

A G E N D A



Recommendation for Council Action

Austin City Council	Item ID	37345	Agenda Number	7.
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Meeting Date:	11/6/2014	Department:	Aviation
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Subject

Authorize negotiation and execution of an amendment to a reimbursement agreement with Austin-Bergstrom Landhost Enterprises, Inc. for debt restructuring professional services related to the Austin-Bergstrom International Airport hotel in the amount of \$300,000 for a total contract amount not to exceed \$355,000.

Amount and Source of Funding

Funding is available in the Fiscal Year 2014-15 Operating Budget of the Aviation Department.

Fiscal Note

There is no unanticipated fiscal impact. A fiscal note is not required.

Purchasing Language:	
Prior Council Action:	
For More Information:	David Arthur, Assistant Director and Chief Financial Officer, (512) 530-6688
Boards and Commission Action:	October 14, 2014 – Recommended by the Austin Airport Advisory Commission by a vote of 4-0-3 with Commissioner Johnson recused and Commissioners Hart and McDaniel absent.
MBE / WBE:	
Related Items:	

Additional Backup Information

Austin-Bergstrom Landhost Enterprises, Inc. (ABLE) is a public facility corporation created by the City to develop and operate the airport hotel at Austin-Bergstrom International Airport (Airport). In order to finance the construction and equipping of the Airport hotel, ABLE issued revenue bonds. Currently, ABLE is not meeting its debt service requirements under those bonds due to the initial large debt issuance, high interest rates, and other economic factors. As a result, the City and ABLE desire to restructure ABLE's debt and acquire additional capital for necessary hotel improvements. ABLE retained professional services in order to restructure its debt and the City agreed to pay the initial deposits required to retain certain professionals with expertise in debt restructuring. Accordingly, on June 18, 2014, the City entered into an agreement with ABLE to allow ABLE to retain professional services with expertise in debt restructuring. Such agreement requires ABLE to reimburse the City for the amounts paid to the professionals within 6 months from the effective date of the agreement. Due to continuous and lengthy negotiations with bondholders, ABLE continues to rely on these professionals in an effort to refinance its debt and make necessary capital improvements to the hotel. The City and ABLE desire to amend the agreement to increase the deposit amounts made under those contracts between ABLE and the professionals with expertise in debt restructuring.