

# Georgia World Congress Center Authority

October 25, 2016

## Board of Governors Meeting



Financials



Authority





# Financial Snapshot – September 2016



## Profit/Loss



Actual	<b>\$4,644,808</b>	<b>\$309,439</b>
Budgeted	<b>3,382,999</b>	<b>332,643</b>
Actual YTD	<b>5,467,658</b>	<b>15,093,562</b>
Budgeted YTD	<b>4,458,582</b>	<b>14,696,449</b>



H/M Tax YTD

Actual **\$1.5M**

Budget **\$1.5M**

FY16 **\$1.4M**

< 1%

**4.01%**



Customers  
(Estimated)

**283,274**



Economic  
Impact  
(Estimated)

**\$175.9M**





# FY17 – Q1 Rolling Forecast Net Profit/Loss



Budget	<b>\$4,349,468</b>	<b>\$3,953,133</b>
Projection	<b>5,853,066</b>	<b>3,752,876</b>
Variance	<b>1,503,598</b>	<b>200,257</b>





# **Contract Renewals - Atlanta Convention and Visitors Bureau**







# Statutory Background

The City of Atlanta and Fulton County both assess a Hotel-Motel Tax under O.C.G.A. §48-13-51(a)(5).

- Of the revenue realized from the 7% tax: 39.3% funds Mercedes-Benz Stadium; and
- 32.14% must be expended on one or more of four listed statutory uses.





# Statutory Background

Specifically, 32.14% of the 7% HMT revenue collected must be spent on:

- (i) Promoting tourism, conventions, and trade shows;
- (ii) Supporting a facility owned or operated by a state authority for convention and trade show purposes or any other similar related purposes;

(continued)





# Statutory Background

(iii) Supporting a facility owned or operated by a local authority or local government for convention/trade show (or “similar. . . related” purpose) “if a written agreement to provide such support **was in effect on January 1, 1987**, and if such facility is **substantially completed and in operation prior to July 1, 1987;**”

(iv) Supporting a facility owned or operated by a local government or local authority for convention and tradeshow purposes (or “similar. . . related” purpose) if construction is funded or was funded in whole or in part **by a grant of state funds; or**

(v) For some combination of such purposes.







# Statutory Background

Amounts so expended shall be expended **only through a contract or contracts with** the state, a department of state government, a **state authority**, or a private sector nonprofit organization or through a contract or contracts with some combination of such entities, except that amounts expended for those purposes specified in (iii) and (iv) may be so expended in any otherwise lawful manner.







# Statutory Background

In addition to the 7% discussed above, the City and County also may assess an additional 1% HMT as authorized under O.C.G.A. §48-13-51(b)(7) (for a total of up to an 8% HM Tax).

That additional 1% must be expended “for the promotion of conventions and tradeshows by a not for profit destination marketing organization . . . in existence and operation on January 1, 2011, through a contract or contracts with the state, a department of state government, or a state authority.





# Statutory Background



At least **80 percent of revenue realized from that additional 1% tax** must be segregated by the destination marketing organization and used in **securing major conventions at facilities containing at least 1.3 million square feet of floor space** used for convention hall purposes and events at facilities containing at least 70,000 seats used for major events **under the control of a state authority**, and amounts so segregated may be held by the destination marketing organization and expended in fiscal years **subsequent to the fiscal year in which the taxes were collected.**





# Historical Background



The GWCCA executed its first contract with ACVB on August 17, 1977.

Essentially, the GWCCA paid HMT revenue to the ACVB in exchange for marketing and other promotional services simply to encourage convention and tradeshow business growth.







# Historical Background

The GWCCA executed additional agreements and amendments in 1984, 1987, 1989, 2002 and 2011.

GWCCA's current agreement with ACVB, as amended, expires on **December 31, 2017.**







# Renewal of ACVB Contract



Staff has been moving quickly through discussions with ACVB of potential terms of a renewal contract.

- ACVB essentially would provide marketing, sales, advertising, public relations, and related services; and
- ACVB would provide to the GWCCA Board of Governors for approval a programming plan and budget (both an annual plan for each year and an extended five year forecast).





# Renewal of ACVB Contract



If we preserve the current deal structure:

- From the HMT revenue that the GWCCA receives, the GWCCA would disburse to the ACVB for reimbursement of its actual costs in the performance of its obligations the amount budgeted for ACVB in the plan approved by the GWCCA.
- ACVB and Authority would agree to budget and expend for those purposes an amount equal to 22.5% of the HMT collected by the City. The remainder (9.64%) is retained by the GWCCA.
- The GWCCA's liability is limited essentially to the agreed upon percentage of amounts GWCCA actually receives from the City.
- New deal would expire in **2027**.
- Separately, we would execute a second agreement regarding the additional 1% tax/destination marketing fund, to expire in **2038**.



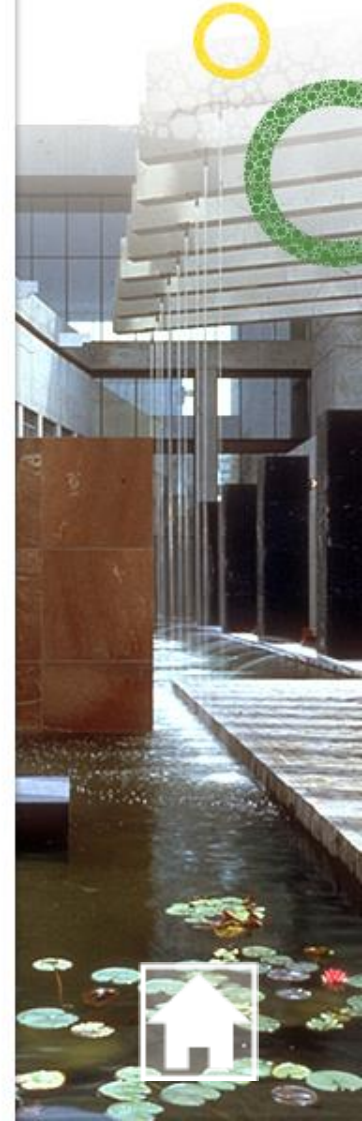


# Renewal of ACVB Contract



Additionally, if GWCCA elects to move forward with its contract renewal with ACVB, then GWCCA also will need to execute a renewal contract with the City of Atlanta to coincide with renewal of the ACVB contract.

We would not anticipate any substantive changes to that agreement (which would essentially provide simply that the City would continue to assess the HMT and that GWCCA would utilize the funds as required under the applicable provisions described above).







# Resolution

Staff requests authorization to execute the contract renewal of both the ACVB contracts and the City contract.

Additionally, the City Council and the ACVB Board will need to schedule their own respective actions authorizing approval prior to execution.

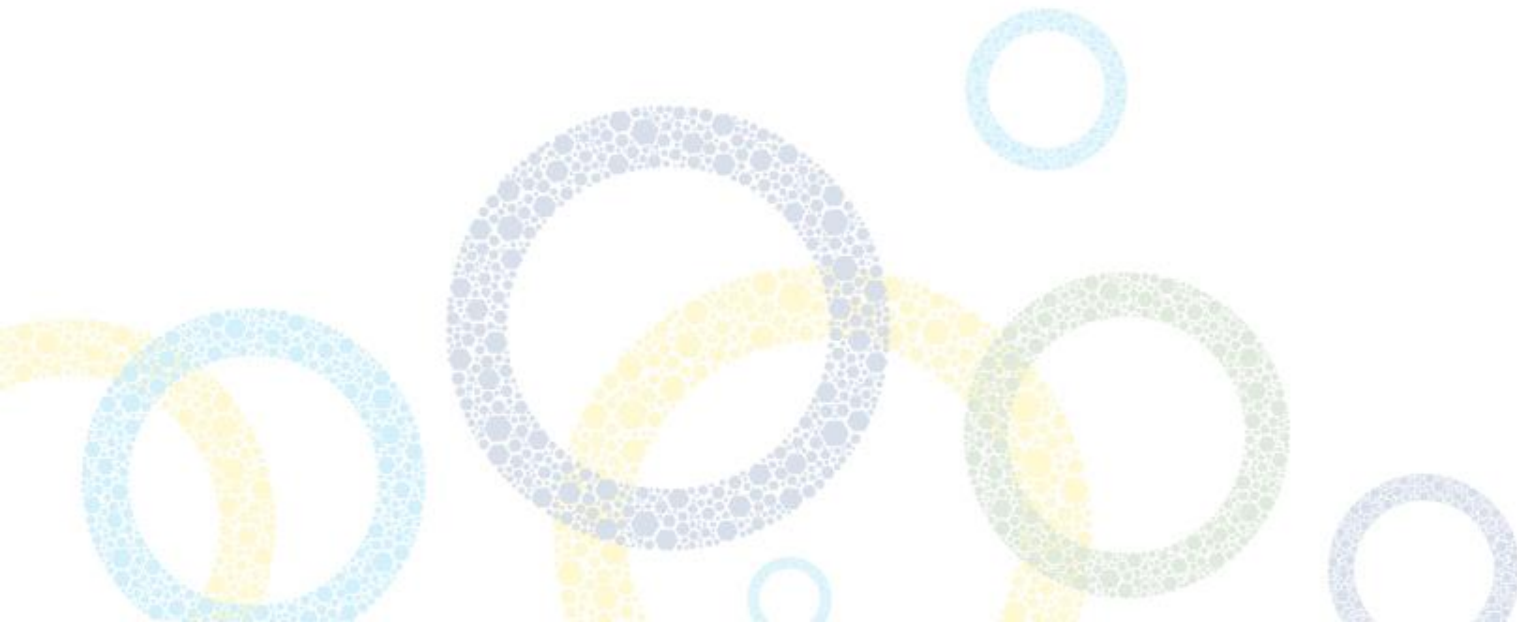
The goal would be to execute the renewals before the end of the year.







# Questions?





**Next Meeting:  
Tuesday,  
November 29, 2016**

