

AGENDA



Recommendation for Council Action

Austin City Council	Item ID	56428	Agenda Number	4.
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Meeting Date:	5/19/2016	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 legal and finance professional services related to the Austin-Bergstrom International Airport hotel in the amount of \$150,000 for a total contract amount not to exceed \$505,000 (District 2).

Amount and Source of Funding

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

Fiscal Note

Purchasing Language:	
Prior Council Action:	November 6, 2014 – Council authorized 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.
For More Information:	David Arthur, Assistant Director of Finance, 512-530-6688
Council Committee, Boards and Commission Action:	May 10, 2016 – Approved by the Airport Advisory Commission on a 9-0-2 vote with Commissioners Black and Legate 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 and repairs. ABLE retained professional services to include an expert in public finance restructuring and a legal advisor in order to restructure its debt and the City agreed to pay the initial deposits required to retain those professionals with expertise in debt restructuring. Accordingly, on June 18, 2014, the City entered into an agreement with ABLE to allow ABLE to retain the professional services with expertise in debt restructuring. Such agreement requires ABLE to reimburse the City for the amounts paid to the professionals. 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 and repairs to the hotel. Accordingly, 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. ABLE will reimburse the City for the additional sum in accordance with the terms in the reimbursement agreement.

