

Review of Draft Term Sheet Proposed New Stadium Project

Georgia World Congress Center Authority

and

Atlanta Falcons

Prepared for:

Georgia World Congress Center Authority

2012 Planning Retreat



General Transaction Overview

- In 2011, the Atlanta Falcons presented a document entitled “Major Business Points on New Stadium” to the Georgia World Congress Center Authority for the board’s consideration.
- The document laid out the Falcons vision of how a new, open-air stadium could be developed, financed, and operated.
- The parties spent the remainder of 2011 exploring the potential integration of a new stadium with the ongoing operations of the Georgia Dome and Georgia World Congress Center.
- Early this year, the parties recognized the two stadium approach was not in the best interest of the public or the team and began investigating the potential development of an operable roof, multi-purpose stadium to replace the Georgia Dome.



Summary of Proposed Term Sheet (Continued)

General

- Parties:
 - Georgia World Congress Center Authority (the “Authority” or “GWCCA”)
 - Atlanta Falcons Football Club, LLC (the “Falcons”)
- New Stadium Project:
 - Construction of a new operable roof, state-of-the-art, multi-purpose stadium to be the home field of the Falcons (the “New Stadium Project” or “NSP”).
 - It is the goal to have the NSP completed for the 2017 NFL season.



Summary of Proposed Term Sheet (Continued)

General (continued)

- NSP Site:
 - NSP is to be constructed on the GWCCA Campus at a location TBD (the “NSP Site”).
 - The Authority will own the land and all improvements, including the NSP.
 - The Authority will be required to acquire any additional property necessary to situate the NSP on the NSP Site.
 - The NSP Site will be provided “as is”, and all costs associated with making the NSP Site construction ready will be included in NSP Costs.



Summary of Proposed Term Sheet (Continued)

General (continued)

- Georgia Dome Status:
 - All Georgia Dome events will move to the NSP as soon as reasonably practicable after the opening of the NSP.
 - Upon final transition of operations to the NSP, the Georgia Dome will be demolished.
 - If the south side site is selected for construction of the NSP, the Georgia Dome site will be converted to surface parking.
 - *The ability of the Authority to use of the Georgia Dome site for a purpose other than surface parking remains an open issue between the parties.*
 - Retirement costs for the Georgia Dome (including demolition) will be included in NSP Costs.
 - If the NSP is constructed on the north side of the GWCCA Campus, demolition costs will be capped at \$8 million.



Summary of Proposed Term Sheet (Continued)

General (continued)

- Site Coordination/GWCCA Campus Use:
 - The parties will enter into a Site Coordination Agreement (the “SCA”) to facilitate campus-wide operational matters.
 - The parties will also enter into a Non-Compete Agreement with respect to GWCCA Campus events.
- Government Approvals
 - Certain interlocal agreements with respect to the hotel/motel tax levy (“H/MT”) and other matters related to the NSP may be required.



Summary of Proposed Term Sheet (Continued)

Design and Construction

- Design and Construction Procedures and Requirements
 - The Falcons will be responsible for all NSP Costs except for the Authority Contribution.
 - The Falcons will be responsible for construction and all cost overruns.
 - The Authority will have final approval rights for the design and construction teams recommended by the Falcons as well as the drawings, plans, and specifications for the NSP.
 - The Authority will have approval rights with respect to the demolition of the Georgia Dome and subsequent development of the Georgia Dome site. *The ability of the Authority to use of the Georgia Dome site for a purpose other than surface parking remains an open issue between the parties.*
 - The Authority will have monitoring rights over NSP development and construction.



Summary of Proposed Term Sheet (Continued)

Design and Construction (continued)

- Design and Construction Procedures and Requirements (continued)
 - The parties will agree on a construction completion date and the contractor will provide completion guarantees.
 - The Falcons will obtain a maximum price construction contract acceptable to the Authority.
 - MWBE participation and workforce training programs approved by the Authority must be included in construction contract requirements.
- Selection of NSP Architect
 - The Authority and the Falcons will mutually agree upon the form of [RFP or RFQ] for the NSP architect on or prior to October __, 2012.
 - The Authority will not be responsible for any fees or expenses incurred from any architect in connection with architectural or design services for the NSP.



Summary of Proposed Term Sheet (Continued)

NSP Financing/NSP Costs

- Authority Contribution:
 - The 39.3% of the hotel/motel tax levied in support of a successor facility to the Georgia Dome is the only source of GWCCA funding currently available for the NSP.
 - The Authority will contribute the net proceeds from a revenue bond offering secured by the hotel/motel tax and all net proceeds from the sale of seat rights at the NSP.
 - The Authority has no legal capacity to issue additional bonds at this time and the ability to do so is subject to enactment of legislation increasing the Authority's bonding capacity.
 - The Authority cannot guarantee an amount of bond proceeds the hotel/motel tax will yield.
 - The Falcons may terminate the project if the Authority fails to provide reasonable evidence the net proceeds of the revenue bond offering will reach a mutually agreed minimum amount.



Summary of Proposed Term Sheet (Continued)

NSP Financing/NSP Costs (continued)

- Falcons Contribution:
 - All NSP Costs will be the sole responsibility of, and be paid for by the Falcons, except for the Authority Contribution.
 - The Falcons projected financing sources will be reviewed with, and be subject to comment and approval by, the Authority and GSFIC.
 - The Authority will be permitted to review financial information confirming Falcons' ability to finance their contribution to the NSP.
 - The Authority may terminate the project without further financial obligation if the Falcons fail to provide reasonable evidence of a financing plan to fund the Falcons Contribution based on mutually agreed procedures and benchmarks.
 - The Falcons will pay for all NSP Costs overruns.
 - The Falcons will guarantee all obligations of any special purpose entity formed by the Falcons to develop and construct the NSP.



Summary of Proposed Term Sheet (Continued)

NSP Financing/NSP Costs (continued)

- NSP Costs will include, but not be limited to :
 - NSP vertical and horizontal construction and development costs on the NSP Site;
 - All soft costs associated with construction and development of the NSP (including, but not limited to, architectural, engineering and related professional services, permit, license and inspection fees);
 - NSP infrastructure and utilities on the NSP Site;
 - Any costs related to the demolition of the Georgia Dome (if NSP located on south side of GWCCA Campus);
 - Any contiguous surface parking for the NSP on the NSP Site (including all costs associated with the preparation of the Georgia Dome site for parking);
 - Pedestrian bridges and walkways as mutually agreed to by the parties; and
 - Any and all other costs and expenses required for timely construction of the NSP.
 - NSP costs will not include costs associated with potential acquisition or lease of real property for the NSP site.



Summary of Proposed Term Sheet (Continued)

Falcons License Terms

- Structure
 - The Authority will license the NSP to the Falcons or a special purpose entity for a minimum of 30 years, plus 3-5 year renewal terms exercisable by the Falcons.
 - The Falcons will be responsible for operations and all costs associated with the NSP.
 - All terms and conditions of agreement, including non-relocation terms, will be binding on any successor to Falcons.
 - The Falcons will have no early termination rights except in case of a material breach by the Authority or any failure of the Authority to provide the GWCCA Contribution on a timely basis.
 - The Falcons will have a limited ability to assign its interests in the Falcons License.
 - Operational standards will be developed consistent with a Quality Operations Standard (“QOS”) for comparable NFL facilities.



Summary of Proposed Term Sheet (Continued)

Falcons License Terms (continued)

- Rent - The Falcons will pay rent to the Authority as follows:
 - The Annual License Payment (“ALP”) in the amount of \$[TBD], escalated by an agreed upon [TBD]% for the term of the Falcons License; and
 - The Annual Renewal Payment (“ARP”) in the amount of \$[TBD], escalated by an agreed upon [TBD]% for the term of each renewal that has been exercised.
 - *Rent remains an open issue, including any escalator.*



Summary of Proposed Term Sheet (Continued)

Falcons License Terms (continued)

- Revenues
 - The Falcons will be responsible for all food and beverage concessions, sponsorship rights and advertising at the NSP.
 - The Falcons will have the rights to all revenues generated from such activities and otherwise from the NSP (including premium seating) and will pay all related costs.
- Non-Relocation Agreement
 - Term of non-relocation will be coextensive with the term of the Falcons License, including exercised renewals.
- Insurance
 - All insurance coverage for the NSP must comport with state requirements and must be maintained at a level customarily required for similar NFL facilities.



Summary of Proposed Term Sheet (Continued)

Operational Considerations

- Booking/Master Calendar:
 - The parties will agree upon a booking policy establishing certain priorities and procedures for booking events at the NSP.
 - The Authority will maintain and control the master booking calendar.
 - A booking priority system will be defined related to scheduling all NFL and non-NFL events at the NSP.
- Site Coordination – General Provisions:
 - The parties will enter into the SCA to assure cooperation between activities at the NSP and other events on GWCCA Campus.
 - The SCA will primarily address certain logistical issues for coordinating event planning and staffing, traffic control, access to parking and allocation of other resources between the NSP and the GWCCA Campus.



Summary of Proposed Term Sheet (Continued)

Operational Considerations (continued)

- Site Coordination – General Provisions (continued):
 - A Site Coordination Committee (“SCC”) will be established to address logistical issues.
 - The SCC will be composed of representatives of the Authority and the Falcons.
 - Authority usage of parking on the NSP Site on non-Falcon event days and during Georgia Dome Legacy Events and parking rates associated with such use will be addressed in a parking agreement between the parties.



Summary of Proposed Term Sheet (Continued)

NSP Event Management

- General Provisions:
 - If the Falcons hire a third party venue management firm, the firm must have a national reputation and representative experience with facilities similar to the NSP and be subject to Authority approval.
 - If the Falcons propose to manage the NSP in-house, the same standards will apply to the Falcons as with any third party venue management firm.
 - The Memorandum of Understanding (the “MOU”) between the parties will address the process by which Georgia Dome Legacy Events, GWCCA Events, and Atlanta Bid Events (described below) are to be booked, operated and managed at the NSP.



Summary of Proposed Term Sheet (Continued)

NSP Event Management (continued)

- Georgia Dome Legacy Events:
 - Includes events such as the SEC Championship Game, the Chick-fil-A Bowl, Georgia State Football Games and the Georgia High School Association football championships
 - The Authority will continue as the event manager for all Georgia Dome Legacy Events.
 - The Falcons will be responsible for the cost of providing its staff and other support that historically has been provided by the Authority in staging the Georgia Dome Legacy Events at the Georgia Dome. Any other costs will be the responsibility of the Authority or the sponsor/promoter.
 - The process for the approval of the Falcons for Georgia Dome Legacy Events at the NSP in which the economic terms and standards of operation may potentially have a negative impact on the Falcons will be addressed in the MOU.



Summary of Proposed Term Sheet (Continued)

NSP Event Management (continued)

- GWCCA Events:
 - Includes the following events: regional, national or international tradeshows, conventions, corporate events, public shows, certain civic events, and city-wide events requiring the utilization of more than 75,000 gross square feet of contiguous exhibition space in the NSP due to special requirements or unavailability of space in the GWCC or as otherwise requested on a space-available basis in accordance with established booking policies and procedures, or in excess of 25,000 seats for general sessions or meetings at the NSP.
 - The Falcons will not book the NSP for any event considered to be a GWCCA Event and for which the Authority has the capability to support and host and has historically booked and hosted.
 - The Authority may use the NSP for GWCCA Events and act as event manager for these events.
 - The applicable rate card for GWCCA Events will be on most favored nations (“MFN”) terms.



Summary of Proposed Term Sheet (Continued)

NSP Event Management (continued)

- Atlanta Bid Events:
 - Includes “city-wide” events that the Atlanta Convention and Visitors Bureau, Sports Council, or another entity calls upon the use of the Authority's facilities as part of a package to host an event via a competitive bid process, including for example BCS bowl games, WWE WrestleMania and NCAA Championships.
 - The Falcons may elect to participate in the bid process and provide the NSP for Atlanta Bid Events, in which case the Falcons will be reimbursed for direct variable event related operating costs.
 - In the event the Falcons elect not to participate in an Atlanta Bid Event, the Authority will have the ability to cause the Falcons to make the NSP available for two such events per year so long as the Falcons are reimbursed for direct variable event related operating costs.



Summary of Proposed Term Sheet (Continued)

NSP Event Management (continued)

- Special Event Designation - Events at the NSP designated as special events will include:
 - A publicly ticketed event, such as an Olympic Games event, World Cup, Super Bowl, NCAA national or conference championship or other event which, in the good faith judgment of the Authority, is of such significance as to require the Authority and the Falcons to make special arrangements with the event sponsor concerning (but not limited to) advertising, sponsorship or food and beverage concessions in order to obtain a license for such event; or
 - An event, such as a Democratic or Republican national convention at which a presidential candidate of such party is nominated or confirmed, which is of such significance as to require the Authority and the Falcons, in their good faith judgment, to make special arrangements with the event sponsor concerning (but not limited to) advertising, sponsorship or food and beverage concessions in order to obtain a license for such event, but not including normal trade shows or professional, trade, business or religious conventions, or other general admission events.



Summary of Proposed Term Sheet (Continued)

NSP Event Management (continued)

- Special Event Designation (continued):
 - The Authority will have the right to apply Special Event Designation to events that meet the requirements up to three Georgia Dome Legacy Events per year.
 - Such Georgia Dome Legacy Events that currently enjoy a clean building provision and/or other special arrangements for the purposes of Special Event Designation will maintain the same upon transition to the NSP.
 - Future Atlanta Bid Events, such as a BCS game or NCAA Final Four, that require a clean building provision or other special arrangements will be provided with clean-building and other required assurances in the NSP in order to comply with any such requirements of the applicable Special Event Designation.
 - Any NSP naming rights agreements the Falcons enter into will contain clean building requirements that are then customary for the holding of events of the type of Georgia Dome Legacy Events, future Atlanta Bid Events, or events with the Special Event Designation.



Summary of Proposed Term Sheet (Continued)

NSP Event Management (continued)

- Falcons Events:
 - Includes all events conducted at the NSP except for Georgia Dome Legacy Events, GWCCA Events, and Atlanta Bid Events.
 - The Falcons will have right to manage all service providers and provide such services for all Falcons Events (i.e., ticketing/guest services/F&B/productions, etc.).
 - The Falcons will have the right to sell and service all premium seating and sponsorships for all Falcons Events, Georgia Dome Legacy Events, GWCCA Events and Atlanta Bid Events (subject to limitations to be agreed upon by the parties, including limitations as related to the Special Event Designation).
 - The purchasers of suites and club seats at the NSP will be entitled to privileges with respect to non-Falcons Events at least equivalent to those enjoyed by holders of suites and club seats at the Georgia Dome.



Summary of Proposed Term Sheet (Continued)

NSP Facility Management

- General Provisions:
 - The Falcons will be required to keep all aspects of the NSP in "First Class Condition", which means that the facilities, operational capabilities, systems, finishes and amenities of the NSP are at least equal to that of comparable NFL facilities, taking into account the age of the facility and normal wear and tear.
 - Subject to procurement requirements of Georgia law, the Falcons will manage all processes for capital improvements and maintenance at the NSP subject to the inspection, review and approval of the Authority.



Summary of Proposed Term Sheet (Continued)

NSP Facility Management (continued)

- Budget and Plans:
 - Subject to procurement requirements under Georgia law, the Falcons will submit to the Authority each year, by January 15, a proposed maintenance plan and capital improvement plan for the following fiscal year.
 - The Authority will notify the Falcons within 25 business days if it objects to any of the proposed expenditures and the specific reasons for the objection.
 - The parties will have 20 business days following the objection to finalize the plans.
 - The Falcons will also submit to the Authority each year a rolling five-year forecast for projected capital improvements and maintenance.



Summary of Proposed Term Sheet (Continued)

NSP Facility Management (continued)

- Application of H/MT Proceeds:
 - It is anticipated that the bond documents for the H/MT Revenue Bonds and the agreements with the taxing jurisdictions electing to extend the H/MT will contain a flow of funds or “waterfall” governing deposits of H/MT tax proceeds received by the Authority from such taxing jurisdictions.
 - As currently contemplated, the waterfall will include buckets (by way of example but not limited to) for uses such as senior lien interest and principal payments, debt service reserve, subordinate lien interest and principal payments, NSP capital improvements and NSP refurbishment.
 - All of the Authority’s obligations with respect to the H/MT Revenue Bonds and the waterfall will be limited solely to the 39.3 percent of actual H/MT collections that is allocated by law to the NSP.



Summary of Proposed Term Sheet (Continued)

NSP Facility Management (continued)

- Capital Improvement Funding and Requirements:
 - The NSP Renewal and Extension Account (the “NSP R&E Account”) as set out in the waterfall (and funded with H/MT proceeds) will be used for capital improvements for the NSP.
 - If the amount deposited annually in the NSP R&E Account is less than a TBD amount, the Falcons will guarantee the deposit of the shortfall. The deposit will be made in a separate account (the “Falcons R&E Account”).
 - No funds will be expended for capital improvements from either account without the prior approval of the Authority.
 - The Falcons will be required to fund all capital improvement costs in excess of available reserves in the NSP R&E Account and the Falcons R&E Account.
 - In no event will the Authority be required to fund any capital improvement costs for the NSP.
 - *The amount to be annually deposited in the NSP R&E Account remains an open issue between the parties.*



Summary of Proposed Term Sheet (Continued)

NSP Facility Management (continued)

- Refurbishment Funding and Requirements:
 - The Limited Refurbishment Reserve Account (the “LRR Account”) as set out in the waterfall will be used for limited refurbishment items that are mutually agreed upon by the parties (including, but not limited to, re-painting or re-carpeting of certain major NSP areas).
 - No funds in the LLR Account will be expended for routine or predictable maintenance without the prior approval of the Authority.
 - The Falcons will be required to fund all maintenance costs in excess of available reserves in the LLR Account.
 - In no event will the Authority be required to fund any maintenance costs for the NSP.



Summary of Proposed Term Sheet (Continued)

Additional Provisions

- Seat Rights, Club Seats and Suite Rights and Other Miscellaneous Rights:
 - The Authority will pursue a “seats rights” campaign to help fund construction of the NSP.
 - The Falcons will be the agent of the Authority for the sale, marketing and service of seat rights.
 - Net proceeds from the sale of seat rights will be included in the GWCCA Contribution and applied to NSP Costs.
 - The Falcons will indemnify the Authority with respect to claims arising from the sale of the seat rights, including, but not limited to, any tax liabilities arising from such sales.



Summary of Proposed Term Sheet (Continued)

Additional Provisions (continued)

- Seat Rights, Club Seats and Suite Rights and Other Miscellaneous Rights (continued):
 - The Falcons will have exclusive rights to sell, market, service and contract for (and retain all revenues from) club seats and suites for all Falcons Events, Georgia Dome Legacy Events and GWCCA Events.
 - The Authority will be granted rent free use of an agreed upon number of premium seats and an agreed upon number of suites for civic and marketing purposes at all Falcons Events, including Falcons games.



Summary of Proposed Term Sheet (Continued)

Additional Provisions (continued)

- Intellectual Property Rights:
 - The parties will enter into an Intellectual Property License Agreement, the terms of which will provide certain non-exclusive rights to each party to use certain trademarks and other intellectual property of the other party.
- NFL Approval:
 - The NSP transaction and all definitive principal NSP documents will require approval by the NFL.



Summary of Proposed Term Sheet (Continued)

Additional Provisions (continued)

- GWCCA Board and Other State Governmental Approvals:
 - The detailed MOU and all definitive principal NSP documents will require approval by the GWCCA's Board and other applicable State governmental approvals.



Summary of Proposed Term Sheet (Continued)

Miscellaneous

- Non-Binding Term Sheet:
 - The Term Sheet is not a binding commitment, obligation, or undertaking of the Authority or the Falcons and is delivered solely for the purpose of facilitating ongoing discussions of various terms and conditions under consideration for the proposed transaction.
- Transaction Process and Timing:
 - The Authority and the Falcons will endeavor to finalize a detailed MOU as expeditiously as possible.

