RESOLUTION

HOTEL DEVELOPMENT AGREEMENT

WITH DREW COMPANY, INC.

Pargen Robertson
GWCCA Legal Counsel
Hotel Development Agreement: Background

Under the Site Coordination Agreement executed between the Authority and the Atlanta Falcons Stadium Company, LLC ("StadCo") dated May 18, 2015, the Authority reserves a right to redevelop a portion not to exceed 60,000 square feet of the Georgia Dome Site (the "Limited Redevelopment Right").
Hotel Development Agreement: Background

Recall that on October 31, 2017, the Board authorized the Executive Director essentially to communicate notice to StadCo that the Authority intends to exercise its Limited Redevelopment Right under the SCA (and that notice was given at least one year prior to the groundbreaking of the proposed project and contained preliminary drawings and other details about the proposed project).
Hotel Development Agreement: Background

In that October 31, 2017 Resolution the Board also essentially requested approval from GSFIC for the incurrence of debt by the Authority in the form of hotel revenue bonds, the selection of Public Resources Advisory Group as the Authority’s financial advisor, and of the selection of Citigroup Global Markets, Inc. as the lead underwriter of the hotel revenue bonds.
Subsequently on November 28, 2017, the Board passed another Resolution which essentially authorized the Executive Director to continue to negotiate and execute with Drew Company, Inc. a proposed Predevelopment Agreement for the Hotel Project.
Additionally, that with that November Resolution the Board essentially declared its official intent to reimburse the Authority for Expenditures incurred and paid on or after November 1, 2017 from the proceeds of the Bonds when issued.
Hotel Development Agreement: Essential Terms

Since then, the Authority has continued to negotiate with Drew, and has reached an agreement on the essential material deal terms of a presumptive Development Agreement.

The parties have exchanged draft revisions and have engaged in several lengthy discussion of that written Development Agreement with an eye toward preparing to execute that written agreement.

The following is a summary of the key business terms of that deal.
Hotel Development Agreement: Essential Terms

Scope of Developer’s Services
As the Authority’s fee developer, Drew Company would perform those services listed in Schedule 7.10 of the (DRAFT) Development Agreement.

See Handout.
Drew Company’s fee for performing the development services is computed as follows:

(a) **2.50%** of the Hotel Project Improvements Budget; plus

(b) **0.50%** of the Hotel Project Improvements Budget if the project is completed within budget and on schedule.

Provided, however, that the Developer Fee is capped at **$9 million**.
Developer’s Fee – When Paid

Drew Company’s fee shall be payable as follows:

(a) The Authority shall pay to Drew the sum of $100,000 per month from the date of the Development Agreement up until the hotel revenue bonds are issued, but in an amount not to exceed $1.2 million; and

(b) Once the proceeds from the sale of the hotel revenue bonds are deposited in the Construction Fund (the “Financing Date”), the Developer’s Fee will be calculated based on the Hotel Projects Improvements Budget in the percentages shown in the preceding slide.

Additionally, the parties have discussed a hold-back of 20% of the Developer Fee until final completion.

DRAFT Development Agreement, §7.1.5.
Hotel Development Agreement: Essential Terms

Authority Responsibility Third-Party Expenses

The Authority is responsible to pay third party expenses incurred prior to proceeds from the sale of the hotel revenue bonds being deposited in the Construction Fund (the “Financing Date”).

However, the Authority’s obligation to pay such third party expenses is capped at $5 million ($1.2 million of which is that portion of the Developer Fee which may be paid prior to the Financing Date).

After the Financing Date, third party expenses will be paid from bond proceeds.

DRAFT Development Agreement, § 8.3.
At this time, staff recommends that the Authority move forward also to execute a preliminary, limited scope engagement of Gensler & Associates, the architect member of the team selected in the RFQ/RFP process, for Preliminary Programming, Due Diligence and Conceptual Design Services.

Staff anticipates coming forward at a later date to request board approval for a draft of a more comprehensive agreement for architect services.
With today’s Resolution, the Board essentially would authorize the Executive Director to execute a Development Agreement with Drew essentially in the form attached to the Resolution.

Additionally, the Board essentially would authorize the Executive Director to execute an Agreement for the Remaining Due Diligence and Conceptual Design Services.
QUESTIONS?