



## Legislation Text

**File #:** 2815-2019, **Version:** 1

**Background:** This legislation authorizes the Mayor and the Director of Finance and Management, and either of them acting singly, to execute a Lease Agreement and Sub-Lease Agreement with the Franklin County Convention Facilities Authority (the "FCCFA") and Franklin County, Ohio (the "County") in connection to the issuance of Hotel Expansion Bonds for the future Hilton Hotel Expansion Project. The City, FCCFA and County previously entered into a Cooperative Agreement dated as of January 1, 2010 (the "Original Cooperative Agreement"), pursuant to which the FCCFA (a) has constructed a full service convention center hotel known as "The Hilton Columbus Downtown" (the "Existing Facility"), and (b) financed the Existing Facility, in part, by issuing its Authority's \$160,000,000 Lease Revenue Anticipation Bonds, Series 2010 (County of Franklin, Ohio, Lessee) (Federally Taxable - Build America Bonds - Direct Payment), dated February 10, 2010 with the financial support of the City and the County. In order to provide an adequate number of high-quality hotel rooms and convention space to attract more and larger conventions to the Greater Columbus Convention Center (the "GCCC") and the Existing Facility and other hotels in the County, resulting in economic benefits to the FCCFA, City and the County and their respective citizens, the board of directors of the FCCFA has determined to undertake the construction, equipping and furnishing of an expansion to the Existing Facility comprised of (a) new tower containing an estimated 463 full-service convention center hotel rooms; (b) retrofitting of an estimated five rooms within the Existing Facility; and (c) approximately 48,000 square feet of convention meeting and ballroom space and restaurants and support facilities, designed for self-contained conventions and as meeting space complementary to and used in connection with the operation of the Existing Facility and the GCCC, collectively referred to herein as the "Hotel Expansion Project". In order to finance the Hotel Expansion Project, the FCCFA proposes to issue its (a) Hotel Revenue Bonds in a principal amount not to exceed \$170,000,000 (the "Hotel Expansion Project Revenue Bonds"), and (b) Hotel Lease Appropriation Bonds in a principal amount not to exceed \$100,000,000 (the "Hotel Expansion Lease Appropriation Bonds" and together with the Hotel Expansion Project Revenue Bonds, the "Hotel Expansion Bonds"). In connection with the issuance of the Hotel Expansion Lease Appropriation Bonds, the FCCFA proposes to lease the Hotel Expansion Project to the City and the County, as tenants in common, pursuant to a Lease Agreement (the "Lease Agreement"), and to sublease the Hotel Expansion Project back from the City and the County pursuant to a Sub-Lease Agreement (the "Sub-Lease Agreement") in order to obtain an overall lower financing cost for the portion of the Hotel Expansion Project financed with the Hotel Expansion Lease Appropriation Bonds than would otherwise be available without the City's and the County's participation. Pursuant to Ordinance 0811-2019, and in order to provide sources from which (a) the Hotel Expansion Project Revenue Bonds may be paid, and (b) the City and the County may be reimbursed for any difference between the amount of rent paid by the City and the County pursuant to the Lease Agreement and the amount of rent received by the City and the County pursuant to the Sub-Lease Agreement, the FCCFA, the City and the County have entered into a First Supplement to the Cooperative Agreement (the "First Supplement" and together with the Original Cooperative Agreement, the "Cooperative Agreement").

**Fiscal Impact:** There are no immediate costs to the City. The City's commitment is contingent upon annual appropriations and subject to authorization by Council.

**Emergency Justification:** Emergency action is requested to allow the Hotel Expansion Project to proceed as quickly as possible and allow the FCCFA to take advantage of favorable market conditions in issuing the Hotel Expansion Bonds.

To authorize the Mayor and the Director of Finance and Management to execute a Lease Agreement and Sub-Lease Agreement with the Franklin County Convention Facilities Authority and Franklin County in connection to the issuance of Hotel Expansion Bonds for the future Hilton Hotel Expansion Project; and to declare an emergency. (\$0.00)

**WHEREAS**, this Council has heretofore found and hereby confirms that it is in the best interest of the residents of the City of Columbus, Ohio (the "City"), and a proper public purpose of the government of the City, to promote and publicize the City as a desirable location for conventions, trade shows and similar events; and

**WHEREAS**, the Franklin County Convention Facilities Authority (the "FCCFA") has been established by the Board of County Commissioner of the County of Franklin, Ohio (the "County") pursuant to Chapter 351 of the Ohio Revised Code (the "Act") as a body corporate and politic performing essential governmental functions, to, among other things, (a) acquire, purchase, construct, furnish, equip, lease or rent, and operate, "facilities", as defined in the Act, within the County; and (b) issue obligations, from time to time, anticipating "revenues", as defined in the Act, in such principal amounts as are necessary to pay any part of the "cost" of such facilities, as defined in the Act; and

**WHEREAS**, the FCCFA presently owns a convention facility known as "The Greater Columbus Convention Center" (the "GCCC"); and

**WHEREAS**, pursuant to a Cooperative Agreement among the FCCFA, the City and the County of Franklin, Ohio (the "County") dated as of January 1, 2010 (the "Original Cooperative Agreement"), the FCCFA (a) has constructed a full service convention center hotel known as "The Hilton Columbus Downtown" (the "Existing Facility"), and (b) financed the Existing Facility, in part, by issuing its Authority's \$160,000,000 Lease Revenue Anticipation Bonds, Series 2010 (County of Franklin, Ohio, Lessee) (Federally Taxable - Build America Bonds - Direct Payment), dated February 10, 2010 with the financial support of the City and the County; and

**WHEREAS**, in order to provide an adequate number of high-quality hotel rooms and convention space to attract more and larger conventions to the GCCC and the Existing Facility and other hotels in the County, resulting in economic benefits to the FCCFA, City and the County and their respective citizens, the board of directors of the FCCFA has determined to undertake the construction, equipping and furnishing of an expansion to the Existing Facility comprised of

- a. a new tower containing an estimated 463 full-service convention center hotel rooms;
- b. retrofitting of an estimated five rooms within the Existing Facility; and
- c. approximately 48,000 square feet of convention meeting and ballroom space and restaurants and support facilities, designed for self-contained conventions and as meeting space complementary to and used in connection with the operation of the Existing Facility and the GCCC,

collectively referred to herein as the "Hotel Expansion Project"; and

**WHEREAS**, to finance the Hotel Expansion Project, the FCCFA proposes to issue its (a) Hotel Revenue Bonds in a principal amount not to exceed \$170,000,000 (the "Hotel Expansion Project Revenue Bonds"), and (b) Hotel Lease Appropriation Bonds in a principal amount not to exceed \$100,000,000 (the "Hotel Expansion Lease Appropriation Bonds" and together with the Hotel Expansion Project Revenue Bonds, the "Hotel Expansion Bonds"), all pursuant to the Act; and

**WHEREAS**, in connection with the issuance of the Hotel Expansion Lease Appropriation Bonds, the FCCFA proposes to lease the Hotel Expansion Project to the City and the County, as tenants in common, pursuant to a Lease Agreement (the "Lease Agreement"), and to sublease the Hotel Expansion Project back from the City and the County pursuant to a Sub-Lease Agreement (the "Sub-Lease Agreement") in order to obtain an overall lower financing cost for the portion of the Hotel Expansion Project financed with the Hotel Expansion Lease Appropriation Bonds than would

otherwise be available without the City's and the County's participation; and

**WHEREAS**, to provide sources from which (a) the Hotel Expansion Project Revenue Bonds may be paid, and (b) the City and the County may be reimbursed for any difference between the amount of rent paid by the City and the County pursuant to the Lease Agreement and the amount of rent received by the City and the County pursuant to the Sub-Lease Agreement, the FCCFA, the City and the County have entered into a First Supplement to the Cooperative Agreement (the "First Supplement" and together with the Original Cooperative Agreement, the "Cooperative Agreement"); and

**WHEREAS**, this Council desires to authorize the City's participation in the financing of the Hotel Expansion Project by executing and delivering the Lease Agreement and the Sub-Lease Agreement, and taking certain other actions, and to make certain determinations required by the Act, such Agreements and the Hotel Expansion Project; and

**WHEREAS**, an emergency exists in the usual daily operation of the Department of Finance and Management in that the timely issuance of the Hotel Expansion Bonds will allow the Hotel Expansion Project to proceed as quickly as possible and allow the FCCFA to take advantage of favorable market conditions in issuing the Hotel Expansion Bonds, all of which, by reducing amounts payable by the City pursuant to the Cooperative Agreement, will result in savings which will inure to the benefit of the City, its taxpayers and its citizens and therefore, the passage of this ordinance is necessary for the public peace, property, health and safety; Now, Therefore,

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

**SECTION 1.** That the Mayor and the Director of Finance and Management, and either of them acting singly, are each hereby authorized to execute and deliver the Lease Agreement and the Sub-Lease Agreement in the forms now on file with the Director, which are hereby approved, with such changes thereto not inconsistent with this ordinance and not substantially adverse to the City as may be permitted by law and approved by the officers executing the same on behalf of the City. The approval of any such changes by such officers, and that such changes are not substantially adverse to the City, shall be conclusively evidenced by the execution of such agreements by such officers. To the extent that provision of the Lease Agreement or the Sub-Lease Agreement conflict with those in the Cooperative Agreement, the provisions in the Lease Agreement or the Sub-Lease Agreement, as appropriate, shall control.

**SECTION 2.** That no appropriation is required in order to provide for all payments of City Rent, as defined in the Lease Agreement, payable in fiscal year 2019.

**SECTION 3.** That in accordance with the provisions of certain lease and sublease agreements among the FCCFA, the City and the County with respect to the GCCC, and certain agreements between the FCCFA and the City with respect to the Existing Facility, the City hereby consents to the issuance of the Hotel Expansion Bonds by the FCCFA.

**SECTION 4.** That the Mayor, the Director of Finance and Management, the City Clerk, the City Auditor and the City Treasurer, are each hereby separately authorized to execute such other instruments that may be necessary or appropriate in the opinion of the City Attorney in order to effect the intent of this ordinance and that of the Cooperative Agreement.

**SECTION 5.** That for the reasons stated in the preamble hereto, which is hereby made a part hereof, this ordinance is hereby declared to be an emergency measure and shall take effect and be in force from and after its passage and approval by the Mayor or 10 days after passage if the Mayor neither approves nor vetoes the same.