



Georgia World
Congress Center
Authority

BOARD OF GOVERNORS RETREAT

September 19, 2019

Introductions & Agenda Overview

SALES

Sales Update

Joe Bocherer
Chief Commercial Officer

Agenda Overview: Sales Update

SALES

- STR Data for Downtown Convention Hotels
 - 2018 YTD and 2019 first six months
- TAP PACE
 - Outlook and need dates (8 years)
- Future Production
 - PACE for Authority vs previous years: 3-5 year outlook
 - Business mix: past, future booked vs. ITYFTY
- Exhibit Hall BC Business (confirmed/pipeline)
- Customer Outlook
- Signia Hilton Atlanta
 - Sales office update: confirming an ADOS for hotel to pre-sell
 - Room block agreement update
 - Hotel room night blocks/GWCCA confirmed groups

STR Data

SALES

	Year To Date				Running 12 Months		
Occupancy (%)	2017	2018	2019		2017	2018	2019
This Year	73.4	78.0	80.2		71.2	75.4	76.6
Last Year	75.1	73.4	78.0		71.6	71.2	75.4
Percent Change	-2.3	6.2	2.8		-0.5	5.9	1.6
	Year To Date				Running 12 Months		
ADR	2017	2018	2019		2017	2018	2019
This Year	156.45	161.72	178.48		156.34	161.39	170.85
Last Year	153.54	156.45	161.72		150.38	156.34	161.39
Percent Change	1.9	3.4	10.4		4.0	3.2	5.9
	Year To Date				Running 12 Months		
RevPAR	2017	2018	2019		2017	2018	2019
This Year	114.86	126.14	143.14		111.33	121.66	130.81
Last Year	115.34	114.86	126.14		107.66	111.33	121.66
Percent Change	-0.4	9.8	13.5		3.4	9.3	7.5

Future Production: TAP PACE Room Nights

SALES

City Data	2019	2020	2021	2022	2023	2024	2025	2026	Total
Definite Room Nights	864,657	745,919	773,938	598,128	372,393	317,116	125,282	261,984	4,059,417
Pace Targets	795,210	760,162	691,733	508,579	324,693	242,799	175,542	70,676	3,569,394
Variance	69,447	(14,243)	82,205	89,549	47,700	74,317	(50,260)	191,308	490,023
Consumption Benchmark	797,461	797,461	797,461	797,461	797,461	797,461	797,461	797,461	6,379,688
Pace Percentage	109%	98%	112%	118%	115%	131%	71%	371%	114%
Total Demand Room Nights	3,588,421	3,389,550	2,747,040	1,664,158	1,504,396	1,050,540	726,518	599,410	15,270,033
Lost Room Nights	2,723,764	2,643,631	1,973,102	1,066,030	1,132,003	733,424	601,236	337,426	11,210,616
Conversion Percentage	24%	22%	28%	36%	25%	30%	17%	44%	27%
Tentative Room Nights	63,197	281,440	451,070	342,691	529,376	567,829	646,045	561,787	3,443,435
Annual Tentative Room Nights	0	53,463	62,091	121,861	197,006	229,463	237,190	161,739	1,062,813

Future Production: 3-5 Year Outlook

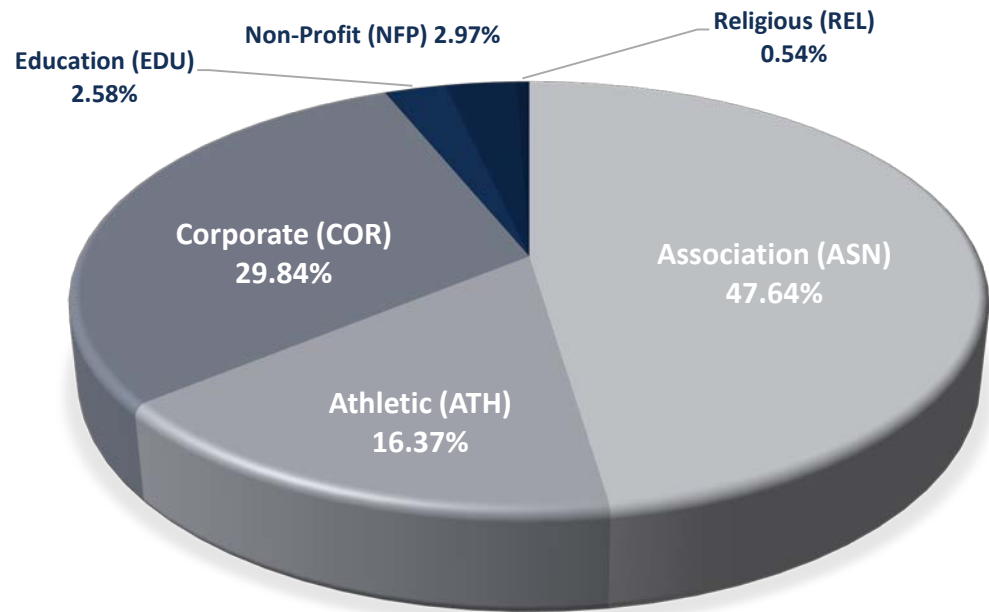
SALES

FY	Confirmed	STLY	Variance	3-Year Average	Tentative Funnel	STLY	Variance
FY20	13,862,923	13,128,513	6%	13,093,829	4,074,700	4,352,064	-6%
FY21	12,586,526	(+1yr) 9,644,255	31%	10,221,161	8,546,720	6,106,518	40%
FY22	11,830,876	(+2yr) 9,018,831	31%	9,062,330	8,413,009	9,657,132	-13%
FY23	7,250,218	(+3yr) 9,467,567	-23%	7,200,444	14,603,425	11,943,277	22%
FY24	8,237,999	(+4yr) 4,939,628	67%	6,842,049	17,210,625	12,626,521	36%

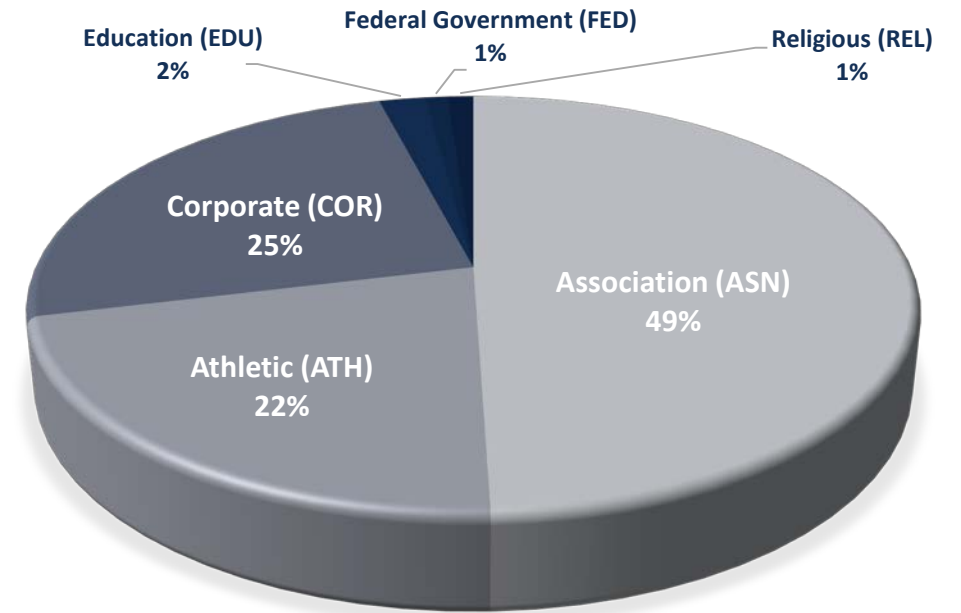
2-Year Average Business Mix: FY18 & FY19

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FY18



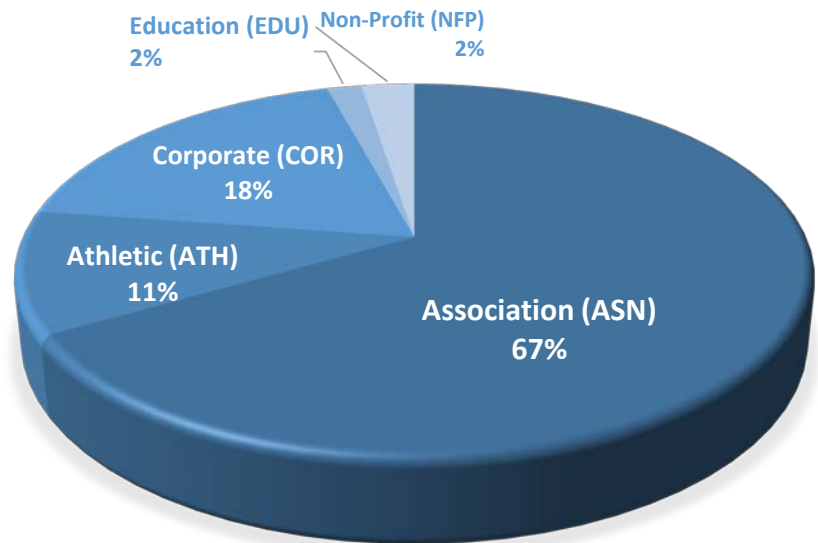
FY19



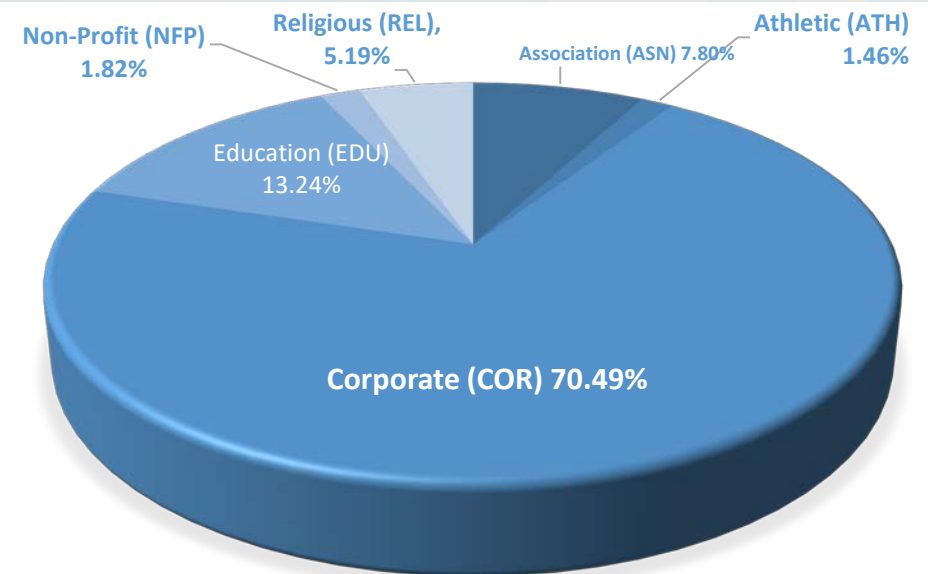
Future Production: Business Mix

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Booked into Future



ITYFTY – FY19



Ideal Business Climate Timeline

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Association

Corp. Preferred

3 years+

3 years and in

ITYFTY

Mix: Assn/Sports/
Corp

Exhibit Hall BC Business

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FY	Confirmed	Funnel	Grand Total
2020	\$ 3,018,450	\$ 750,000	\$ 3,768,450
2021	\$ 4,998,187		\$ 4,998,187
2022	\$ 2,157,413	\$ 1,913,760	\$ 4,071,173
2023	\$ 2,863,947		\$ 2,863,947
2024	\$ 4,279,552	\$ 1,973,043	\$ 6,252,595
2025	\$ 188,933	\$ 1,347,865	\$ 1,536,798
2026	\$ 1,726,090	\$ 1,985,632	\$ 3,711,722
2027	\$ 1,503,398	\$ 835,600	\$ 2,338,998
2028	\$ 1,432,071	\$ 4,573,936	\$ 6,006,007
2029	\$ 1,380,984	\$ 1,145,600	\$ 2,526,584
2030	\$ -	\$ 850,600	\$ 850,600
Grand Total	\$ 23,549,023	\$ 15,376,036	\$ 38,925,059

Customer Outlook: Rotating/Annual

SALES



Confirmed: 2023, 2026
Verbal Commitment: 2029
(1.1M SF Exhibits)



Confirmed annually through
2028
(1.4M SF Exhibits)



Confirmed bi-annually
through 2030
(1.1M SF Exhibits)



Confirmed: 2020, 2023, 2028
(1.1M SF Exhibits)



Confirmed bi-annually through 2026
(1.1M SF Exhibits)

Signia Hilton

SALES

- Hilton Sales Office
 - Joint space with Authority Sales Team
 - Strengthened Partnership/Collaboration
 - Showroom Location
 - Associate Director of Sales
- Room Block Agreement Update
- Authority Room Night Hand-off
 - Confirmed groups with room block holds for Signia

Year	Total Room Nights – Ready for Hilton Contracting
2022	8,417
2023	24,053
2024	11,307
2025	13,439
2026	12,843
2027	14,791
2028	12,384
Total	97,234

Key Takeaways

SALES

- Pace for ATL and the Convention Center is up (114% of Pace Target)
- Layering in Association Business is critical for future success; ITYFTY business is volatile and depends on the corporate business climate
- Exhibit Hall BC has close to 70 events booked (starting in January)
- Customer Outlook – booking and signing further into the future
- Signia Hilton sales joining forces with the Authority's sales team will be a win-win scenario for overall communication, strategy, and campus synergies
- Pre-sales for Signia have been solid; 100,000 total room nights and over \$20,000,000 in room revenue awaiting Hilton contract solidification

Questions?

FINANCIAL

Financial Update

Janet Arsenault

Sr. Director of Finance

Agenda

FINANCIAL

- Revenue Growth
- ITYFTY Budgeting
- Future Booking Trend
- 3-Year Forecast

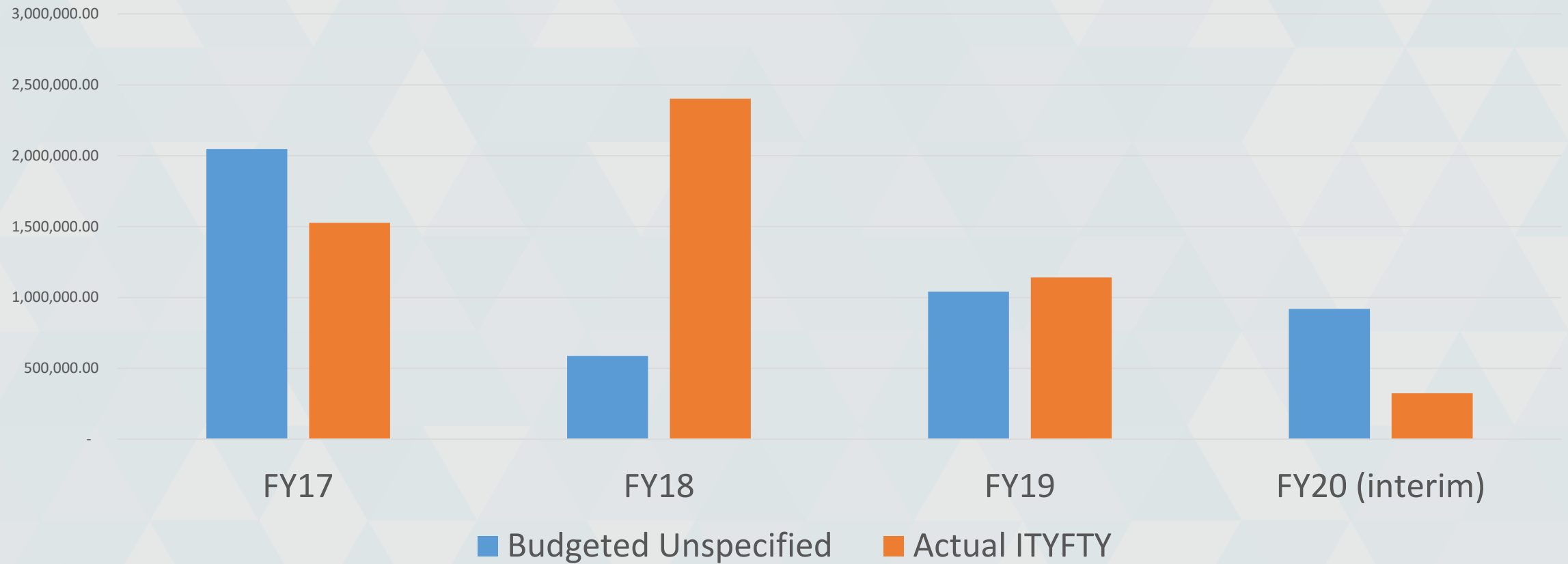
Revenue Growth: 6-Year Average

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	FY16	FY19	\$ Increase	% Increase
Space Rental	10,941,883	13,296,321	2,354,438	22%
Utility Services	6,986,720	8,625,004	1,638,284	23%
F&B	6,689,073	7,654,710	965,637	14%
Parking	4,626,752	7,093,501	2,466,748	53%
Hotel/Motel	4,775,728	5,870,303	1,094,575	23%
Sponsorship/Advert	1,275,688	1,489,954	214,266	17%
Telecomm	1,209,048	1,349,522	140,473	12%
	<u>36,504,894.26</u>	<u>45,379,314.95</u>	<u>8,874,420.69</u>	24%

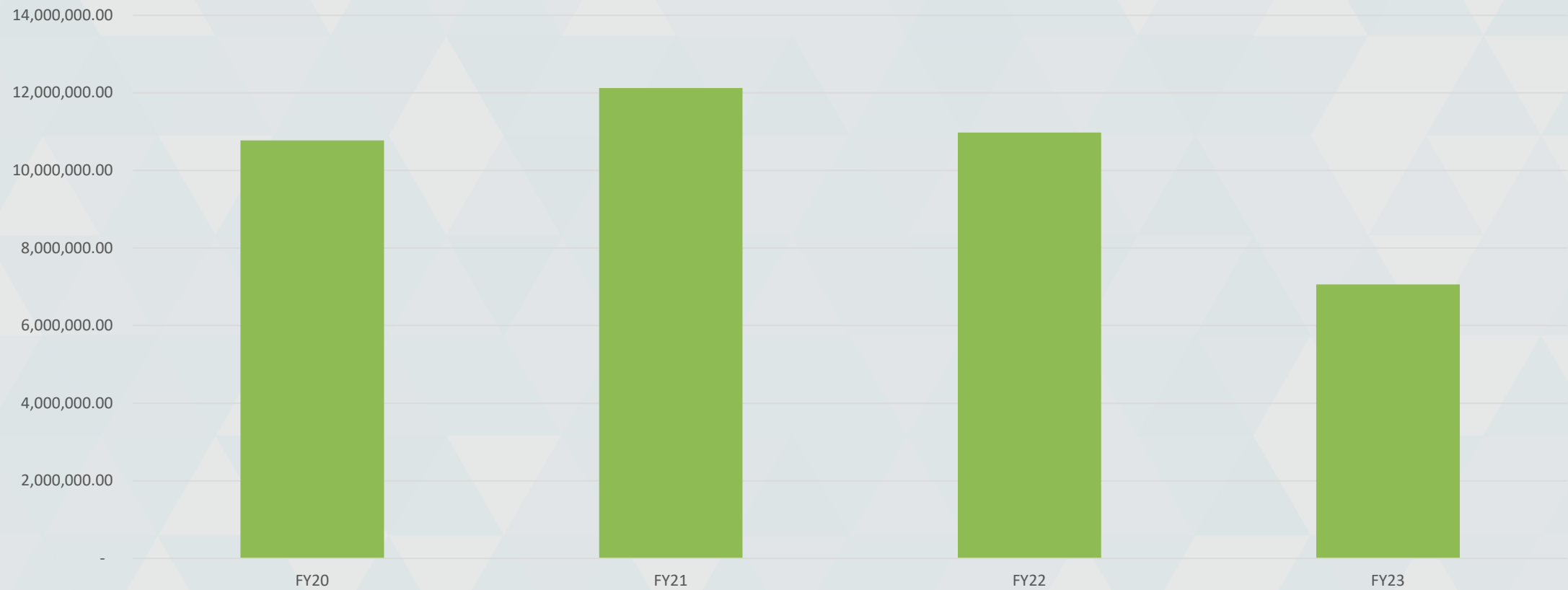
ITYFTY Space Rental Budgeting

Budgeted vs. Actual ITYFTY



Future Booking Trend

Rental Revenue (on the books)



FY21 Forecast

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Revenue

Rental	16,200,000
F&B	7,875,000
Utilities	10,512,705
Parking	8,807,760
H/M	7,644,000
Contract Labor	3,652,562
Telecom/Audio Visual	2,776,478
Advertising/Sponsorship	2,323,487
Other	2,066,862
	<hr/>
	61,858,853
	<hr/> <hr/>

Expenses

Personnel Services	28,799,266
Temp/OT/Show Labor	8,824,457
Operating Expenses	23,234,909
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	60,858,632
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Net Profit 1,000,221

FY22 Forecast

FINANCIAL

Revenue

Rental	16,848,000
F&B	8,268,750
Utilities	10,828,086
Parking	8,983,915
H/M	7,873,320
Contract Labor	3,725,613
Telecom/Audio Visual	2,915,302
Advertising/Sponsorship	2,555,836
Other	2,273,548
	<hr/>
	<u>64,272,370</u>

Expenses

Personnel Services	30,239,230
Temp/OT/Show Labor	9,000,946
Operating Expenses	<hr/>
	<u>23,931,957</u>
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	<u>63,172,132</u>

Net Profit 1,100,237

FY23 Forecast

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Revenue

Rental	17,521,920
F&B	8,516,813
Utilities	11,152,929
Parking	9,163,593
H/M	8,109,520
Contract Labor	3,800,125
Telecom/Audio Visual	3,061,067
Advertising/Sponsorship	2,811,419
Other	2,500,903
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	<u>66,638,288</u>

Expenses

Personnel Services	31,751,191
Temp/OT/Show Labor	9,180,965
Operating Expenses	<hr/>
	<u>24,649,915</u>
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	<u>65,582,071</u>

Net Profit 1,056,217

Questions?

FINANCIAL

CBRE Atlanta Market Update

R. Mark Woodworth

Sr. Managing Director

Head of Lodging Research

FACILITY

Hotel Update

Frank Poe

Executive Director

Theonie Alicandro

COO & General Counsel
Drew Company

Gensler Design Update

Robert Fischel, AIA, LEED AP

Principal | Co-Studio Director

Cristi Moore, ASID.IIDA.LEED

Design Director

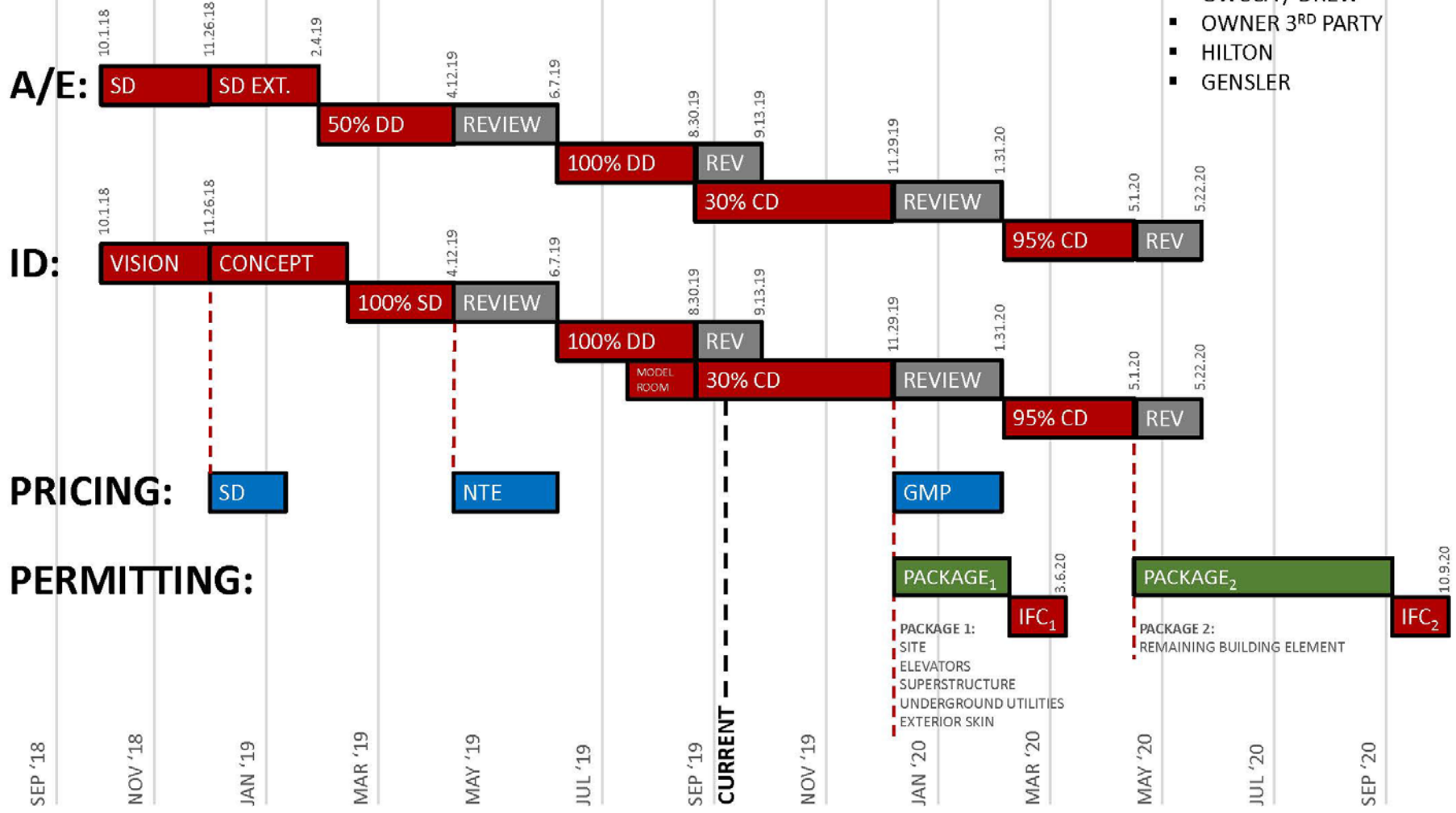
FACILITY

Project Development Budget & Schedule

Theonie Alicandro
COO & General Counsel
Drew Company

Scott Cannon
Executive Vice President/General Manager
Skanska USA

PHASE MILESTONES:



Pargen Robertson

Legal Counsel

Keilani Kimes-Parker

Senior Assistant Attorney General, Section Chief, RCA
Commercial Transactions & Litigation

Franklin D. R. Jones , Jr.

Shareholder – National Co-Chair Public Finance
GreenbergTraurig

Matt Nichols

Partner
King & Spalding

HILTON QUALIFIED MANAGEMENT AGREEMENT

Material Items Agreed to with Hilton

1. Term Sheet Items. Management and other Fees, Areas of Protection, Term, Key Money, FF&E Reserve contributions, Performance Termination rights, Approval of certain Key Personnel, etc.
2. Parking Vendors. GWCCA to have consultation and approval rights re: 3-party parking vendor.
3. Concession Agreements / Space Leases. All to be in Owner's name, signed by Owner and subject to Owner's approval.
4. Licenses and Permits. Hilton to obtain.

HILTON QUALIFIED MANAGEMENT AGREEMENT

Material Items Agreed to with Hilton

5. Competitive Bidding. Agreed to Hilton standard practices with input from GWCCA.
6. Litigation Control Language. This has also been approved by the AG.
7. Owner's access to certain Key Employees. Key Employees to be available to Owner at all reasonable times, provided (i) Owner shall endeavor in good faith to provide prior notice to the general manager (even, if informally), (ii) any such meeting shall not unreasonably disrupt the operations of the Hotel, and (iii) Owner shall conduct such meetings in accordance with professional business practices.

HILTON QUALIFIED MANAGEMENT AGREEMENT

Material Items Agreed to with Hilton

8. Lockout for Brand Standard Changes. Subject to 5-year lockout period from Opening Date for changes that would otherwise be required due to modifications to Brand Standards after approval under the TSA (other than Critical Brand Standards), but in no event to exceed 7 years from the date of such approval.
9. Insurance. Owner to place own insurance.
10. Budget Variance Language. Hilton must adhere to annual budget, subject to expressly permitted deviations or other items expressly set forth in QMA.

HILTON QUALIFIED MANAGEMENT AGREEMENT

Material Items Agreed to with Hilton

11. Ethics / No Conflicts of Interest. Language agreed to.
12. Amendments to QMA. Resolved, subject to review of Hilton's proposed language. Hilton entitled to reject a proposed amendment if it would change their economics, but they will not also have the right to unilaterally terminate the QMA. Also, Hilton will not be in default if parties are unable to agree upon amendment or amendment causes violation of IRS Regs. Hilton to provide proposed language.
13. Establishment of Rates. Resolved, subject to review of Hilton's proposed language. Methodology to be approved as part of Annual Plan and IRS Regs to be cited. Hilton to provide proposed language.

HILTON QUALIFIED MANAGEMENT AGREEMENT

Material Items Agreed to with Hilton

14. Signatory to Contracts. GWCCA “contract representative” to sign all contracts on behalf of GWCCA. Note some specific parameters where Owner’s approval would also be required remain open (per below).
15. Hotel Consultant. If the Consultant is hired for one of the three enumerated reasons proposed by Hilton (proposed budget shows coverage ratio won’t be met, coverage ratio is not met for trailing four quarters, or coverage ratio is not met as shown on the audited financial statements), then the hotel pays for it. Otherwise, it would be an owner expense.
16. Required DSCR. 1.2x
17. “Direct or Indirect Profit”. No 5% carveout.

HILTON QUALIFIED MANAGEMENT AGREEMENT

FACILITY

Material Open Items

1. Service Agreements – GWCCA approval parameters. To be further discussed, however, GWCCA to have limited approval rights, such as costs in excess of \$100,000 per year, having a term in excess of 1 year and/or type/purpose of agreement.
2. GWCCA Approval of Contract Counterparties. Level of approval/input to be further discussed.
3. Use of Funds / Reserves / Waterfall Items / LOC Repayment / Treatment After No Bonds Outstanding. Remains under review by both parties. Many items follow the resolution of these items.
4. EBO Plan. Under review by Hilton.

HILTON QUALIFIED MANAGEMENT AGREEMENT

Material Open Items

5. “Clean Campus” Provisions.
 - a) “Special Events” – Hilton to revert regarding “Special Event” proposal/resolution.
 - b) Other “Events” – Requirements for other “Events” subject to further discussion.
 - c) Advertisements/Displays – Approval rights remain open. Hilton holding firm that all exterior displays subject to Hilton’s approval (“reputational” and “competitor” concerns, among others).
 - d) Group Contracts – Timeframe for Group contracts to include potential dimming requirements provision (“Paragraph 16”) and how to otherwise address in relation to prior In-House Group to be further discussed.

HILTON ROOM BLOCK AGREEMENT

Material Items Agreed to with Hilton

1. Definition of City Wide Event. An event requiring (i) at least 2,500 guest rooms on peak in at least 3 hotels, and (ii) at least 100,000 gross square feet of GWCC space utilized for one day or more while the event is being held.
2. Maximum Event Room Block. 80% of inventory for 36+ months out. 50% inventory for 24-35 months out.
3. Hilton “Free-Sell”. Hilton will have free sale of rooms (i) for dates less than 24 months out, (ii) “Load-in/Load-Out Days” for events utilizing at least 80% of Convention Center space, and (iii) on any day that the Convention Center cannot accommodate a City-Wide Event because less than 100,000 square feet of meeting and/or exhibit space is available.
4. Meeting Space Rates/TGCC Minimum. Use of the meeting space would be contingent on the group agreeing to a catering contribution equal to at least the average group catering contribution per group room night over the trailing 3 years (a “TGCC Minimum”). If the group is not willing to commit to the TGCC minimum, then they will be required to pay additional meeting room rental revenues equal to at least 40% of the estimated TGCC revenue.

HILTON ROOM BLOCK AGREEMENT

Material Items Agreed to with Hilton

5. Permitted Rates.
 - a. Include in the forecasts and budgets a range of “Permitted Rates” for rooms booked for City-Wide Events. The Permitted Rates would be set annually and will be applicable for the following calendar year (Jan. 1 through December 31).
 - b. The range will be established for each season (high, mid, low etc.) and will be further broken down based on weekend vs. weekday within each season.
 - c. The range for each season (and for weekend vs. weekday within each season) will be a 10% premium (on the low end) and 35% premium (on the high-end) above the avg. comp set group rates during each applicable season (and for weekend vs. weekday within each season) over the trailing 12 months.
 - d. Quoted rates for groups would be increased between 2% to 5% per year up to the arrival date.
 - e. Hilton would not be permitted to object to a rate required by the GWCCA for the applicable City-Wide Event under the Room Block Agreement if the rate falls within the above-referenced parameters.
 - f. Suite Rooms and Signia Club Rooms will not be subject to the above-referenced Permitted Rate parameters and will be priced in accordance with Hilton’s standard pricing policies. Furthermore, Manager will have the ability to price 30% of the designated room block for upgraded room type inventory, based on availability, at an increased rate, which maybe in excess of the 10%-35% premium range. Upgraded room type inventory is rooms within the Hotel that have comparably better characteristics (such as higher floors, better locations or better views) than the typical room in the Hotel.

HILTON ROOM BLOCK AGREEMENT

Material Open Items

1. General Note. Our most recent draft of the RBA was circulated to Hilton for Hilton's review and comment. Accordingly, Hilton may raise additional open items that are not reflected below or agree to GWCCA's position on any of the below items.
2. Treatment of Overbooking and no shows. If overbooked, Hilton to give priority to room block guest vs. transient guest. Hilton to hold no-show reservations until GWCCA confirms they can be released.
3. Credit History/Guaranty Requirements for Groups. To be confirmed.
4. Reporting Requirements. All to be confirmed.
5. No Termination. Hilton may not terminate the RBA upon GWCCA's default or for any other reason (may only pursue damages/remedies at law).

William M. Corrado

Director | Head of Real Estate Group
Public Finance Department, Citi

Matt Nichols

Partner
King & Spalding

Bond Validation Schedule

October 29, 2019

GWCCA Board of Governors adopts the Bond Resolution

- Financial parameters
 - Maximum par
 - Final maturity
 - Maximum annual debt service
- Forms of documents
 - Indenture
 - Qualified Management Agreement (QMA)
- Feasibility Materials
 - Project Cost Estimates
 - Refreshed/Preliminary Market Study
 - Information regarding additional revenues (e.g. GTDA rebates)
 - Pro formas showing net revenues available for debt service

Bond Validation Schedule

November 18, 2019

GSFIC Board Approval (Must occur after the GWCCA adopts the Bond Resolution)

November/December 2019

Bond Validation

- District attorney signs petition
- Two week publication in Fulton County Daily Report
- GWCCA files its Answer
- Hearing the fourth week – precise scheduling dependent upon judicial calendar

Questions?

Upcoming Milestones

Design: 30% CDs by November;

Construction: GMP pricing based on 30% CDs by end of January; GMP Contract with Skanska

Legal: QMA – Final Open Items Resolution; GMP Contract with Skanska

Finance: Recommend a Plan of Finance; Bond Validation Process;

Bond Closing: March 2020

AUTHORITY

Next Meeting

October 29, 2019