



Georgia World  
Congress Center  
Authority

# BOARD OF GOVERNORS MEETING

December 3, 2019

Approval of Minutes

October 29, 2019

November 15, 2019

FINANCIAL

# Financial Update

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**Janet Arsenault**

**Sr. Director of Finance**

# Financial Snapshot – October 2019

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Profit/  
Loss



Georgia World  
Congress Center



CENTENNIAL  
OLYMPIC PARK

**Actual**

**\$1,516,088**

**Budgeted**

**\$1,417,508**

**YTD Actual**

**(\$2,373,000)**

**Budgeted**

**(\$3,223,148)**



H/M Tax

**Actual**

**\$2.21M**

**Budget**

**\$2.30M**

<3.81%

**FY19**

**\$2.25M**

<1.64%



**Customers**

(Estimated)

**431,511**



**Economic**

**Impact**

(Estimated)

**\$195.6M**

Questions?

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# Hotel Update

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**Frank Poe**

Executive Director

**Theonie Alicandro**

COO and General Counsel, Drew Co.

# Milestones

- **GSFIC Board Meeting:** December 2
- **Design:** 30% CDs by end of November 2019
- **Construction:** GMP pricing based on 30% CDs by end of January 2020; GMP Contract with Skanska
- **Legal:** Qualified Management Agreement; Room Block Agreement; GMP Contract with Skanska
- **Finance:** Recommend a Plan of Finance; Bond Validation Process
- **Bond Closing:** March 2020

# Market Study Update

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**Mark Woodworth**  
Senior Managing Director,  
Head of Lodging Research  
CBRE Hotels



# Plan of Finance Update

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**William M. Corrado**  
Director | Head of Real Estate Group  
Public Finance Department, Citi

# Bond Validation Update

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**Matt Nichols**  
Partner, King & Spalding LLP

# Hotel Management Agreements Update

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Franklin D. R. Jones, Jr.  
Shareholder, National Co-Chair Public Finance  
GreenbergTraurig

# Hilton Qualified Management Agreement **AUTHORITY**

## Material Open Items

1. **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.
2. **EBO Plan:** Under review by Hilton.
3. **“Clean Campus” Provisions:** We have made progress on this issue. Hilton to revert regarding GWCCA’s proposal/resolution to the following issues:
  - a. “Special Events”
  - b. Other “Non-Special Events”
  - c. Advertisements/Displays
  - d. Group Contracts

# Hilton Room Block Agreement

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## Material Open Items

General Note. Our latest draft of the RBA was circulated to Hilton for Hilton's review and comment. Recent discussions with Hilton indicate that there are few open issues remaining to be resolved between the parties. Hilton is expected to generate the next draft of the RBA and address the parties conceptual agreement on following:

1. Treatment of Overbooking and No Shows
2. Credit History/Guaranty Requirements for Groups

# Guaranteed Maximum Price Construction Contract (GMP Agreement)



**David C. Jensen**  
Shareholder, GreenbergTraurig

# GMP Agreement

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**CONTRACTOR:** Skanska/SG, a Georgia joint venture

**PROJECT:** 159 Northside Drive NE, Atlanta, Georgia 30313

Site to be developed as a full-service, minimum 975-room upper-upscale to luxury convention center hotel (under a Hilton flag), as well as related parking facilities and public infrastructure and facilities, amenities, back of house.

**ARCHITECT:** M. Arthur Gensler Jr. & Associates, Inc.

**STATUS:** This Contract is currently being negotiated between the parties. Skanska has provided preliminary comments and proposed changes to the initial draft along with a summary of their material concerns. The parties have convened on several occasions to review and discuss material open terms. Further revisions to reflect discussions and points of resolution in terms of the contract are being prepared and further meetings and calls to work to finalize remaining points have been calendared.

# GMP Agreement Pricing Terms

## GUARANTEED MAXIMUM PRICE:

- **\$ To be Determined:** Skanska to provide GMP proposal based on 30% complete construction drawings provided
- **General Conditions/General Requirements Costs:** \$ to be determined based on scheduled rates adopted, auditable only as to units/time, charged as incurred
- **Primary Personnel and Staffing:** To be established based on scheduled rates adopted, auditable only as to units/time, charged as incurred
- **Fee:** 2.75% - 3% of Cost of Work; parties negotiating final pricing
- **Insurance/Bond Costs:** CCIP Costs – 2.63%
- **SDI Costs:** 1.25% of enrolled trades
- **Payment and Performance Bond:** 0.65%
- **Contingency:** 3% initial; milestone reductions being discussed/negotiated
- **Shared Savings:** Being negotiated; GWCCA proposed 25% up to a cap of \$1,500,000
- **Change Order Fee Dead band:** \$1,000,000 of cumulative changes proposed by GWCCA being negotiated
- **Subcontractor Change Markups:** Capped at 15% in aggregate, exclusive of Contractor's Fee and General Conditions



# GMP Agreement Schedule – Contract Time

- Schedule to be finalized with GMP proposal – Expected construction period for Substantial Completion is approximately 912 days from commencement of construction
- Terms and circumstances defining excusable/unavoidable delays (such as force majeure) have been generally accepted between the parties
- Schedule to take into account coordination and logistics relative to adjacent sites
- Liquidated damages: For Substantial Completion – Per Diem rate being negotiated, based on anticipated debt service; total not to exceed Contractor's Fee
- Liquidated damages will likely be sole recovery for Contractor delay
- Mutual waiver of consequential damages

# GMP Agreement Completion Conditions

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## **SUBSTANTIAL AND FINAL COMPLETION CONDITIONS:**

- Substantial Completion: Owner can occupy or utilize the work for its intended use; all systems operational and operating; all approvals, sign-offs, or certifications relating to the work and occupancy attained; only punch list work remains; and architect has certified Substantial Completion
- Final Completion: Substantial Completion plus completion of punch list; all final sign-offs and permits closed out; architect has certified Final Completion
- Partial occupancy conditions and terms to be negotiated as to insurance and warranty commencement

# GMP Agreement Payment Terms

## PAYMENTS:

- Monthly: Applications for Payment submitted last day of a month, payments processed and paid by last day of following month (30-day cycles)
- Payments tied to schedule of values relative to work completed and to be certified by architect
- Progress payments subject to typical deliverables (i.e., progress reporting, waivers, supporting details)
- Final payment subject to audit; audit timing under negotiation
- Final payment subject to typical deliverables/close out deliverables (waivers, as-builts, manuals, etc.)
- Late interest at 4% per annum subject to 10-day notice and cure (Georgia Prompt Payment Statute is otherwise 1% per month)
- Payments for off-site stored materials only with Owner's prior approval
- Retainage of 10% to 50% complete (based on GMP billing) and thereafter only if work is not satisfactory; contractor seeking no retainage on general conditions or insurance costs
  - GA Code § 13-10-80
- Authority to have typical withholding rights

# GMP Agreement

## Indemnity, Insurance, and Bonds

### INSURANCE AND BONDS:

- Contractor to provide Project CCIP; Subcontractor Default Insurance: Assumed approach at this stage, to be finalized
  - Continuation of CCIP and SDI coverages in the event of contract termination to be determined
- Builders Risk coverage by GWCCA
- Contractor to provide payment bond and performance bond per Georgia Public Works statutes

### INDEMNIFICATION:

- Contractor indemnity being negotiated: Contractor willing to adopt/assume third party personal injury and property damage indemnity and defense obligations excluding the Work and except to extent caused by others
  - [GA Code § 13-8-2\(b\) permits indemnity except to extent solely caused by indemnities](#)
  - Coverage to be provided by CCIP, to determine coverage to GWCC thereunder whether as additional or named insured
  - Damage to Work in most cases expected to be insured under Builders Risk insurance and claims of subrogation thereunder will be waived but indemnity provisions should otherwise extend to Contractor for losses
- Contractor indemnifies and defends Owner Entities from lien claims for which Owner has remitted payment to Contractor; Contractor providing payment bond

# GMP Agreement Warranty

## WARRANTY:

- Contractor's Work to be of good quality and new unless the Contract Documents require or permit otherwise and to conform to the requirements of the Contract Documents and will be free from defects, except for those inherent in the quality of the Work the Contract Documents require or permit
  - Contractor's warranty excludes remedy for damage or defect caused by abuse, alterations to the Work not executed by the Contractor, improper or insufficient maintenance, improper operation, or normal wear and tear and normal usage
  - All manufacturer and equipment warranties to be issued in name of or be mutually enforceable by Owner
- 1-year call-back period for defective work; Contractor to correct defects within call-back period upon prior notice
  - To extent final payment was less than GMP and there are warranty costs, Owner will contribute such difference (based on pro rata shared savings) to such post completion warranty costs

# GMP Agreement

## Other

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### **ASSIGNMENT:**

- Owner assignment rights to lenders; Authority also negotiating rights to governmental agencies/authorities/bodies to be confirmed in final negotiation with Contractor

### **TERMINATION/SUSPENSION:**

- For Cause: Either party may terminate upon a material breach upon prior written notice and subject to cure; terms of notice being negotiated; terms for particular default triggers and breach being negotiated (in terms of language, but generally standard provisions regarding material breach of payment and other contractual obligations)
- Contractor's right of termination for extended Project suspension/stoppage through no fault of Contractor and circumstances other than Owner breach being negotiated
- Owner has right to terminate for convenience; in such event, Owner to pay Fee and costs for Work performed, including demobilization; Contractor waives claims for lost profit and other damages

### **OTHER CONTRACT CONDITIONS:**

- Contractor and all Subcontractors (and Sub-Subcontractors) must comply with the EBO Plan, with a minimum goal of at least thirty one percent (31%) participation by M/FBE
- Customary record keeping and reporting; accounting record retention minimum 5 years
- LEED Gold objective

- Called meeting of the Board in December once staff has finalized all the open items and have the QMA, RBA, and GMP agreements in final form.

Questions?



# Action Item: The Home Depot Backyard Mural Approval

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**Kevin Duvall**

Chief Operating Officer, GWCCA

**Latonda Henderson**

Director of Community Activation

# Mural Description

## **Faces of Atlanta's Immigrants: The Resilience of Our Community**

This mural is a celebration of the resilience of Atlanta's immigrant community. The five people whose portraits are rendered in contour line are those who have had to thrive despite the limitations of their immigration status. The line work of the diverse narratives reflected by the portraits evokes connectedness and is a call for unity, a reminder that we have more that brings us together than divides us.

### **Proposed Timeline:**

- **February 24-29:** prepare materials, supplies, and equipment
- **March 1-3:** prime wall and project
- **March 4-25:** install and seal mural

# Site Plan

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# Site Coordination Agreement

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Section 2.8 Public Art. No public art or work of art shall be installed on the Stadium Site outside of the Stadium without the prior written consent of the GWCCA, which may be withheld only based on the reasonable conclusion of the GWCCA that such art is (a) lewd, offensive or immoral, (b) a public or private nuisance or (c) materially inconsistent with the aesthetic theme or appearance of the GWCCA Campus.

# Staff Recommendation

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- Staff recommends approval of the public art.

Questions?

## Nominating Committee Report



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# 2020 Board Meeting Schedule

# 2020 Meeting Dates

January 28

February 25

March 31

April 29

May 19\*

June 30

July 28

August 25

September 29\*\*

October 27

December 1\*\*\*

\* May meeting moved to prior Tuesday due to Memorial Day holiday

\*\*September meeting typically cancelled in lieu of an Authority planning retreat

\*\*\*November and December meetings combined

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# Next Scheduled Board Meeting

January 28, 2020

**\*\*Be prepared for called meetings in December and January\*\***