



Legislation Details (With Text)

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Title: To authorize the Mayor or the Director of Finance and Management to execute and deliver, on behalf of the City, a Memorandum of Understanding (MOU) with the Franklin County Convention Facilities Authority and Franklin County pertaining to the construction of a convention center hotel expansion. (\$0.00)

Sponsors:

Indexes:

Code sections:

Attachments:

Date	Ver.	Action By	Action	Result
5/24/2018	1	CITY CLERK	Attest	
5/23/2018	1	MAYOR	Signed	
5/21/2018	1	COUNCIL PRESIDENT	Signed	
5/21/2018	1	Columbus City Council	Approved	Pass
5/14/2018	1	Columbus City Council	Read for the First Time	

BACKGROUND: The purpose of this ordinance is to authorize the Mayor or the Director of Finance and Management to enter into a Memorandum of Understanding (MOU) with the Franklin County Board of Commissioners and the Franklin County Convention Facilities Authority (FCCFA) pertaining to the construction of a convention center hotel expansion. The MOU will describe the FCCFA’s intent to construct the hotel expansion, to be owned and financed by the FCCFA, with the support of Franklin County and the City of Columbus.

The terms of the MOU notwithstanding, the City’s financial commitment to the hotel expansion remains subject to authorization by Columbus City Council, the Franklin County Board of Commissioners, and the FCCFA Board of Directors through the adoption of appropriate legislation and the execution of a Cooperative Agreement among the parties.

The FCCFA presently owns a convention facility known as the “The Greater Columbus Convention Center” (Existing Convention Facility) and a 532 room full service hotel (Existing Hotel), providing meeting space, restaurants, and support facilities for Columbus visitors. Under an agreement with the Franklin County Board of Commissioners and the FCCFA to support the financing of the Existing Hotel, the City of Columbus pledged to transfer to the FCCFA an amount equal to the Hotel-Motel Excise Tax, as defined in Columbus City Code Section 371, generated by the Existing Hotel to pay debt service on bonds issued by the FCCFA.

Additionally, the City pledged to transfer to the FCCFA up to \$1.4 million from the City of Columbus Parking Meter Fund to pay debt service on the Existing Hotel in the event the FCCFA and Franklin County were unable to meet their respective obligations. To date, performance of the Existing Hotel has surpassed projections, the revenue generated from the Existing Hotel has exceeded that required to meet debt service, and significant reserve funds have accrued. As such, the \$1.4 million remains on account with the City.

Columbus has attracted large national and international conferences and sporting events, and continues to be a destination for business and leisure travel. To provide an adequate number of full service hotel rooms required to attract additional and larger conferences, conventions, and sporting events, the FCCFA has proposed the construction of an expansion (Hotel Expansion) to the Existing Hotel. The Hotel Expansion would add approximately 470 full service guest rooms, and an estimated 49,000 square feet of convention meeting space, restaurants, and support facilities, at an estimated cost \$180 million. The Hotel Expansion would increase the capacity of the Existing Hotel to 1,000 full service guest rooms, attached to the Existing Convention Facility.

Funding for the Hotel Expansion will be the responsibility of the FCCFA which will issue one or more series of Hotel Expansion Bonds. The FCCFA proposes to lease the Hotel Expansion to the County and City pursuant to certain lease agreements, and to sublease the Hotel Expansion back from the County and City. The lease, sublease agreement will allow the FCCFA to reduce financing costs associated with the Hotel Expansion and lower the total cost of construction.

Future debt service payments will be the responsibility of the FCCFA utilizing revenue generated by the Hotel Expansion and paid through the FCCFA Bond Payment Fund. The FCCFA will also establish a Rental Reserve Fund. In the event the FCCFA does not have sufficient funds in either the Bond Payment Fund, the Rental Reserve Fund, or a combination of both, to pay debt service in any given year, the City and County agree to support the payment of all or a portion of the annual debt service on the Hotel Expansion Bonds in such year.

This support obligation on behalf of the City and the County will be subject to annual appropriations by Columbus City Council and the Franklin County Board of Commissioners and will only be utilized in the event debt service cannot be paid in full by the FCCFA. Under no circumstances are the City and the County responsible for the cost of the construction of the Hotel Expansion.

Under the MOU, subject to adoption of a future ordinance(s), the City will also pledge to transfer to the FCCFA an amount equal to all Hotel-Motel Excise Taxes, as defined in City Code Section 371, generated by the Hotel Expansion to the FCCFA, to pay debt service on revenue obligations issued by the FCCFA to finance the Hotel Expansion.

In addition, the MOU will establish the expectation that the FCCFA, the City of Columbus, and Franklin County will pursue strategies that might allow for debt to be retired early and/or reduce the City and County's financial commitment should performance of the Hotel Expansion exceed projections.

FISCAL IMPACT: There are no immediate costs to the City associated with the MOU. Future legislation will be submitted to authorize such expenses. The City's commitment is contingent upon and subject to authorization by Columbus City Council, the Franklin County Board of Commissioners, and the FCCFA Board of Directors through the adoption of appropriate legislation.

To authorize the Mayor or the Director of Finance and Management to execute and deliver, on behalf of the City, a Memorandum of Understanding (MOU) with the Franklin County Convention Facilities Authority and Franklin County pertaining to the construction of a convention center hotel expansion. (\$0.00)

WHEREAS, The FCCFA presently owns a convention facility known as the "The Greater Columbus Convention Center" (Existing Convention Facility) and a 532 room full service hotel (Existing Hotel), providing meeting space, restaurants, and support facilities for Columbus visitors. Under an agreement with the Franklin County Board of Commissioners and the FCCFA to support the financing of the Existing Hotel, the City of Columbus pledged to transfer to the FCCFA an amount equal to the Hotel-Motel Excise Tax, as defined in Columbus City Code Section 371, generated by the Existing Hotel to pay debt service on bonds issued by the FCCFA, and

WHEREAS, Additionally, the City pledged to transfer to the FCCFA up to \$1.4 million from the City of Columbus Parking Meter Fund to pay debt service on the Existing Hotel in the event the FCCFA and Franklin County were unable

to meet their respective obligations. To date, performance of the Existing Hotel has surpassed projections, the revenue generated from the Existing Hotel has exceeded that required to meet debt service, and significant reserve funds have accrued. As such, the \$1.4 million remains on account with the City, and

WHEREAS, Columbus has attracted large national and international conferences and sporting events, and continues to be a destination for business and leisure travel. To provide an adequate number of full service hotel rooms required to attract additional and larger conferences, conventions, and sporting events, the FCCFA has proposed the construction of an expansion (Hotel Expansion) to the Existing Hotel. The Hotel Expansion would add approximately 470 full service guest rooms, and an estimated 49,000 square feet of convention meeting space, restaurants, and support facilities, at an estimated cost \$180 million. The Hotel Expansion would increase the capacity of the Existing Hotel to 1,000 full service guest rooms, attached to the Existing Convention Facility, and

WHEREAS, Funding for the Hotel Expansion will be the responsibility of the FCCFA which will issue one or more series of bonds to finance the project. The FCCFA proposes to lease the Hotel Expansion to the County and City pursuant to certain lease agreements, and to sublease the Hotel Expansion back from the County and City. The lease, sublease agreement will allow the FCCFA to reduce financing costs associated with the Hotel Expansion and lower the total cost of construction.

WHEREAS, Future debt service payments will be the responsibility of the FCCFA utilizing revenue generated by the Hotel Expansion and paid through the FCCFA Bond Payment Fund. The FCCFA will also establish a Rental Reserve Fund. In the event the FCCFA does not have sufficient funds in either in the Bond Payment Fund, the Rental Reserve Fund, or a combination of both, to pay debt service in any given year, the City and County agree to support, subject to appropriation of funds by Columbus City Council and the Franklin County Board of Commissioners, respectively, the payment of all or a portion of the annual debt service on the bonds issued by the FCCFA for the project in such year, and

WHEREAS, This support of the City and the County will only be utilized in the event that debt service cannot be paid in full by the FCCFA. The support of the City and the County will not be an indebtedness of the City or the County, and neither the general credit of the City nor the County is pledged to the payment of the principal of or premium, if any, or interest on the bonds issued by the FCCFA for the project, and the owners and holders of the bonds will not have the right to have any excises or taxes levied City or County for the payment of the principal of or premium, if any, or interest on the bonds. The provisions of the City and County support and the conditions to the same are expected to be set forth in greater detail in a cooperative agreement ("Cooperative Agreement") which shall be subject to authorization by City Council pursuant to separate legislation. Under no circumstances are the City and the County responsible for the cost of the construction of the Hotel Expansion, and

WHEREAS, Under the MOU, subject to adoption of a future ordinance(s), the City will also pledge to transfer to the FCCFA an amount equal to all Hotel-Motel Excise Taxes, as defined in City Code Section 371, generated by the Hotel Expansion to the FCCFA, to pay debt service on revenue obligations issued by the FCCFA to finance the Hotel Expansion, and

WHEREAS, In addition, the MOU will establish the expectation that the FCCFA, the City of Columbus, and Franklin County will pursue strategies that might allow for debt to be retired early and/or reduce the City and County's financial commitment should performance of the Hotel Expansion exceed projections, Now, Therefore,

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF COLUMBUS:

Section 1. That the Mayor or the Director of the Department of Finance and Management is hereby authorized to enter into a Memorandum of Understanding with the Franklin County Board of Commissioners and the Franklin County Convention Facilities Authority (FCCFA) to establish expectations of the FCCFA, Franklin County, and the City of Columbus necessary for the FCCFA to proceed with the planning for the financing and construction of a convention center hotel expansion to be financed and owned by the FCCFA. The terms of the City's support of the Hotel Expansion and the bonds to be issued by the FCCFA for the project will be set forth in more detail in the Cooperative Agreement, which Cooperative Agreement shall be subject to authorization by this Council.

Section 2. That this Ordinance shall take effect and be in force from and after the earliest period allowed by law.