

# Georgia World Congress Center Authority

## BOARD OF GOVERNORS MEETING

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June 26, 2018



**Authority**



**Financial**



**Facility**



# ACTION ITEM

## Approval of Minutes

### May 22, 2018





# MAY FINANCIAL UPDATE

**Janet Arsenault**  
**Sr. Director of Finance**





# Financial Snapshot – May 2018

## Profit/Loss



**Actual** **\$2,999,141**

**Budgeted** **\$1,174,366**

**Actual YTD** **\$8,244,118**

**Budgeted YTD** **\$1,445,674**



H/M Tax

Actual

**\$5.9M**

Budget

**\$6.5M**

<1.3%

FY17

**\$4.0M**

>4.7%



Customers

(Estimated)

**349,837**



Economic Impact

(Estimated)

**\$163M**





# Food & Beverage Contract Update

Frank Poe, Executive Director





# Strategic Vision

Our food and beverage professionals will advance our goal to be the #1 convention, sports, and entertainment destination in the world by efficiently delivering a seamless, world-class customer experience.





# Identified Areas of Opportunity

- Operational Excellence
- Overall Customer Experience
- F&B Quality/Variety
- Communication





# Driving Factors for Levy Selection

- E15 Analytics Team – data focus
- Curiology – retail/restaurant concepts across GWCCA campus
- Dream Feed- staffing app/model- pool of talent for the GWCC by leveraging other venues they operate in ATL
- Strength of several existing leaders and focus on structure over past 6-12 months– successes w/key accounts
- \$2.5M additional capital investment
- Familiarity with customers and demonstrated commitment to our values and vision







# Key Business Terms of New Contract/Agreement

- Service Recovery Model
- Sales Team Synergy/Staff Location
- Reshape Financial Incentives (revenue, expense controls, equipment maintenance, survey results: experience/quality/variety)
- Leadership Turnover/Plan
- Model to Incentivize Both Parties





# Where We Landed

- Levy/GWCCA profit split: GWCCA share is now 97% vs 96% previously
- 10-Year Term, Early No-Fault Cancellation Clause, 120 Days
- Contingent on budget achievement, incentive sliding scale on new profit share split
- New agreement also ties available incentives and profit share split to F&B Overall Satisfaction Score (OSAT) performance. On 1-5 Scale: Below a 4.0 = zero incentive available; 4.0 or higher = tiered structure





# Where We Landed (cont'd.)

- Investment of \$2.5M for infrastructure improvement
- KPI's (Key Performance Indicators) will be set up annually and managed through the E15 and Leadership teams to drive premium results
- Service Recovery Account





# New Profit / Incentive Scales

PROFIT SHARE	GWCCA	LEVY
Up to Budget Achievement	97%	3%
On First \$1.5M Over Budget	88%	12%
On Next \$1M Over Budget	86.5%	13.5%
If Profits Exceed Budget by \$2.5M	85%	15%

QUALIFICATION OF F&B OSAT SCORES	LEVY RECEIVES (% of Profit Share Scale)
Below 4.0	No payment
Between 4.0 – 4.5	100%
Between 4.51 – 4.75	125%
Between 4.76 – 4.99	150%

INCENTIVE BASED ON OSAT SCORES	LEVY INCENTIVE PAYMENT
Below 4.0	No payment
Between 4.0 – 4.25	\$60,000
Between 4.26 – 4.5	\$90,000
Greater than 4.5	\$120,000





# Example: New Profit/Incentive

**GWCCA**  
Budgets a net profit  
of \$6M

In the course of the FY, if our net profit increases \$1 above budgeted AND we obtain a 4.23 F&B OSAT score

Profit Share	Levy Payment
3% base mgmt. fee	\$180,000
OSAT Score	
4.23	100% of Profit Share only applied to the net profit above the budget
Fee and Incentive Payout	
4.23 (Between 4.0 – 4.25)	\$60,000
<b>12% of \$1</b> (GWCCA keeps remaining \$.88)	<b>\$.12</b>
<b>TOTAL</b>	<b>\$240,000.12</b>





# Food & Beverage Services Contract Resolution

With today's Resolution, the Board essentially would authorize the Executive Director to execute a Food & Beverage Services Agreement with Levy Restaurants essentially in the form attached to the Resolution.

Staff recommends approval.





# QUESTIONS?





# HOTEL UPDATE

Theonie Alicandro, Drew Company, Inc.

Robert Fischel, Gensler



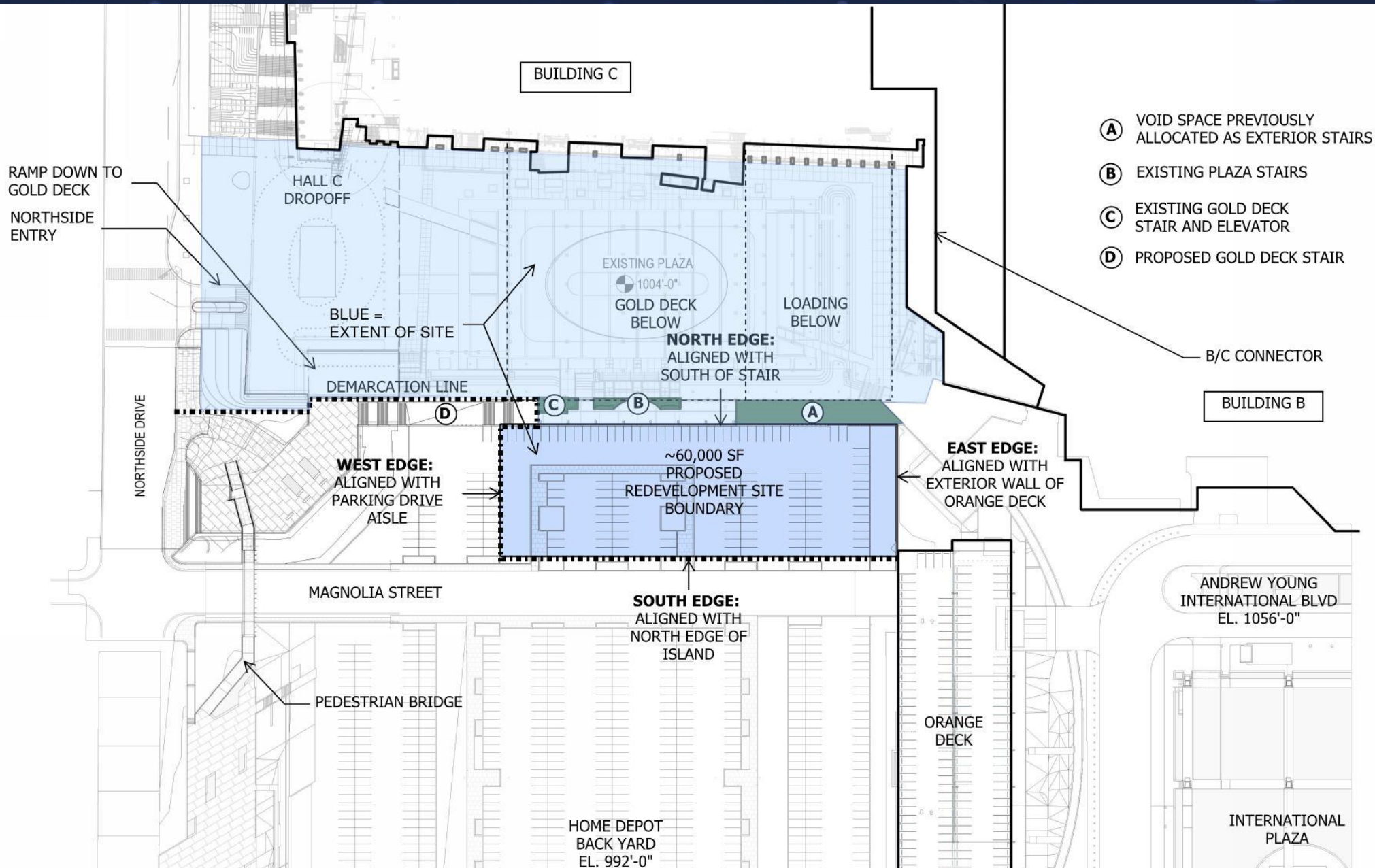




# Agenda

- Site Massing Review
- RFP Update
- Next Steps







GWCCA / DREW

Gensler

GWCC HOTEL

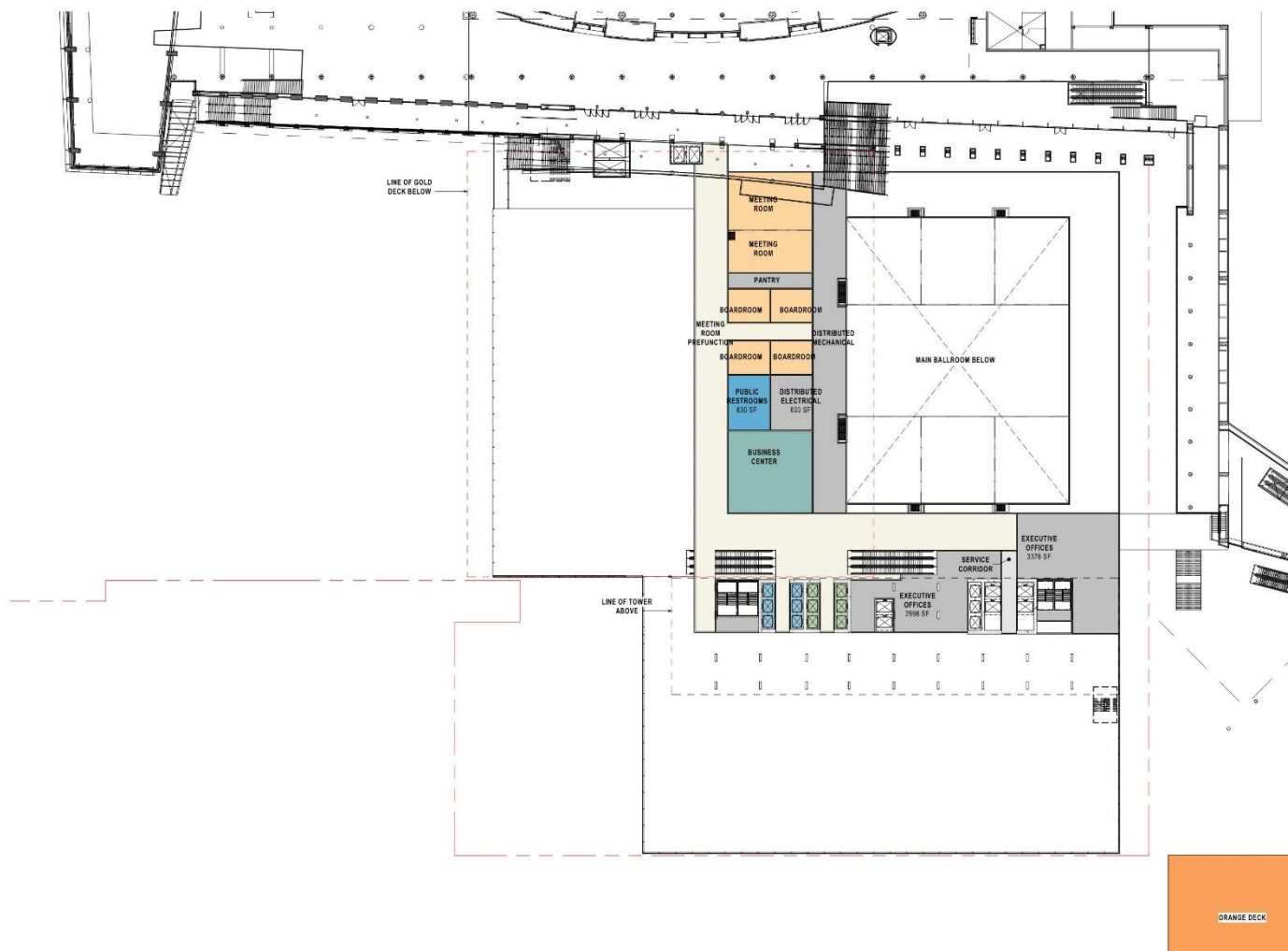
LEVEL 1 - 1004'

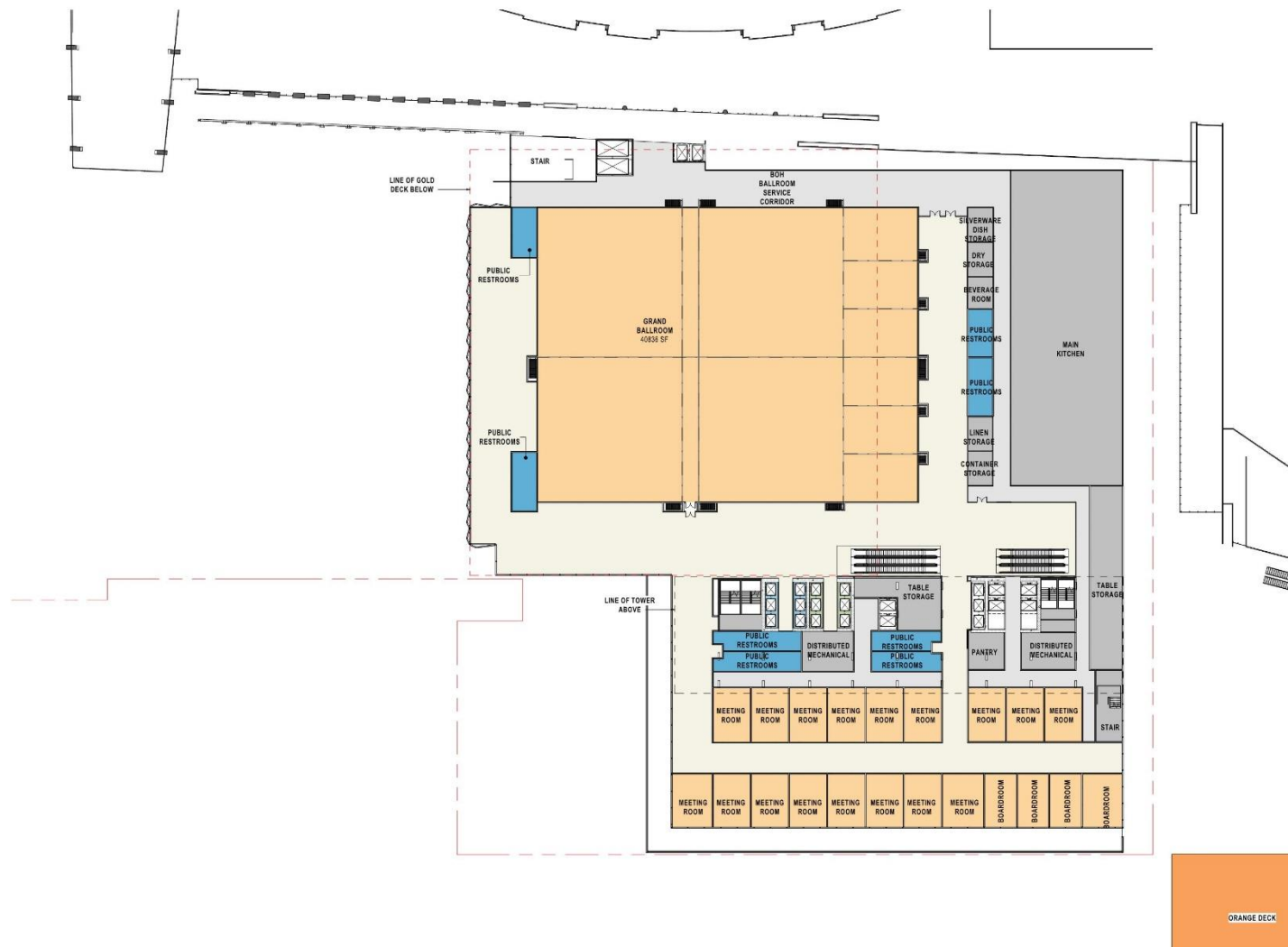
\*FOR INTERNAL REVIEW ONLY

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GWCC HOTEL

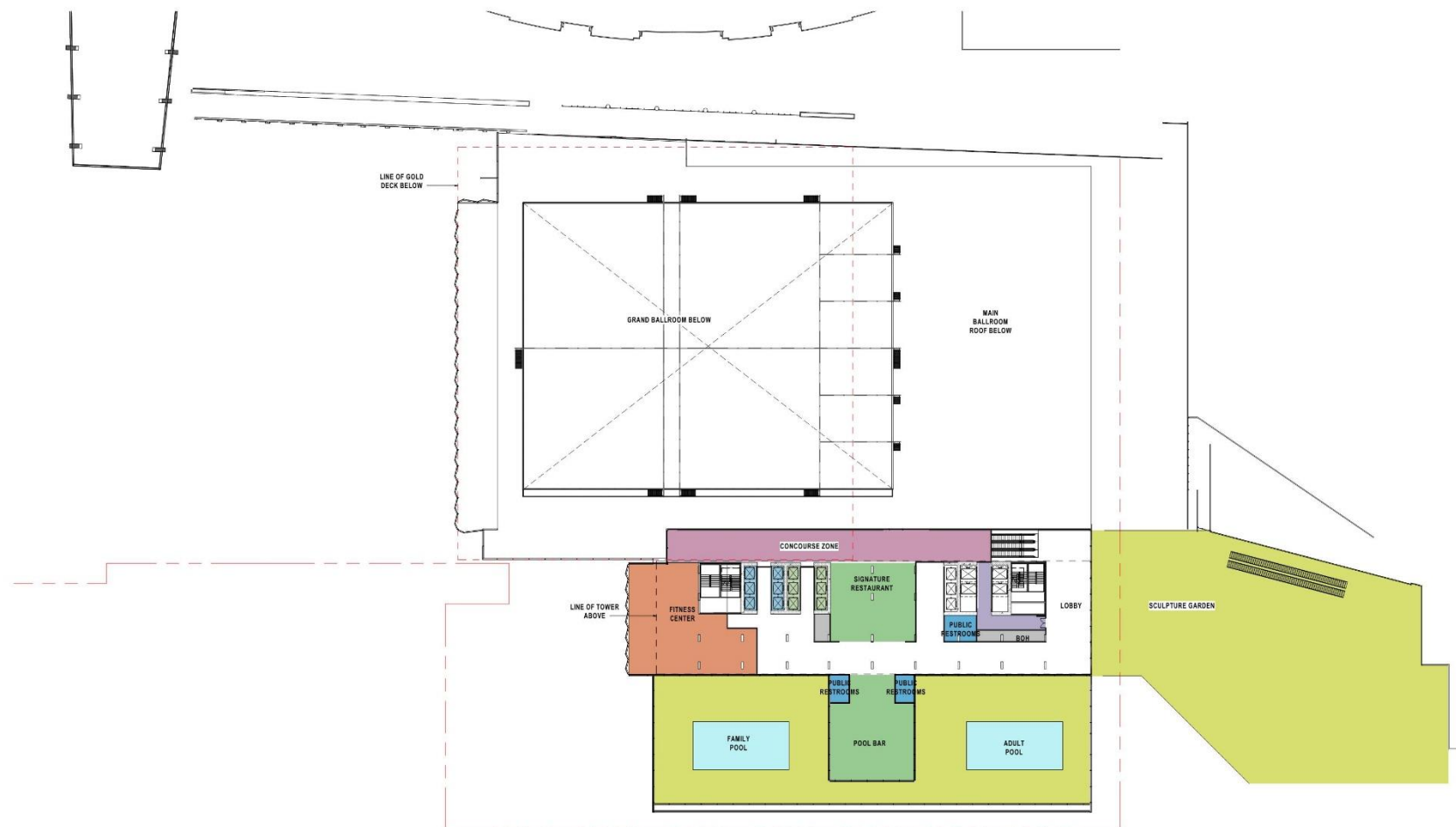
LEVEL 3 - 1040'

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GWCC HOTEL  
LEVEL 4 - AMENITY

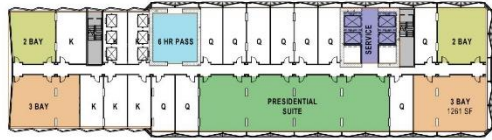
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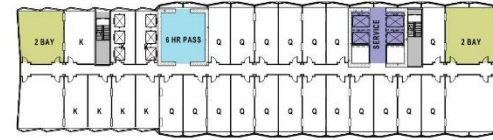


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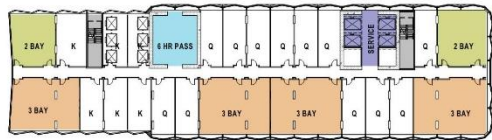




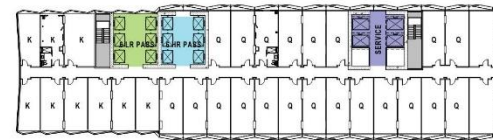
PRESIDENTIAL SUITE LEVEL



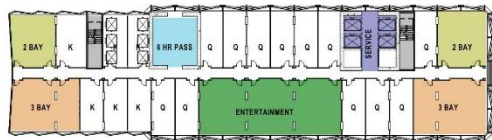
TYPICAL HIGH RISE LEVEL



SUITE LEVEL

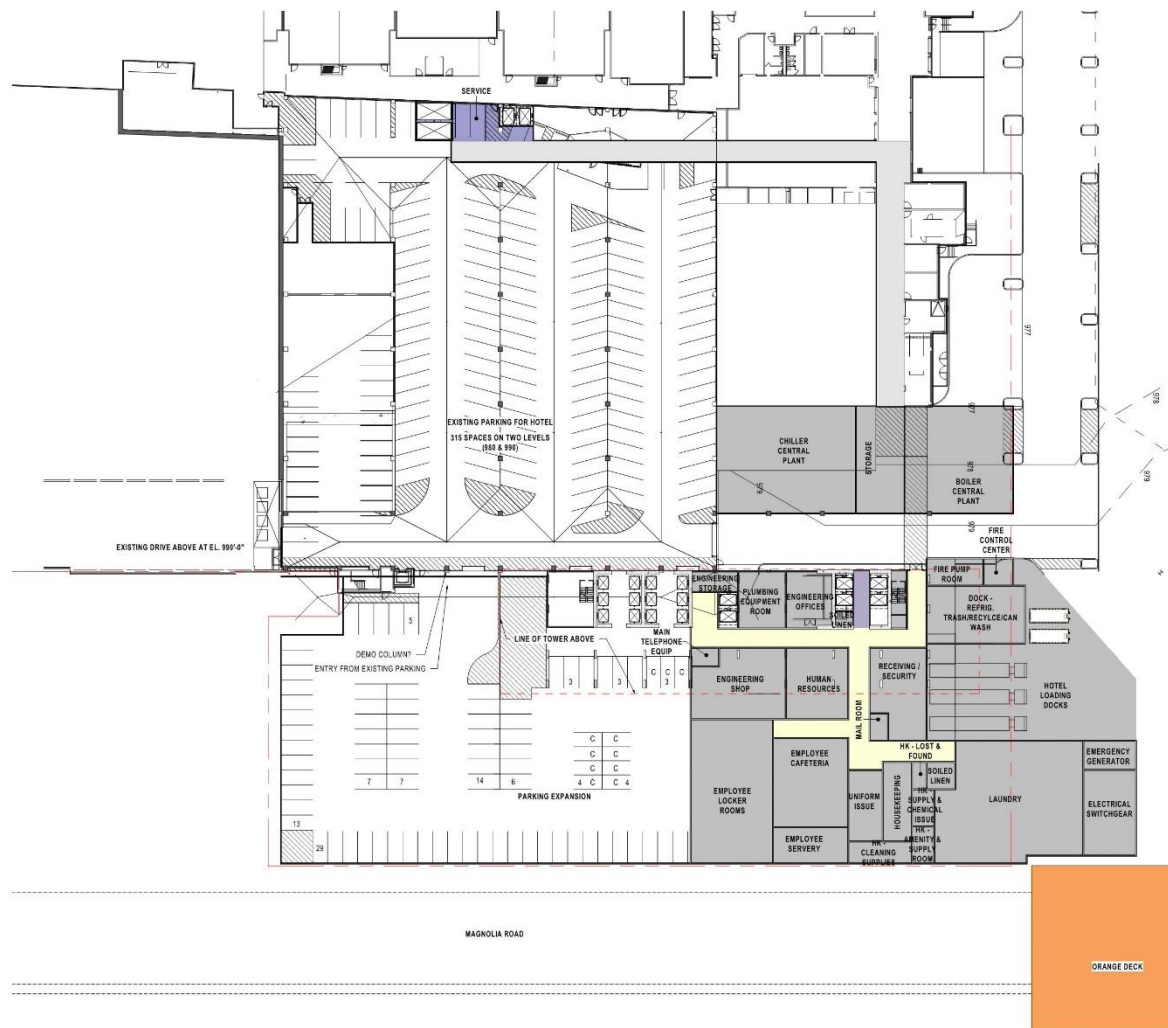


TYPICAL LOW RISE LEVEL - 1074'  
FIRST FULL LEVEL @ LEVEL 6

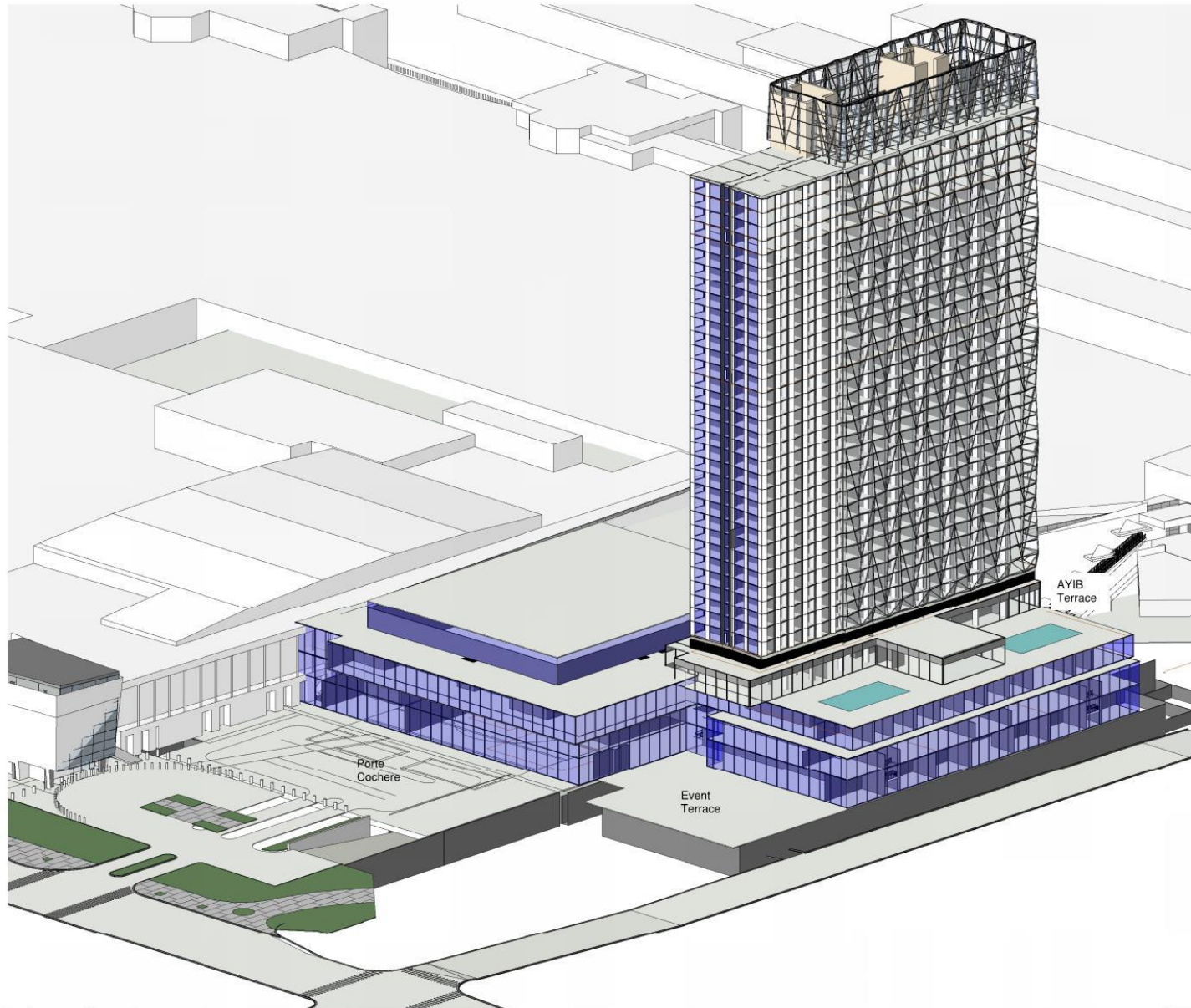


ENTERTAINMENT SUITE LEVEL









GWCCA / DREW

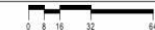
**Gensler**

**GWCC HOTEL**

3D MASSING / AXON

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# REQUEST FOR PROPSAL UPDATE





# Brand Presentations: June 11 - 13

- Fairmont
- Hilton
- Hyatt
- IHG
- Marriott
- MGM





# Submission Requirements

- General company information and related experience
- Hotel market and project understanding
- Operations plan
- Hotel product and program
- Operating projections
- Financial proposal
- Proposed key business terms





# Key Business Terms

- Qualified Management Agreement (QMA)
- FF&E replacement reserve
- Capital replacement reserve
- Working capital reserve
- Termination provisions
- No violation of geographic restriction
- Approval of operating and capital budgets
- Employer of hotel employees
- Approval over department leaders
- Room block agreement





# Brand Shortlist

- Hilton
- Hyatt
- IHG
- Marriott





# Next Steps

- Focused questions for each brand
- Development budget refinement based upon site massing
- Analysis of financial program to determine best approach





**QUESTIONS?**







# Intercreditor Agreement Resolution 2018

Pargen Robertson, GWCCA Legal Counsel





# Intercreditor Agreement Resolution

Recall that Invest Atlanta issued revenue bonds in an amount necessary to generate \$200,000,000 in available proceeds for construction and development of Mercedes-Benz Stadium. See IA Rights and Funding Agreement, Section 2.1.





# Intercreditor Agreement Resolution

That Invest Atlanta Mercedes-Benz Stadium-related bond issue was to be secured by Hotel/Motel Tax proceeds. However, before that MBS-related H/MT security interest was to attach, another earlier revenue bond issue from 2011 (which had been used to refinance the obligations incurred to pay for development of the Georgia Dome) first had to be paid in full (or the pre-existing H/MT proceeds lien otherwise had to be released by the Georgia Dome bond holder). See IA Rights and Funding Agreement, Sections 2.1 and 2.2.





# Intercreditor Agreement Resolution

Once the Georgia Dome Bonds were, in fact, paid in full back in 2016 and that lien over the Hotel/Motel Tax proceeds was released, then a new lien attached to those H/MT proceeds as a pledge of security for the recent Invest Atlanta MBS-related bond issue. See IA Rights and Funding Agreement, Sections 2.1 and 2.2.





# Intercreditor Agreement Resolution

In connection with the construction and development of Mercedes-Benz Stadium, the Falcons guaranteed certain obligations (financial and otherwise) owing to the Georgia World Congress Center Authority (and others). See Transaction Agreement; see also Project Development and Funding Agreement; see also PSL Agreement; see also Stadium License and Management Agreement; see also Non-Relocation Agreement.





# Intercreditor Agreement Resolution

SunTrust Bank has provided to the Falcons a revolving credit facility and, in turn as security for that credit revolver the Falcons essentially have executed a security agreement conveying to SunTrust a security interest in the Falcons' assets.





# Intercreditor Agreement Resolution

The Falcons have requested that the Authority and Invest Atlanta agree to amend their Intercreditor Agreement to revise the terms and conditions defining the priorities of the Falcons secured creditors, essentially for the purpose of allowing the Falcons to raise the cap on funds they are allowed to borrow under their SunTrust credit revolver.





# Intercreditor Agreement Resolution

The Resolution before the Board today simply would allow the Executive Director to execute an amended and restated Intercreditor Agreement for that purpose.







QUESTIONS?





# NEXT MEETING

Tuesday, July 31, 2018

