



Georgia World
Congress Center
Authority

BOARD OF GOVERNORS MEETING

May 24, 2022

Approval of Minutes April 26, 2022

FINANCIAL

Financial Updates & FY23 Budget Recommendation

Janet Arsenault
Sr. Director of Finance

Financial Snapshot: April 2022

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Month	Budget	Actual	Variance
Revenue	\$2,743,244	\$3,777,395	↑ \$1.0M 38%
Expense	\$3,493,045	\$3,690,374	↑ \$197K 6%
Net Profit	(\$749,801)	\$87,021	↑ \$837K

FY22 Financial Snapshot: YTD thru April 2022

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Month	Budget	Actual	Variance
Revenue	\$33,494,417	\$40,095,370	↑ \$6.6M 20%
Expense	\$34,658,877	\$32,435,011	↓ \$2.2M 6%
Net Profit/ (Loss)	(\$1,164,460)	\$7,660,359	↑ \$8.8M

Questions?

FY22 Forecast (9/17/20) vs. Projection (5/11/22)

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	Best Case 9/17/20	Contingency 9/17/20	Budget 4/29/21	Projection 5/11/22
Total Revenue	\$52,845,960	\$46,950,873	\$40,721,454	\$48,409,750
Total Expense	\$47,865,000	\$47,320,000	\$40,650,057	\$40,496,741
Net Profit/(Loss)	\$4,980,960	(\$369,127)	\$71,397	\$7,913,009

FY23 Forecast (presented 9/16/21)

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<u>Revenue</u>	
Rental	14,106,787
F&B	3,606,516
Utilities	6,175,271
Parking	6,221,718
H/M	6,752,325
Contract Labor	3,141,785
Telecom/Audio Visual	2,505,705
Advert/Sponsorship	1,945,680
Other	1,146,823
	45,602,609

<u>Expenses</u>	
Personnel Services	19,326,260
Temp/OT/Show Labor	2,225,809
Operating Expenses	23,162,994
	44,715,063

Net Profit	887,546
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Budget Influencers: KPIs

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TEAM
Own It!



CUSTOMER
Strive For 5

FACILITIES
Make It Better

FINANCIAL
Fiscal Responsibility

Budget Influencers: Business Mix

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**In The Year For The Year
(ITYFTY)**



**Sports &
Entertainment**

SMERF

Social*Military*Education*Religious*Fraternal

Corporations

Associations

FY23 Budget Highlights: Revenue

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- **Space Rental**
 - 96 events budgeted
 - \$1.1 million ITYFTY

- **Food & Beverage**
 - 50% less F&B minimums compared to FY22
 - Business mix – heavy tradeshow vs. corp. mtgs/association
 - ITYFTY - \$1.6 million

- **Utility Services**
 - Business Mix (high utility shows)
 - Transitional Rate Increase

FY23 Budget Highlights: Revenue (cont'd)

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- **Parking**
 - Campus business mix stabilization

- **Hotel/Motel Tax**
 - 22% increase over FY22
 - Short-term rental

- **Contract/Labor Services**
 - Public Safety - event security variable

- **Other**
 - Cancellation Fees (\$3.3 million in FY22)

FY23 Budget Highlights: Expenses

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- Full-time Salaries – 7.6% increase
 - 160 FTEs, +9 over FY22
 - 3% merit pool

- Fringe Benefits – 26% or \$1.6M increase
 - Pension plan increase (24% to 30%)
 - 401K match increase (up to 9%, based on years of service)

FY23 Budget Highlights: Expenses (cont'd)

FINANCIAL

- Regular Operating Expenses
 - Increasing by 1.3%

- Per Diem/Fees/Contracts
 - Building Services Contract/event labor

- Computer Charges/Other
 - Travel
 - Promotional

FY23 Budget Recommendation

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	FY22 Budget	FY22 Projection	FY23 Budget	Variance
Total Revenue	\$40,721,454	\$48,409,750	\$44,615,074	(\$3,794,676)
Total Expense	\$40,650,057	\$40,496,741	\$44,162,738	\$3,665,997
Net Gain/(Loss)	\$71,397	\$7,913,009	\$452,336	\$7,460,673

FY23 Forecast (9/16/21) vs. Recommended Budget

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	Forecast	Budget	Variance
Total Revenue	\$45,602,609	\$44,615,074	(\$987,535)
Total Expense	\$44,715,063	\$44,162,738	(\$552,325)
Net Profit/(Loss)	\$887,546	\$452,336	(\$435,210)

Questions?

FY22 Surplus Recommendation

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- Reinvest net operating income from FY22 as outlined below:
 - \$3.4M - Capital Reinvestment
 - \$750k - OPEB Trust Fund
 - \$750K - Incentive Plan
 - \$3.0M - Fund Balance/Cash Reserves

**Any amount over \$7.9M would be allocated to fund Balance/Cash Reserves.*

Recommendation

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Board of Governors approval of FY23 Budget and FY22 Surplus Recommendation as presented to and approved by the Finance Committee on May 11, 2022.

Staff Recommends Approval.

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Hotel Development Update

Theonie Alicandro

**Chief Operating Officer/General Counsel
Drew Company, LLC**

Austin Bell

**Sr. Director and Development Manager
Drew Company Atlanta, LLC**

Agenda

- Construction Update
- Change Order No. 4 – Part 1 (Cost)
- Development Budget Update
- Change Order No. 4 – Part 2 (Schedule)
- Subcontractor Updates
- EBO and Georgia Contractor Updates
- Challenges
- Questions

Construction Update

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March 2022



May 2022

Construction Update

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Rendering



May 2022



Change Order No. 4: Part 1 (Cost)

- Completed all the foundation work in the AYIB area. This includes:
 - 4 Remaining Micropiles in AYIB area
 - Exploratory work in AYIB area to reconcile conflicts with existing foundations and underground utility coordination
- Now that the AYIB foundation and exploratory work is complete, Drew, Skanska and their subcontractors have reconciled the cost for these efforts. Last month cost was estimated at approximately \$325,000; actual cost is \$313,359.00
- Construction contract with Skanska also provides for reduction in construction contingency in amount of 5% upon Skanska's buyout of all subcontractors. This amounts to \$119,336.30
- Net change order amount is \$193,992.70

Development Budget Update: May 2022

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	Development Budget prior to Change Order No. 4	Development Budget after Change Order No. 4
Revised GMP Hard Cost	\$327,096,480	\$327,290,473
Preconstruction Fee (not in GMP)	\$394,170	\$394,170
Owner Direct Hard Cost	\$3,307,798	\$3,307,798
Owner's Hard Cost Contingency	\$7,014,867	\$6,820,874
Total Hard Cost	\$337,813,315	\$337,813,315
Total Soft Cost	\$110,844,220	\$110,844,220
Owner's Soft Cost Contingency*	\$4,997,489	\$4,997,489
Total Project Cost	\$450,422,689	\$450,422,689
Total Hard & Soft Cost Contingency	\$12,012,356	\$11,818,363

Change Order No. 4: Part 2 (Schedule)

- Previously discussed that we were working on optimizing the schedule to align construction schedule with Drew schedule to complete hotel fit out to address issues arising from unforeseen condition delays, weather delays, and slow start.
- Also needed to reconcile Skanska's Delay Log that we have been tracking since the commencement of construction.

Change Order No. 4: Part 2 (Schedule)

- Agreement with Skanska reached on the following and included in Change Order No. 4:
 - Agreed upon Updated Recovery Schedule with Skanska to get us back to Substantial Completion Date of December 8, 2023 (Recovery Schedule was reviewed and vetted by our scheduling consultant)
 - 28-Day Delay Allowance in Contract has been expended and no longer contemplated
 - Delay Allowance in Stated Allowance of \$346k remains in place to be used for any future Excusable Delays
 - Since Recovery Schedule was being worked out in early February when we were “out of the ground”, we have encountered 6 additional weather delay days which are “Excusable Delays” under the Contract which will shift schedule 6 working days
 - Skanska will be paid 6 Excusable Workdays of General Conditions from the Stated Delay Allowance

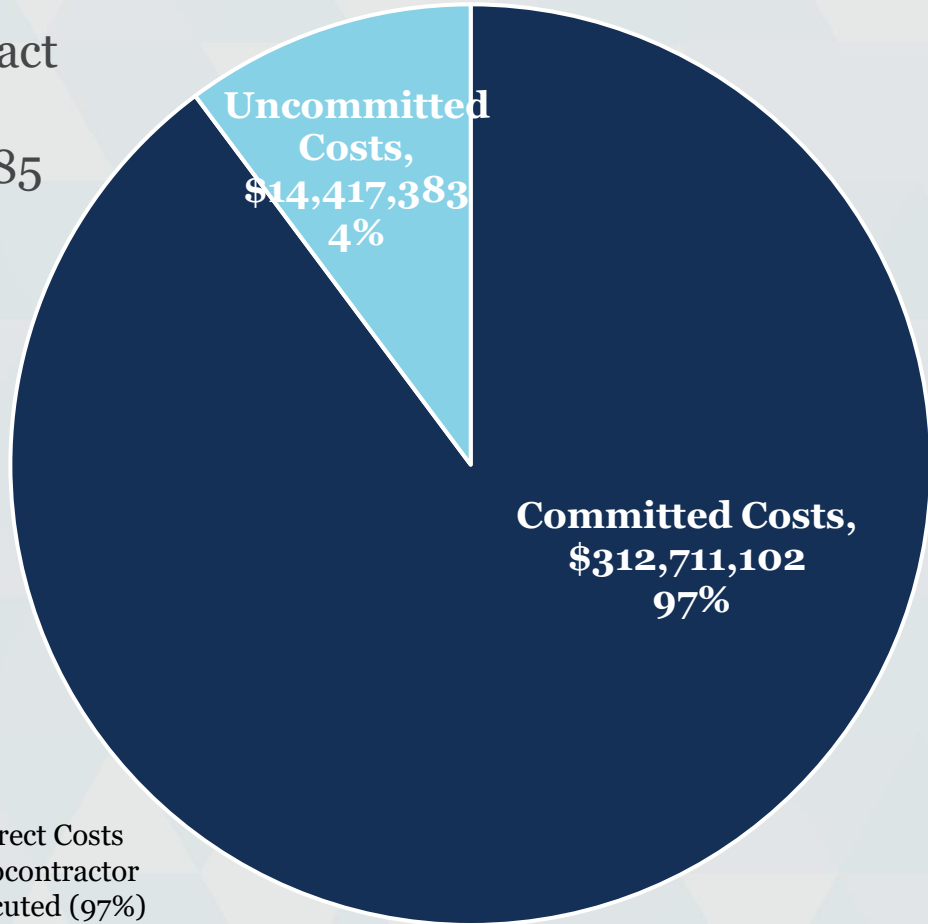
Change Order No. 4: Part 2 (Schedule)

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- New Substantial Completion Date is **December 18, 2023**.
- This resolves all outstanding delay claims, including 28-Day Delay Allowance and Excusable Delays through May 10, 2022. The updated schedule will be incorporated into the Contract, thereby resetting the Owner's key milestone dates and the Substantial Completion Date.

Subcontractor Update (Hard Costs)

GMP Contract Value
\$327,128,485



\$282,616,530 Direct Costs
\$273,111,564 Subcontractor Agreements Executed (97%)

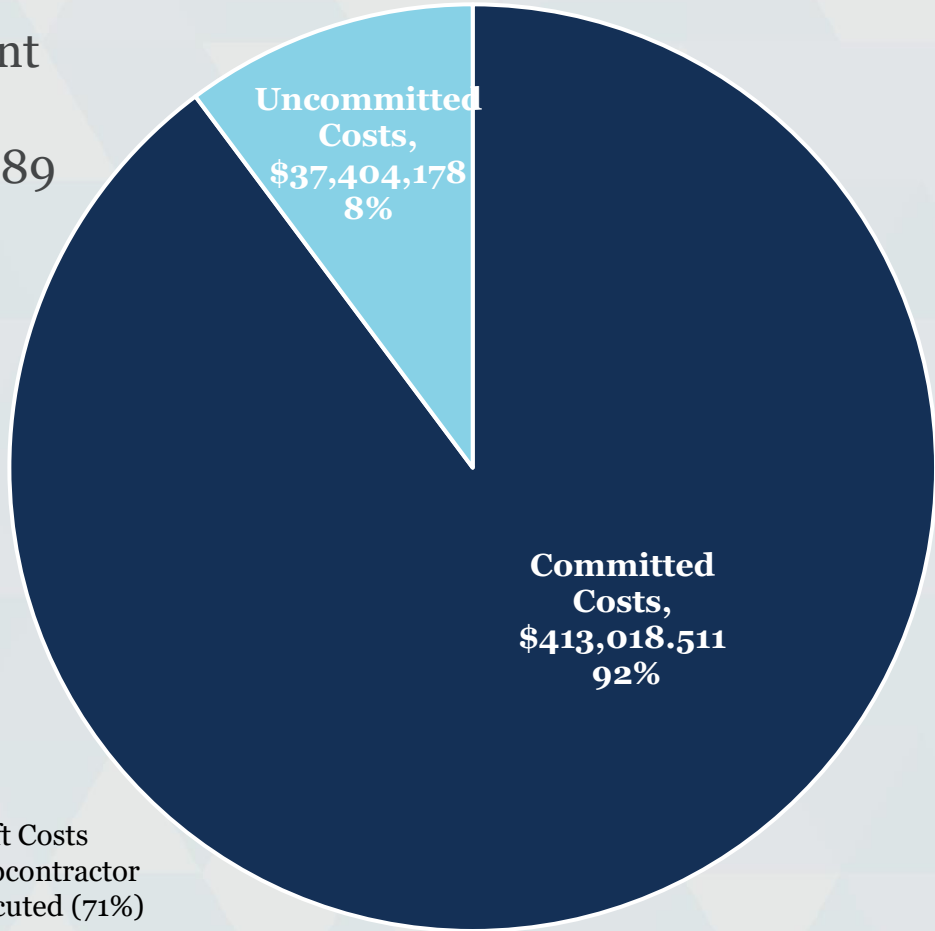
■ Committed Costs ■ Uncommitted Costs

Trade	Top Uncommitted Costs
Hardscapes	\$3,639,234
T&B	\$499,830
Window Shades	\$234,900
Chain-Link Fencing	\$109,522

Note: Construction Contingency reduction at Substantial Completion of Buyout reflected in Change Order No. 004

Subcontractor Update (All Costs)

Development Value
\$450,422,689



\$115,841,709 Soft Costs
\$82,387,058 Subcontractor Agreements Executed (71%)

■ Committed Costs ■ Uncommitted Costs

Trade	Top Uncommitted Costs
Pre-Opening	\$14,028,696
OS&E	\$9,312,650
F&B Supplies	\$4,195,428



EBO Plan and Georgia Contractor Update

- EBO Plan Target 31% Participation of M/WBE Firms
 - Currently 27.43% GMP
- 95% of GMP paid to Georgia Contractors
 - 79% Firms with Georgia Headquarters
 - 16% Firms with Georgia Offices

Challenges

- Weather
- Supply Chain disruption causing delays, material shortages, and escalation
 - Looking at stored materials as mitigation measure
 - Working with materials supplier to forecast a 4-week lookahead schedule to stay ahead of ongoing concrete material shortage
 - Ordering FF&E and other long lead time materials and goods on pace with the procurement schedule to mitigate supply chain issues
 - Looking to add additional FF&E install crew to shorten install time
- Potential impacts of geopolitical events
- COVID-19 continued impact in Asia, where our case goods are manufactured

Questions?

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Change Order No. 4 Resolution

Melana Kopman McClatchey
Hotel Counsel

Change Order 4

NOW THEREFORE BE IT RESOLVED . . . that the Executive Director expressly is authorized, though not required, to take such actions and to execute and deliver such documents as may be necessary or appropriate **to effect the execution of the proposed Change Order 4** (which proposed Change Order 4 substantially would be in the form attached hereto as Exhibit A), but only so long as such proposed Change Order 4 complies with the terms and conditions of the Agreement and applicable law and, in the judgment of the Executive Director, is consistent with the corporate purposes and mission of the Authority and the Authority's sound business practices.

Questions?

AUTHORITY

Conveyance of Supplemental Elliott Street Parcels Resolution

Pargen Robertson
General Counsel

Background

Previously, on January 4, 2022, the State of Georgia, acting by and through the Georgia State Properties Commission, **conveyed to the GWCCA four unimproved parcels** located on Elliott Street (below or near the Centennial Olympic Park Drive viaduct between the Silver Parking Deck, Mercedes-Benz Stadium, and State Farm Arena).

Essentially, the intent once those parcels were conveyed to the GWCCA was for the GWCCA in turn **to re-convey those four parcels to Spring Street (Atlanta), LLC** (acting through its agent, CIM Group), to be utilized in its development of the Gulch Project.

Background

Recall we brought that acquisition transaction, pursuant to which the GWCCA acquired the four parcels from the Georgia State Properties Commission, to you in a meeting with the Development Committee and subsequently in a Resolution of the full Board which you approved on **November 30, 2021**.

Resolution

Pursuant to the terms of that sales agreement with the State Properties Commission by which the GWCCA acquired the four parcels, the GWCCA promised that once it re-conveys the four parcels to Spring Street (Atlanta), LLC, that the GWCCA must disgorge a portion of the proceeds from that re-conveyance sale back to the Georgia State Properties Commission. Once the re-conveyance sale closes, **the amounts due the Georgia State Properties Commission are the following:**

➤ Tract 1	\$280k
➤ Tract 2	\$240k
➤ Tract 2A	\$480k
➤ Tract 2B	<u>\$470k</u>
➤ Aggregate Sum	\$1.47mm

Resolution

Staff has been working with CIM Group, the agent acting on behalf of Spring Street (Atlanta), LLC, to finalize the terms and form of the sales agreement pursuant to which these parcels would be re-conveyed to Spring Street (Atlanta), LLC.

Under the terms of our deal with Spring Street (Atlanta), LLC, they will pay to the GWCCA an aggregate purchase price for the four parcels of \$2.37mm. So, after GWCCA pays over to the State of Georgia its portion of the proceeds then due, the GWCCA will retain for itself the net sum of \$900k, which is an unencumbered accretion to the GWCCA's bottom line.

Resolution

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Staff requests approval of today's Resolution which essentially grants to the Executive Director the authority to execute the agreement and to close the sales transaction conveying the four parcels to Spring Street (Atlanta), LLC.

Questions?

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Next Scheduled Meeting

June 28, 2022