



## Recommendation for Action

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**File #: 21-2072, Agenda Item #: 4.**

**6/3/2021**

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### **Posting Language**

Authorize the negotiation and execution of a loan agreement and related documents with Austin-Bergstrom Landhost Enterprises, Inc., to address hotel operating expense shortfalls and certain required administrative expenses under the 2017 Bond Indenture for calendar years 2020 through 2022, as a result of the financial impact of COVID-19 on the hotel enterprise, in an amount not to exceed \$2,600,000.

### **Lead Department**

Aviation

### **Fiscal Note**

Funding in the amount of \$2,600,000 is available in the Fiscal Year 2020-2021 Department of Aviation's Operating Budget (Capital Fund).

### **For More Information:**

Inquiries should be directed to Tracy Thompson, Chief Officer-Administrative & External Affairs, at 512-530-5023 or [Tracy.Thompson@austintexas.gov](mailto:Tracy.Thompson@austintexas.gov) <<mailto:Tracy.Thompson@austintexas.gov>> .

### **Council Committee, Boards and Commission Action:**

Reviewed by Airport Advisory Commission on April 13, 2021 and approved on a 8-0-0-2 vote.

### **Additional Backup Information:**

The Loan Agreement contains the following terms:

A Base Loan Amount of \$1,350,000 will be disbursed to Austin-Bergstrom Landhost Enterprises, Inc. (ABLE) in the first advance under the Loan for the purpose of payment of any outstanding accounts payable resulting from COVID-19 impacts through May 1, 2021. The Loan Agreement also provides for a Contingency Line of Credit in the amount not to exceed \$1,250,000 to be disbursed with a future advance or advances to address any potential operating shortfall through December 31, 2022. The Loan Agreement provides explicit oversight and approval requirements from the Deputy Chief - Finance of the Department of Aviation prior to disbursement of any future advance.

Loan interest rate is 2% per annum and interest accrues upon the respective advance draw date(s). Accrued interest only payment on the Loan amount is due and payable on April 1, 2024, and principal and interest is payable in equal annual payments beginning April 1, 2025, reflecting an amortization of the principal outstanding over a term of three years.

ABLE is required to pre-pay the Loan when there are sufficient revenues available under the Bond Indenture flow of funds to make payment on the Loan balance.

### **Strategic Outcome(s):**

Mobility