## **City Council – Action Request Form**

Date: January 9, 2023

**To:** The City Manager

From: Ben Rowe, Assistant City Manager

## **Council Action Requested**:

Resolution Authorizing a Memorandum of Understanding with Marriott Hotel Ownership to Establish the Allocation of Expenses Between the Hotel and the Benton Convention Center (North Ward)

**Strategic Focus Area:** Economic Vitality and Diversity **Strategic Objective:** Promote Travel and Tourism **Strategic Plan Action Item:** No **Key Work Item:** No



## **Summary of Information**:

In November 2019, the Mayor and City Council approved a new Qualified Management Agreement (QMA) with Hospitality Ventures Management Group, LLC (HVMG) to operate the Benton Convention Center (The Benton). Executed in June 2004, the original agreement established practices that allowed for more efficient operation of The Benton and an allocation of expenses that better reflected the use of select staffing across the Marriott Hotel, Embassy Suites, and The Benton, based on food and beverage revenues or total revenues. 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. As a result, there now are two owners of the hotel properties, instead of one as had been in place since 2004. At that time, HVMG managed all three properties. The owners of the Embassy Suites assumed management of the hotel, including the City-owned space, in October 2020.

Due to the COVID-19 pandemic and change in management of the City-owned space under the Embassy Suites (Benton South), City and HVMG management have continued to finalize the new QMA for The Benton. The City and HVMG have operated on a month-to-month basis, with

Committee Action:				
Committee	Finance	Action	Approved	
For	Unanimous	Against		
<b>Remarks:</b>				

HVMG assuming management of Benton South, which previously was leased to PM Meeting Venue, LLC, in January 2021.

The Marriott Hotel ownership and HVMG management have approached City management about creating a Memorandum of Understanding (MOU) to establish the allocation of shared expenses between the hotel and The Benton, since these expenses impact ownership of the two properties, not HVMG as the operator of The Benton.

While The Benton closed during the worst period of the pandemic, the convention center has experienced a gradual rebound in business since re-opening in the spring of 2021. Through November 2022 for the current fiscal year, operating revenues exceeded the budget by \$788,675, and the convention center realized net income of \$214,907, compared to a budgeted loss of \$73,527.

The attached resolution authorizes the City to enter a MOU with Marriott Hotel ownership to establish the allocation of shared expenses between the hotel and The Benton. The language will be similar to the provisions originally drafted for the new QMA.