin Walker, Fiscal Research Staff
North Carolina General Assembly

From: Brian D. Casey, President & CEO of the High Point Market Authority

Date: February 14, 2011 (Revised version)

Re: Natural and Economic Resources Subcommittee Questionnaire

1. *An overview of what your entity does, the programs it runs, services it provides and the like*

The High Point Market Authority markets and manages the world's largest Home Furnishings trade shows, which are held twice a year in High Point, North Carolina. The High Point Market has been in existence for more than 100 years. The Market Authority handles all marketing and communications functions on behalf of the 11 million square foot Market as well as on the ground operations, such as transportation, events and overall customer experience management, for the more than 150,000 annual visitors to the Market.

2. Performance measures, accomplishments and or benchmarks used to measure your progress

Despite the economic recession that has negatively impacted the Home Furnishings sector, the Market has been able to sustain consistent attendance of retail organizations and other furnishings and furniture industry representatives from all over the World. The importance of the money provided by the State for marketing in these tough economic times is shown by these statistics:

* Total attendance at Fall 2010 Market	71,416
* International buyers at Fall 2010 Market	1,490 (includes 561 new to Market)
* New buyers during last 5 Markets	8,610 average/Market
* Designers at 2010 Market	13,280
* Exhibitors at Fall 2010 Market	18,093

The Market's ability to maintain its market share is especially impressive given the economic recession and competition from other markets in Las Vegas, Atlanta, Dallas and a number of foreign markets including Milan, Cologne and China.

3. Total Budget for FY 2009-10 with breakout of the sources of funds

Total budget=\$5,099.925

Source of funds

Show Room Licenses (self tax by exhibitors)	\$1,507,231
Occupancy Tax	\$295,990
High Point Convention & Visitors Bureau	\$150,000
City of High Point	\$1,000,000
Guilford County	\$75,000
State of NC—marketing support	\$806,479
State of NC—transportation support	\$1,200,000
Miscellaneous	\$57,551

Interest

\$7,674

4. *Total amount of funds held in cash, short-term investments, and long-term investments*

Market Authority funds are held entirely in cash. Because of uncertainty in funding sources and the importance of keeping sufficient cash on hand for operations, the Market Authority has not placed funds in investments, either short or long term.

The amount of money held by the Market Authority in cash fluctuates dramatically depending on the time of year. The typical pattern is that cash is accumulated in the months prior to the two Markets (April and October) and then spent shortly before, during and immediately following the Markets. The cash balance is therefore substantially lower after a Market is completed. The Market's standard business procedure is to try to keep about 6 months in operating expenses in cash at any given time in order to be able to respond to constantly changing circumstances.

As of December 31, 2010, the Market Authority had \$2,648,634 in cash. This amount and other funds totaling \$2,730,296 are dedicated to be spent prior to, during and immediately following the April 2011 Market. This is a similar pattern to past years. For example, prior to the April 2010 Market, the Market had a balance of \$2,841,410 on December 31, 2009 that was spent prior to, during and immediately following the April 2010 Market.

5. *Percent of funds (all sources) used for administrative purposes*

Of all of the Market's funds, I estimate that 11.8 percent are used for administrative purposes.

6. *Employees*

The Market Authority has 8 FTE employees. Two of these FTE are allocated to the marketing discipline and their salaries (as shown below) are \$117,000 for the Vice President of Marketing and \$64,400 for the Marketing Manager.

The top 5 highly paid employees are:

President & CEO	\$278,000
VP of Marketing	\$117,000
Senior VP of Operations	\$100,000
Marketing Manager	\$64,000

Registration manager \$44,000

Benefits available to all Market employees are standard health, dental and vision insurance and a simple IRA.

7. Board Operations

The Market Authority's Board is composed of furnishings industry and other business leaders that volunteer their time for this purpose.

- a. Number of Board Members: 22
- b. Total expenses for Board paid with State funds: \$0
- c. Frequency of Board meetings: 3 to 4 times per year
- d. Per diem, travel and other amounts paid with State funds to Board members,
broken out on a per member basis: \$0

8. Use of State Funds

(Total State funds appropriated to Market for marketing=\$806,479)(Total Market budget for marketing from all sources=\$1,817,075)

- a. Percentage of dollar amount used for administrative expense: \$12,000=1.5%
- b. Percentage of dollar amount used for grant programs, broken out by program:
0%
- c. Percentage of dollar amount used for other, non-granting-making programs,
broken out by program: \$794,479=98.5%

Funds under c. are used for:

- * Salaries and benefits for 2 FTE
- * Telemarketing (50,000 calls per year)
- * Direct mail & postage
- * Advertising

- * E-Marketing
- * Creative and print production
- * Newsletters
- * Attracting Foreign Trade Press
- * Travel to visit regional rep groups and industry trade shows
- * Video Production
- * Database management
- * List management
- * Media Center
- * International Buyer Program
- * North Carolina Department of Commerce promotions at international shows for--
 - + International marketing
 - + Integrated media plan