

*Executive Forum Attendees*  
*Share their views from the corner office*  
*... and the front lines*

**CresaPartners**  
The Tenant's Advantage



On May 18, 2010, I hosted the third Executive Forum for clients and friends. I always enjoy hearing comments from people who are on the front lines of economic progress and activity, who are held accountable by the marketplace for creating value, and, who share a service-oriented, P&L view of the world. The event was well attended, with 18 senior executives and business owners participating. Thanks again to Fred Cerrone of Hotel Equities for providing the "Hotel Equities University" facility for use by our group. Special thanks also to Linda and Ruth from the Hotel Equities team for their help and support - the Birthday cake was a delightful surprise!

Fred Cerrone kicked off the program with a discussion of company culture. Hotel Equities' culture is reflected in their trademarked tagline: "Hotels you can believe in." Because Hotel Equities believes one should hire for attitude and train for the job, Fred's team has received industry accolades and his investors enjoy higher returns. The company also experiences dramatically lower employee turnover than their competitors. Hotel Equities has, among other things, a policy requiring employees to take periodic sabbaticals. This is a company that lives its values. Here are my personal favorite top five of Hotel Equities' 15 Value Statements:

- The Golden Rule.
- Guests aren't always right, but they are always guests.
- Wherever you are, be there.
- Demonstrate a "whatever it takes" attitude.
- We deplore gossip.

Thanks again, Fred, for sharing your time with our group!

Jeff Olson is a CPA and a Partner with Babush, Neiman, Kornman & Johnson, LLP, and Jeff's presentation was titled "U. S. Budget, Taxes and Healthcare Reform", not exactly an easy set of topics to address in a 20-minute presentation. Jeff collected a lot of information from the Congressional Budget Office website, as well as other sources, and provided an extensive handout. A few highlights:

- Jeff helped to put the huge numbers in perspective by pointing out that \$1 billion is equivalent to about \$100 from each of Georgia's 10,000,000 people and \$1 trillion amounts to \$100,000 from each of us.
- The \$3.5 trillion federal budget is mostly comprised of not-easily-negotiated costs like Social Security (22%), Medicare (17%), defense (15%), and net interest (14%). That leaves the more discretionary parts of the federal budget at only 23%.
- A few of the effects of the recent healthcare reform bill:
  - Starting in 2012, businesses will be required to provide Form 1099's to other businesses for payments over \$600.
  - Starting in 2013, there are 2 new taxes for "high wage earners" (married couples filing jointly with income of greater than \$250K and single filers with income of greater than \$125K):
    - the Medicare tax will increase by 0.9% on top of the current rates of 1.45% (employee) and 2.9% (self-employed)
    - there will also be a 3.8% tax on "unearned income" (dividends, interest, other passive investments excluding those from qualified retirement plans, primary home gain above current lifetime exemption, and all gains on sales of second homes or investment property.)

Jeff, we appreciate the research you shared with us.

*Your Host*

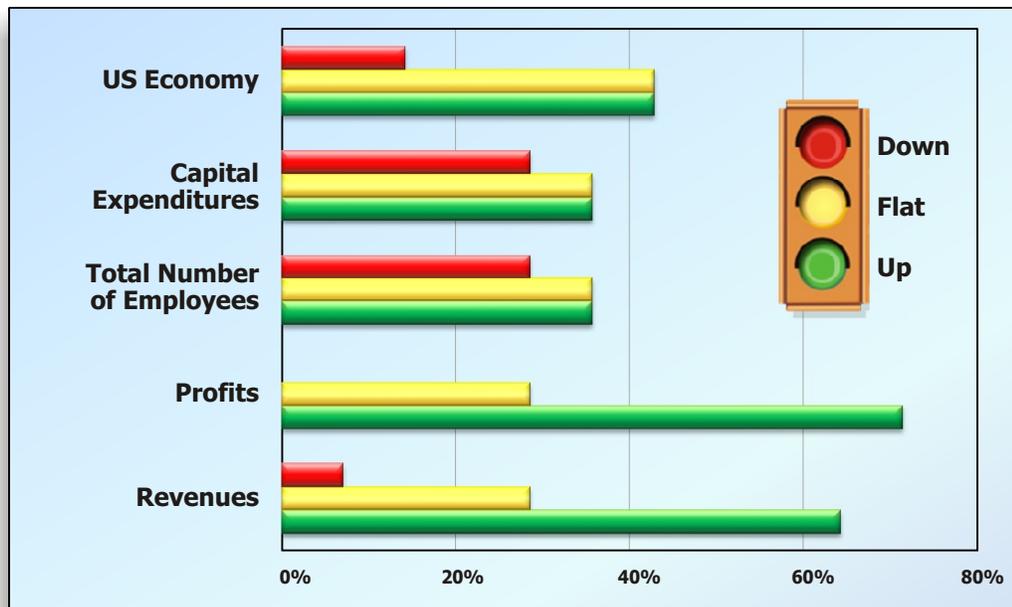


**Ed Riggins** is an Executive Vice President in the Atlanta office of CresaPartners where he has often been the top producer since joining the firm in 2000. A 25-year real estate veteran, Ed provides real estate advisory services to corporate clients. Ed is a member of American Council of Engineering Companies, the Atlanta Air Cargo Association, and is a Life Member of the Atlanta Commercial Board of Realtors. He speaks on a variety of topics to business groups, teaches courses for the Georgia Institute of Real Estate, and has performed live at the Punchline Comedy Club. Ed's articles have appeared in the Atlanta Business Chronicle, Air Cargo World, Today's Facility Manager, Black's Guide, and Georgia Engineer magazines. He is a graduate of Auburn University and holds the CCIM designation granted by the National Association of Realtors.

## *Expectations for the next 12 months*

The Executive Forum attendees participated in a brief survey about their expectations for the next 12 months versus the last 12 months, and charting their responses revealed a mixed outlook for the coming year.

- Only 14% expect the US economy to worsen.
- Expectations for capital expenditures were almost evenly divided between up, flat, and down.
- Over 70% expect to maintain or increase employment.
- None of the participants expect their profits to decline, with almost two-thirds expecting increases.
- Almost two-thirds of the participants expect revenues to increase.



The open discussion after Fred and Jeff's presentations, however, revealed an undercurrent of frustration that was not reflected in the responses to the survey. As governments at all levels - federal, state, county, and city - seek to raise revenue to address their deficits, their efforts are translating into new fines, inspections, and penalties that were not part of daily business life only a couple of years ago. Those in transportation-related businesses in particular expressed frustration with inconsistencies in enforcement that make it difficult to cross state lines without unexpected expenses. International commerce is no easier, with random inspections, surprise audits, and dramatic increases in costs for shipment of containers.

Operating in this environment adds an element of randomness and unpredictability to the cost of doing business - there just seems to be no room for error.



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