

Resolution #19-0648
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**RESOLUTION AUTHORIZING A NEW QUALIFIED MANAGEMENT AGREEMENT
WITH HOSPITALITY VENTURES MANAGEMENT GROUP FOR OPERATION OF
THE BENTON**

WHEREAS, in February 2004, the Mayor and City Council approved a Memorandum of Understanding (MOU) between the City and Noble Investment Group, LLC regarding the acquisition of the Adam's Mark Hotel and their management of The Benton; and

WHEREAS, Noble Investment Group, LLC acquired the Adam's Mark Hotel and repositioned the property into two separate hotels—a Marriott and an Embassy Suites; and

WHEREAS, in June 2016, Noble Investment Group, LLC sold both hotels and transferred management of The Benton to Hospitality Ventures Management Group, LLC (HVMG); and

WHEREAS, in September 2017, HVMG sold the Embassy Suites to SH Winston Cherry, LLC, a Florida limited liability company owned by Premier Management, LLC, and assigned the lease of the City-owned space to PM Meeting Venue, LLC; and

WHEREAS, executed in June 2004, the original Qualified Management Agreement (QMA) expired on June 30, 2019, and the City and HVMG have operated on a month-to-month basis starting July 1, 2019; and

WHEREAS, in June 2018, the Mayor and City Council approved amendments to the QMA that formalized the allocation of expenses, adjusted the date for submission of the operating budget proposal, and revised the calculation of the management fee to coincide with the City's budget development calendar; and

WHEREAS, a new QMA will incorporate the amendments to the original agreement as well as new provisions to enhance monitoring the performance of The Benton in light of the City's recent \$20 million renovation, including:

- Allocation of expenses based on current practice
- Deadline for submission of the operating budget proposal
- Calculation of the management fee to coincide with the City's budget calendar
- Quarterly reporting on financial and operating performance
- City input in selection of the Area General Manager
- City use of facilities in which space, food, and beverage are provided at reduced or no cost, depending on availability of space; net cost would not be counted toward HVMG's gross operating profit
- Requirement to meet the City's 10% M/WBE participation goal for contracted services
- Incentives for meeting established targets for gross operating revenues and performance (e.g., attendance, usage days, etc.); and

WHEREAS, based on HVMG's performance since assuming management of The Benton, City management recommends entering into a new 15-year agreement that incorporates the key provisions noted above; and

WHEREAS, the Public Assembly Facilities Commission endorsed management's recommendation at their meeting on October 28, 2019.

NOW, THEREFORE, BE IT RESOLVED that the Mayor and City Council of the City of Winston-Salem hereby authorize a new Qualified Management Agreement with Hospitality Ventures Management Group for a term of 15 years, including the provisions outlined above.

BE IT FURTHER RESOLVED that the City Manager and City Secretary hereby are authorized to execute the agreement on behalf of the City, with the City Attorney's approval as to form and legality.