

Hilton Austin Airport



Austin-Bergstrom
International Airport



Information for Austin City Council - Audit and Finance Committee

City of Austin, Department of Aviation
May 26, 2021



Introductions and Agenda

- Tracy Thompson, Esq. – Airport Chief Officer, Administrative & External Affairs
Interim Airport Chief Officer, Development
Vice President, Austin-Bergstrom Landhost Enterprises, Inc. (ABLE)
- Rajeev Thomas - Airport Deputy Chief – Finance
- Agenda –
Hilton Hotel Resiliency Program Summary
 - RCA – City Council Meeting - June 3, 2021
 - Approve amendment to ABLE's Bylaws
 - Authorize negotiation and execution of Loan Agreement
 - Future Discussions - Audit Finance Committee



Austin-Bergstrom
International Airport

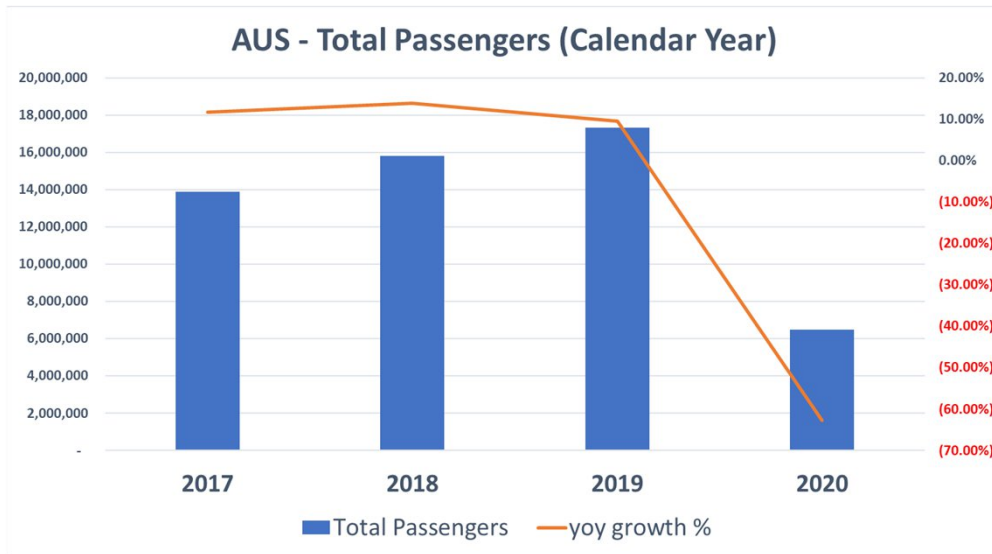
Hilton Austin Airport – Structure & Operations

- **Austin-Bergstrom Landhost Enterprises, Inc. (ABLE)**
 - Texas nonprofit public facility corporation created by City of Austin in 1998
 - Created to be the Issuer of tax exempt bonds to construct Hotel facility at AUS
- **ABLE corporation operates the Hilton Austin Airport Hotel**
- **ABLE primary contracts for Hotel operations**
 - Franchise Agreement - Hilton Franchise Holdings, LLC.
 - Hotel Management Agreement – Boykin Prospera, LLC.
 - Ground Lease – City of Austin Dept. of Aviation
 - Grant Agreement – City of Austin Dept. of Aviation
 - 2017 Bond Indenture – Trustee usbank



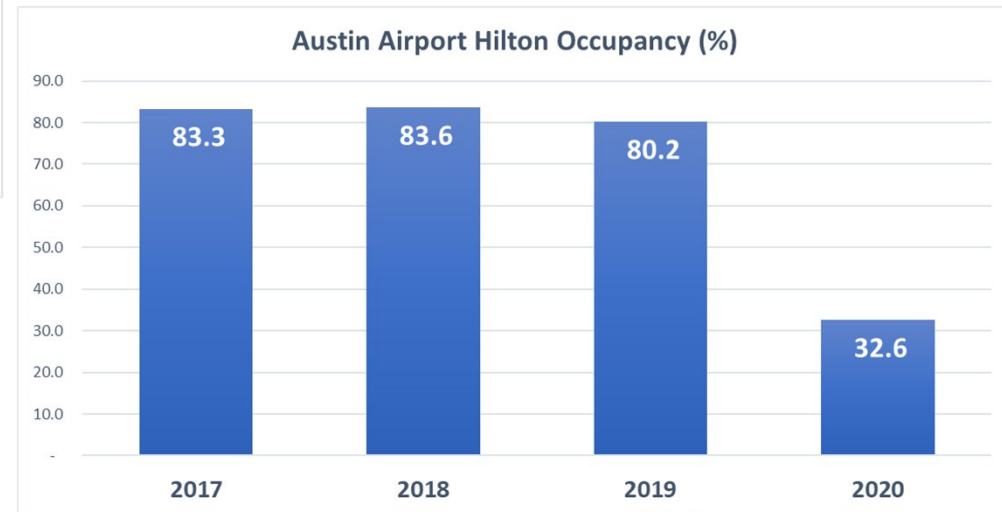
Austin-Bergstrom
International Airport

Hilton Austin Airport – COVID 19 Impact



AUS passengers dropped 63% in 2020

Hilton Hotel occupancy dropped 60% in 2020



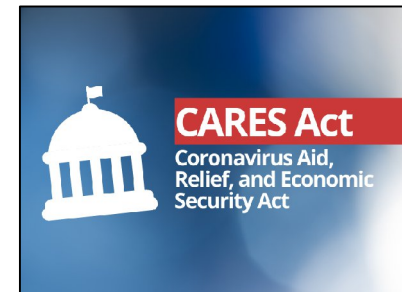
Austin-Bergstrom
International Airport



Hilton Austin Airport Hotel Resiliency Program

Hilton Austin Airport – Resiliency Program

- **ABLE/Prospera reduced Corporate and Operating Expenses by 44%**
 - Reductions in staffing – to match demand
 - Renegotiation of contracts – reductions in scope
 - Postponed certain services and capital program
 - Waiver of certain fees by Prospera
 - **Deferral of fees to Hilton (franchisor) and large vendors**
- **ABLE received PPP1 loan under CARES Act = \$907,555**
 - Due to low demand, hotel created project list in order to bring back associates
 - Re-hired 75 associates out of 123 FTE per loan application
 - Identified 46 projects totaling 22,440 work hours
 - 83% used for payroll
 - Expectation - entire \$907,555 will be forgiven in FY21
- **ABLE Received PPP2 loan = \$1,270,573**

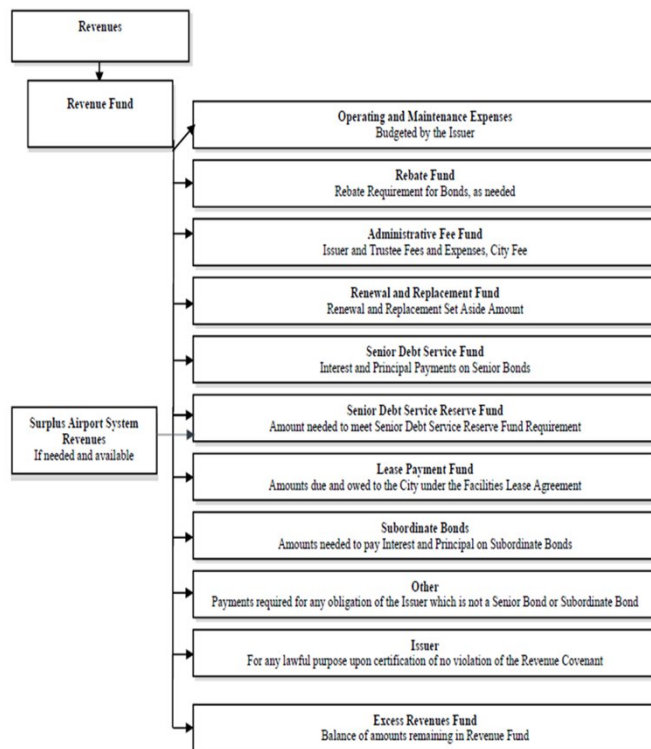


Austin-Bergstrom
International Airport

Hilton Austin Airport – Resiliency Program

Department of Aviation instituted actions consistent with Bond Indenture

Flow of Funds Chart



- Ground Lease - Deferred Ground Lease payments
- Grant Agreement - Debt Service Reserve Fund
 - October 1, 2020 - \$1,561,101 – Paid
 - April 1, 2021 - \$1,084,500 - Pending Payment
 - October 1, 2021 - \$2,224,500 - Anticipated
 - April 1, 2022 - \$1,056,000 – Anticipated
- ABLE Corporate Reports – Requested extensions
- Business Continuity Planning
 - Governance - ABLE Amended Bylaws (pending approval)
 - Financial - New Loan Agreement (pending approval)

Hilton Austin Airport – Resiliency Program

Business Continuity Planning – Pending Actions

- ABLE Amended Bylaws
 - City Council approval for new Management Agreement *and any extensions*
 - Approved by ABLE Board of Directors – May 17, 2021
- Loan Agreement between Dept. of Aviation and ABLE
 - Purposes
 - Assurances to Bond Trustee and external auditor that ABLE remains a going concern
 - Funding for 2020 deferred payments obligations
 - Operating budget - vendors/suppliers
 - Corporate budget – professional services, Bond Indenture reports (audit, engineering)
 - Augment PPP loan proceeds - insure ability to re-hire and hire new associates at market wages
 - Bridge “recovery profile” period – (return to 2019 occupancy and revenue levels)
 - Structure
 - Initial Draw – cover 2020 deferred payment obligations
 - Line of Credit – to be drawn “with demonstrated need” during recovery profile period



Hilton Austin Airport – Resiliency Program

Loan Agreement – Basic Terms

- Draw Period:
 - Start: Date of loan closing, anticipated to be 7/1/2021
 - End: 12/31/2022
- Initial Draw – July, 2021
 - Calendar Year 2020 - COVID-19 Deferred Payments Obligation
 - Initial Draw Amount - \$1,350,000
- Subsequent Draws – Based on demonstrated need
 - Available through December 31, 2022
 - Subsequent Draw(s) Amount – not to exceed \$1,250,000
- Loan Interest Rate: 2%
- Payments
 - Interest Only Payment - April 1, 2024
 - Principal/Interest Payments - Equal annual payments - April 1, 2025 to March 31, 2028



Thank You
City of Austin, Department of Aviation
Austin-Bergstrom International Airport

