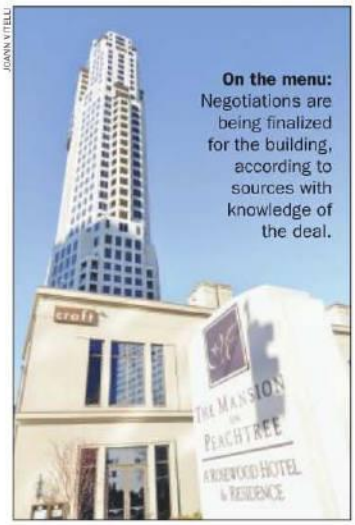
JOANN VITELLI



On the menu: Negotiations are being finalized for the building, according to sources with knowledge of the deal.

Del Frisco's eyes Mansion space

By Amy Wenk
STAFF WRITER

A new restaurant is eyeing a long-vacant space at Buckhead's The Mansion on Peachtree — a promising prospect for the 42-story luxury tower that's struggled since its birth during the Great Recession.

A new restaurant concept called Del Frisco's Grille is close to a deal to open its first Atlanta location at The Mansion.

Lease negotiations are being finalized for the almost 10,000-square-foot building that sits in front of The Mansion, according to sources with knowledge of the deal. A lease could be signed soon.

If it happens, the new restaurant could revive a prominent space along Peachtree Street that's sat empty for a year.

The Mansion — brainchild of Atlanta developer John Williams, founder of **Post Properties Inc.** — opened in May 2008 at the start of the Great Recession.

The Mansion was created to be a 127-room, five-star hotel operated by Rosewood Hotels & Resorts LLC with 45 luxury condominums.

The tower was designed by top New York architect Robert Stern and originally anchored with a hip restaurant from celebrity chef Tom Colicchio and Lydia Mondavi's trendy 29 Spa.

Hurt by foreclosure

But The Mansion couldn't survive the brutal real estate downturn that hit soon after it opened. It was foreclosed upon in 2010.

"That really hurt this property," said Micarl "Mica" Hill, managing director of The Mansion. He took the job in 2011. "People thought this property closed."

The Mansion's high-profile restaurant tenants, Craft Atlanta and Craftbar (from Colicchio of "Top Chef" fame), closed in early 2011. With its Spartan interior, high prices and quirky menu, Craft never caught on in Buckhead, a real estate insider said.

"We need to have a luxe kind of restaurant," Hill said.

Del Frisco's Grille is a new concept of **Del Frisco's Restaurant Group LLC.**

The Texas-based company operates about 30 restaurants in 18 states, including Frisco's Double Eagle Steak House and Sullivan's Steakhouse.

Del Frisco's Grille takes "the classic bar and grill to new heights, proving that it's

➤ See **DEL FRISCO'S, 22A**

2012 could be year of M&A shopping spree

By Kat Greene and Urvaksh Karkaria
STAFF WRITERS

Atlanta's largest companies may be set to start an epic shopping spree.

The largest publicly traded metro companies are holding record levels of cash on their balance sheets and, investment bankers say, they may be looking to put it to work in mergers and acquisitions before the year ends.

"We're having a lot of conversations about M&A," said Kevin Combs, Southeast division manager for U.S. corporate banking at **Wells Fargo & Co**.

Combs' clients, all of whom have annual revenues of more than $1 billion, are looking at the best ways to spend the money they're holding, he said.

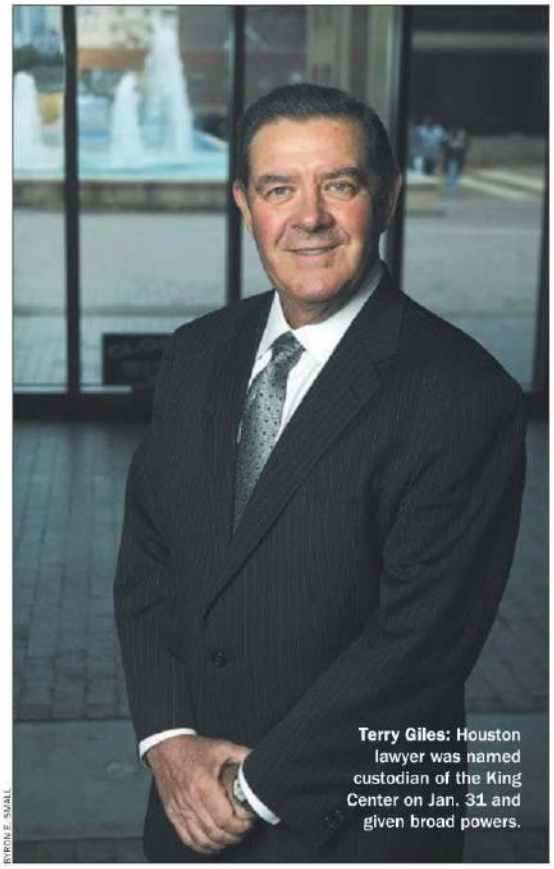
"Companies are very profitable so they're looking to deploy some cash," he said.

And the largest companies are seeking balance in the ways they're repaying shareholders, he noted. Some companies are using cash to buy back shares — which can boost share price — and pay dividends. But once they've done that, they have to put the rest of the money to work, he said.

The Home Depot Inc. reported Feb. 21 it plans to buy back about $3.5 billion of its shares during the coming year.

That's on top of $3.5 billion of shares the

➤ See **M&A, 16A**



BYRON E. SMALL

Terry Giles: Houston lawyer was named custodian of the King Center on Jan. 31 and given broad powers.

Terry Giles seeks game plan and strategy for troubled King Center

By Maria Saporta
CONTRIBUTING WRITER

The Atlanta-based **King Center** — a nonprofit that has experienced a multitude of management changes over the years — now is under the oversight of Terry Giles, who was made interim custodian of the Center by a Fulton County Superior Court judge on Jan. 31.

The order gives Giles broad-based powers, including the ability to negotiate and execute contracts, to prepare new corporate governance guidelines, to explore long-term funding opportunities, to manage the accounting functions and review past procedures, to help identify new board members, to handle any potential adverse litigation or claims, and to determine the long-term capital needs of the center.

The order went on to say that Giles, who is supposed to work with the King Center board and management, "shall implement, address and accomplish" those duties by June 1.

Giles recently sat down for a lengthy interview with Atlanta Business Chronicle, when he shared his views and plans for the Center as well as discussed his relationship with the members of the King family — namely the three surviving children of revered civil rights leader Martin Luther King Jr.

He is no stranger to the King family. In April 2010, Giles, a Houston lawyer with a colorful past, was named custodian of King Inc., the for-profit entity that handles the intellectual

➤ See **KING CENTER, 18A**

New group speaks for small restaurants, bars

By Amy Wenk
STAFF WRITER

Former leaders of the **Georgia Restaurant Association** have come together to create a similar group for independent restaurants and bars — a move that's raising some eyebrows in the food service industry.

The **Independent Restaurant and Bar Association of Georgia** formed late last year to unite the state's smaller food and beverage operators under "one common voice," said Pino Venetico, the Buckhead resident who spearheaded the new trade association.

"We believe we are underserved," said Venetico, a former board member for the Georgia Restaurant Association (GRA).

The new group was created in a merger with the **Georgia Licensed Beverage Association** — an organization that Ron Wolf, a former executive director of GRA, founded in 2011 for bar and tavern owners. Wolf has stayed on as vice president of the Independent Restaurant and Bar Association.



Venetico
Independent Restaurant and Bar Association



Bremer
Georgia Restaurant Association

"We believe we are in a niche that is very much needed," said Venetico, an Italian-born former restaurateur who operated Il Pasticcio in Savannah for 18 years.

Of the more than 16,000 food and drink establishments in Georgia, about 11,000 are individually owned small businesses, according to Karen Bremer, executive director of the GRA.

Bremer contends her organization serves as the voice for every food and beverage operator in the state, big or small.

GRA "represents all restaurants — from independent mom-and-pops to large chains — as well as the thousands of small businesses bearing the names of some of the largest franchisers in Georgia," Bremer said in a statement to Atlanta Business Chronicle. "Beyond that, we also represent suppliers to our industry, hospitality educators and students."

GRA has around 4,000 members, Bremer said. It's the **National Restaurant Association**'s only sanctioned nonprofit group for the state's food service industry.

"Both our board and membership maintain significant representation for independent restaurateurs and small businesses," Bremer said. Nine of the 17 food service operators serving on the board for the GRA are independent business owners, she said, including caterer Patrick Cuccaro, who serves as chair.

"I'm in there for the little guys," Bremer said in a phone interview.

➤ See **NEW GROUP, 22A**

2012 could be year of M&A shopping spree

Continued from **3A**

home improvement giant bought in 2011 and $2.6 billion in 2010.

The company (NYSE: HD) is sitting on a fast-growing pile of cash: As of the beginning of 2012, it had almost $2 billion in cash, more than three times the $545 million it had at the beginning of 2011.

Among Georgia companies, **The Coca-Cola Co.** has the biggest cash stash: $12.8 billion at the beginning of 2012. Coke's (NYSE: KO) cash pile grew 50 percent just last year.

Cash on balance sheets is at an all-time high, but interest rates are also at all-time lows, noted Mike Marino, managing director at **JPMorgan Chase & Co.** in Atlanta.

"You have plenty of financing capacity at corporations," he said. "It's wide open right now. The window won't last forever, but it's wide open right now."

JPMorgan recently completed a deal in which Raymond James Financial Inc. bought the Morgan Keegan investment banking business from Regions Financial Corp.

That's the kind of thing the market is going to see more of, Marino said.

Part of what's pushing transactions forward is that companies aren't seeing much organic growth, he said.

That drives companies into the M&A market in search of affordable matchups, he said.

United Parcel Service Inc. in early February made an unsolicited offer for TNT Express NV, a Dutch package-delivery company. The deal, a $6.5 billion offer, values TNT at 12.7 times earnings. It's the biggest premium for any transportation deal in Europe, according to data from Bloomberg.

TNT rejected the initial offer, meaning UPS (NYSE: UPS) may come back with a higher bid. UPS said Feb. 17 that discussions are ongoing.

But many of the companies being sold are being valued lower by the market, which is boosting the motivation to buy, said Brad Birdwell, who advises big-ticket companies on executive strategy with his firm **Third Law Sourcing LLC**.

"Healthy buyers have access to capital and businesses that are performing well," Birdwell said. "They're looking to acquire assets at relatively low prices, in some cases, even below replacement cost."

The surge in mergers and acquisitions is fueled, in part, by industry consolidation and private equity money.

For the first three quarters of 2011, venture-backed M&A activity was up 43 percent by disclosed value and down 7 percent by number of deals, compared with the same period a year ago, according to Venture Capital Journal.

M&A activity picked up in the second and third quarter last year, noted Nathan Briesemeister, partner in **PricewaterhouseCoopers LLP**'s Atlanta technology practice.

"Coming out of the recession, a lot of companies were building cash reserves to strengthen their balance sheets and improve liquidity," Briesemeister said. "That was certainly part of the why in the uptick in [M&A] activity last year."

Atlanta investment bank **Croft & Bender LLC** had a record year in M&A deals in 2011, managing director Steve Tye said.

The number of M&A deals at Croft & Bender more than doubled last year compared with the prior year.

Tye recalls a client who last year received nearly 30 offers from both strategic and financial buyers.

"Strategic buyers and private equity investors have become much more aggressive than they have been in the recent past and are willing to pay a premium for attractive opportunities," he said.

Private equity companies are sitting on about $370 billion in reserves, Tye said.

"A lot of these firms raised their funds in '06 or '07 and lost 12 to 18 months of investing during the recession," he said. "Now, they are anxiously trying to put it to work."

> "As the economy has gotten better, they are now willing to put money to work ..."
>
> **Jeff Muir**
> Fulcrum Equity Partners

Rising valuations are also making acquisitions attractive for private equity companies.

Atlanta-based **Fulcrum Equity Partners** sold two portfolio companies last year to private equity-backed firms and received offers from private equity firms for two other companies.

Private equity "is now the leading exit opportunity for funds like ours," Fulcrum partner Jeff Muir said.

Corporations are also going shopping.

"As the economy has gotten better," Muir said, "they are now willing to put money to work and expand their offering with tuck-in acquisitions of products or services."

The window for some deals may close in early 2013, noted Vince Eget, a shareholder at accounting firm **Bennett Thrasher P.C.** who works as a tax adviser on M&A deals.

That's because a tax break is set to expire in January. If it does, these deal will get exponentially more expensive, he noted.

"There's been indecision in the air," he said. "But private equity funds can't just sit on that dry powder. They have marching orders to deploy it and buy companies."

Eget is expecting to work at least 10 deals this year, an inordinately large number, he said.

The tax issue is so important, Eget said, that it was a linchpin issue in a deal he helped close last September.

His client, a Georgia-based company that wanted to sell to a larger corporation, was sitting in a room with the dealmakers. On the whiteboard, Eget said, was an explanation of how the tax rates would affect the company if they were to change.

At the time, Eget noted, Greece, the possibility that the United States would dip back into recession and unemployment were the factors driving most business decisions.

Even then, his client was able to do an all-cash deal.

"It's pretty compelling," he said.

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