

A G E N D A



Recommendation for Council Action

Austin City Council		Item ID	67437	Agenda Number	9.
Meeting Date:	2/16/2017		Department:	Treasury	
Subject					
Approve a resolution authorizing the issuance and sale, by Austin Convention Enterprises, Inc., of Convention Center Hotel Revenue Refunding Bonds in an aggregate amount not to exceed \$250,000,000 in accordance with the parameters set out in the resolution, authorizing related documents, approving related fees, and providing that the issuance and sale be accomplished by August 16, 2017.					
Amount and Source of Funding					
\$18,228,000 in anticipated first year debt service requirements and an estimated annual administrative fee of \$500 for the paying agent/registrar for the proposed bond sale was included in the Austin Convention Enterprises, Inc. 2017 Approved Operating Budget. The Bonds will be used to refund certain maturities of the Convention Center Hotel Revenue Refunding Bonds, Series 2006A&B.					
Fiscal Note					
Purchasing Language:					
Prior Council Action:	On July 22, 1999 Council authorized negotiation with a hotel developer, approved creation of non-profit corporation, Articles of Incorporation and Bylaws, appointment of original board members, and issuance of Series 2001 Bonds pursuant to resolutions adopted on March 2, 2000, June 29, 2000 and March 8, 2001. On October 19, 2006 Council authorized the issuance of Series 2006 Refunding Bonds to refund all outstanding Series 2001 Bonds.				
For More Information:	Art Alfaro, Treasurer - 512-974-7882				
Council Committee, Boards and Commission Action:					
MBE / WBE:					
Related Items:					
Additional Backup Information					
<p>Austin Convention Enterprises, Inc., ("ACE") a Texas nonprofit public facility corporation acting on behalf of the City of Austin, issued \$109,665,000 Convention Center Hotel First Tier Revenue Bonds, Series 2001A, \$134,950,000 Convention Center Hotel Second Tier Revenue Bonds, Series 2001B, and \$20,498,811 Convention Center Hotel Third Tier Revenue Bonds, Series 2001C in June 2001. These bonds were issued to provide for the acquisition, construction, equipping and operating the 800 room Hilton Austin Convention Center Hotel (the "Hotel").</p> <p>The Hotel was completed and began operations in December 2003. ACE has a long term contract with Hilton Management LLC ("Hilton") to operate the Hotel under the Hilton flag. Hilton provides their corporate expertise, staff and market penetration to ensure professional, competitive, successful operations of the Hotel. From inception, the Hotel has performed well, has supported the Austin Convention Center, and met all performance requirements of the bond financing.</p> <p>ACE previously issued \$165,000,000 Convention Center Hotel First Tier Revenue Refunding Bonds, Series 2006A and \$95,170,000 Convention Center Hotel Second Tier Revenue Refunding Bonds, Series 2006B in November 2006</p>					

to defease and refund the Series 2001 A and B Bonds. The Series 2001 C Bonds remained in place. Successful operations since the Series 2006 refunding has allowed ACE to call and pay off all of the Series 2001 C bonds.

This resolution authorizes and approves the issuance of Convention Center Hotel Revenue Refunding Bonds in one or more series by Austin Convention Enterprises, Inc., to refund the outstanding Convention Center Hotel Revenue Refunding Bonds, Series 2006A&B, originally issued to refund the Convention Center Hotel Revenue Bonds, Series 2001.

Favorable economic conditions, combined with the desire to renegotiate the Hotel Operating Agreement, has now created the opportunity to refund the Series 2006 bonds and restructure the Bond Indenture resulting in economic benefits to the City. The refunding will provide a gross debt service savings, and net present value savings in interest costs.

The aggregate principal amount of the refunding will not exceed \$250,000,000 and the net effective per annum interest rate, calculated in a manner consistent with the provisions of Chapter 1204, Texas Government Code, will not exceed 5.75%.