

FRANKLIN COUNTY CONVENTION FACILITIES AUTHORITY



REQUEST FOR QUALIFICATIONS:

Bond Underwriting Services

To Finance the Construction of a 470+/- Room Addition to the Hilton Columbus Downtown

Issued: July 16, 2018

Due: August 3, 2018

Issued By:

Franklin County Convention Facilities Authority
400 North High Street, 4th Floor
Columbus, Ohio 43215
Phone: (614) 827-2800
Fax: (614) 827-2806

The Franklin County Convention Facilities Authority (the "FCCFA") is seeking submittals from firms interested in providing bond underwriting services to finance a 470-room addition to the Hilton Columbus Downtown in Columbus, Ohio. The FCCFA is seeking firms with extensive experience in providing revenue backed bond underwriting services in the State of Ohio and/or nationally as well as the ability to sell debt obligations similar in structure and credit to obligations proposed by the FCCFA.

INTRODUCTION

The FCCFA is the owner/developer of the Greater Columbus Convention Center, the Hilton Columbus Downtown and Nationwide Arena; all located in downtown Columbus, Ohio. Established by the Franklin County Commissioners in July 1988 pursuant to Chapter 351 of the Ohio Revised Code, the FCCFA is a special governmental unit governed by an eleven-member board appointed by the Franklin County Commissioners, Mayor of Columbus, and suburban mayors.

As owner/developer of these facilities, the FCCFA is responsible for the improvement, management and successful operation of these facilities. In addition, the FCCFA is responsible for ensuring the continued success and growth of the convention business within the Greater Columbus community. Both responsibilities are directly linked to the FCCFA's continued investment in and support of services, resources, facilities, and community projects that enhance the use and improvement of the convention center, hotel and arena. Additional information regarding the FCCFA can be found at www.meetusincolumbus.com.

The FCCFA is requesting statements of qualifications for bond underwriting services to facilitate the financing of the hotel addition. The FCCFA will select one or more senior managing underwriters with significant experience and qualifications in providing revenue backed bond underwriting services in the State of Ohio and/or national tax-exempt markets and the ability to sell debt obligations similar in structure and credit to obligations proposed by the FCCFA. The senior managing underwriter(s) selected will enhance the success of the project through proposed approaches and experiences in providing the requested services. Qualifications must be submitted by and for a single underwriting firm. Joint proposals (i.e. proposals submitted by multiple, non-affiliated firms) will not be accepted.

The FCCFA reserves the right to waive any informalities, determine a short list of underwriters for further review, select more than one senior managing underwriter if multiple series of bonds are issued in connection with the project, negotiate scope and price for requested services, or in its sole discretion, reject any or all submissions or modify the terms and conditions of the engagement.

The FCCFA's Non-Discrimination Policy, as outlined in this RFQ, shall apply to all respondents.

The overview (including scope of services), evaluation criteria and RFQ format information is provided in the following sections of this RFQ. Responses to the RFQ must be submitted to the FCCFA offices (400 North High Street, Columbus, Ohio 43215-2096) by 4:00 p.m. Eastern Standard Time on August 3, 2018 in order to be considered.

All questions or concerns regarding the RFQ should be emailed to:

Jordan Edmonds
Franklin County Convention Facilities Authority
jedmonds@fccfa.org

Questions regarding this RFQ must be submitted on or before July 25, 2018. Answers to all questions submitted before the deadline and which FCCFA determines may be beneficial to the preparation and/or quality of responses to the RFQ will be posted by close of business on July 27, 2018 on the FCCFA's website at <http://www.meetuscolumbus.com/>.

I. HISTORICAL OVERVIEW OF BONDS ISSUED FOR THE HILTON COLUMBUS DOWNTOWN

On February 10, 2010, the FCCFA sold \$160.0 million of lease revenue anticipation bonds to finance the construction of the Hilton Columbus Downtown Hotel. Bonds issued were Build America Bonds, with a thirty-year term, and escalating net debt service beginning with the start of principal payments in 2016. Bonds are backed by a lease/sub-lease agreement with Franklin County subject to annual appropriation.

Structured similar to the original debt issue completed for the convention center, the hotel bond issue was based upon a cooperative agreement between the FCCFA, the City of Columbus and Franklin County. Within this agreement, the county agreed to lease the facility from the FCCFA on an annual basis, subject to appropriation. In turn, the FCCFA established a sublease with the county, pledging to meet debt service obligations for the hotel through the use of proceeds from hotel operating income as well as other sources identified in the agreement. In addition to owning, constructing and managing the hotel, the FCCFA also agreed to provide \$15 million in equity towards the project, contribute the Authority's portion of annual hotel/motel tax revenue received from the new hotel towards the payment of debt service and provide revenue from land leases as added coverage for debt service if other income sources proved to be insufficient. The City of Columbus agreed to contribute the city's portion of annual hotel/motel tax revenue received from the new hotel towards the payment of debt service as well and agreed to provide \$1.4 million annually in new parking meter revenue as an added reserve to cover annual debt service obligations if other sources should prove to be insufficient.

Hotel net operating income and hotel generated hotel/motel taxes along with annual subsidy payments from the U.S. Treasury (the Build America Subsidy for the Bonds) provide the revenue to support on-going debt obligations. Revenues dedicated toward the payment of debt service have exceeded the outstanding obligation each year since the hotel opened.

II. EXPANSION OF THE HILTON COLUMBUS DOWNTOWN

While the Hilton Columbus Downtown has been successful, demand for more hotel rooms located near the convention center has been increasing. The convention center has the capacity to enhance the number and size of conventions, meetings and tradeshow held in the facility; however, the current inventory of full service convention quality hotel rooms in close proximity to the center makes expanding business difficult. Many prime competitors have significantly larger hotel packages than Columbus. The downtown hotel community, Experience Columbus (the convention and visitor's bureau), and SMG (the manager of the convention center) have indicated that the number one priority for improving the competitiveness of Columbus as a convention destination is the existence of a 1,000-room, full service convention hotel near the convention center.

Constructed in 2010, the Hilton Columbus Downtown currently has 532 rooms. To achieve the goal of having a 1,000-room full service convention hotel, the FCCFA and its partners have determined it is in the Greater Columbus community's best interest to construct a 470+/-room addition to the Hilton Columbus Downtown. The addition will be located on land currently leased by the FCCFA and has an estimated project cost of \$180 million.

In response to this demand, on March 12, 2018, the Franklin County Commissioners, the City of Columbus Mayor, Columbus City Council and the FCCFA Board publicly announced plans to proceed with the expansion of the Hilton Columbus Downtown. The parties executed a Memorandum of Understanding dated June 29, 2018 that outlines a basic framework for the project's financing and endorses the development of an addition to the Hilton Columbus Downtown (See Appendix A). Accordingly, the FCCFA is moving forward with the first phase of the project. This phase will formally establish a financing plan for the project and will use this financing plan to publicly acquire additional resources for hotel design and construction purposes.

SCOPE OF SERVICES

The scope of services requested through this RFQ will be for the comprehensive completion of all services needed to facilitate the issuance of bonds as described herein. The underwriter(s) will be expected to work with the FCCFA's bond counsel Dinsmore & Shohl; the FCCFA's municipal advisor, H.J. Umbaugh & Associates; the FCCFA's asset manager, Jones Lang LaSalle; and the FCCFA's staff (together the "Project Financing Team") to coordinate all services. Services will include but not be limited to the following:

- Together with the Project Financing Team evaluate and recommend financing structures that are consistent with the FCCFA's financing objectives for the proposed project. Assist with the evaluation of a variety of structural options and describe the advantages and disadvantages of each approach.
- Once a plan of finance has been developed, work with the FCCFA's Project Financing Team to obtain approval from the City and County. Prepare information needed to support this approval process.
- Work with the FCCFA's Project Financing Team to prepare all required legal and disclosure documents. In addition, coordinate, prepare or assist with all required disclosure materials, official statements and all other materials needed to execute the plan of finance.
- Assist the Project Financing Team with presentations to rating agencies as may be required. Provide information and materials needed to support such requests.
- Provide certain market information prior to the pricing of any proposed debt obligations. Information includes detailed sale results for recent comparable issues, a schedule of other offerings expected to be in the market on the scheduled pricing date, a calendar of financial and economic reports that may affect market conditions at the time the securities are to be priced, and other information that may affect the marketing of the FCCFA's obligations.
- Develop a marketing plan that will result in the most favorable interest rates on the FCCFA's potential obligations. Provide, in advance, anticipated pricing levels and present marketing information to the FCCFA board prior to the actual sale.

- Upon determination by the FCCFA to proceed with an issuance, negotiate the actual pricing and sell securities accordingly.
- Prepare a post-sale analysis report that includes a summary of the issue, acquired pricing, a debt schedule that lists annual principal and interest payments, circumstances relating to the market or the FCCFA's offering that may have impacted the sale results, and other information as requested by the FCCFA as deemed relevant to the issue.

SELECTION PROCESS and EVALUATION CRITERIA

The FCCFA will use a two-step process to review, evaluate, and select one or more senior managing underwriters whose qualifications are best suited for the project, as determined by the criteria stated in this document:

Step One (Experience & Qualifications): This step will involve an RFQ process to identify firms having experience executing plans of finance similar to that being contemplated by the FCCFA.

Step Two (Structural Recommendations & Considerations): Short-Listed Firms will be invited to participate in in-person interviews regarding proposed financing structures and considerations.

Evaluation will be made by a Selection Committee established by the FCCFA and will include members of the FCCFA board and staff. During Step One the Selection Committee will review and evaluate all RFQ responses based upon the criteria listed on the following page. Upon conclusion of this review, the Selection Committee will select and rank no fewer than three underwriters considered to be the most qualified (unless fewer than three qualified firms are available) and will interview this short-list (the "Short-Listed Firms") to determine the most qualified firm(s). For Step Two the FCCFA will invite the Short-Listed Firms to submit detailed proposals based on information and materials that will be provided by the FCCFA. These materials will only be provided to the Short-Listed Firms and will include templates for indicative interest rate scales and cash flow projections, and detailed financials for the Hilton Columbus Downtown (current and projected profit & loss statement, cash flow statement, fund balances, existing debt service, and flow of funds chart). The FCCFA will not require any form of fee estimate, fee proposal or other estimate or measure of compensation prior to short-listing underwriters. Upon conclusion of the interviews, the Selection Committee will rank the Short-Listed Firms and enter into contract negotiations with the underwriter(s) considered most qualified.

An estimated timeline for the selection of the underwriter(s) is as follows:

<u>Milestone</u>	<u>Date</u>
Distribute RFQ	Monday, July 16 th
Deadline for Submitting Questions	Wednesday, July 25 th
Answers Provided to Questions	Friday, July 27 th
RFQ Submission Deadline	Friday, August 3 rd
Identification of Short-Listed Firms	Thursday, August 9 th
Notification of Short-Listed Firms	Friday, August 10 th
Distribute Interview Materials to Short-Listed Firms	Monday, August 13 th
Informational Meeting for Short-listed Firms	Wednesday, August 15 th
Underwriter Presentations and Interviews	Monday, August 27 th
Notification of Underwriter Selection(s)	Thursday, August 30 th

In no particular order of priority, the criteria used for selection will include, but not be limited to:

- Ability of the underwriter to execute a plan of finance similar in type, size and structure to the potential project included in this RFQ.
- Competence of the underwriter to perform the requested services as demonstrated by the technical training, education and experience of the proposed team members who would be assigned to perform the work.
- Availability of personnel and other resources to perform the services requested within the required timeframe.
- Experience of the underwriter to complete services as needed for this project, as well as the underwriter's demonstrated knowledge and understanding of essential requirements involved in providing the services requested.
- Demonstrated financial ability to effectively market debt obligations, particularly those similar in structure and credit to the proposed obligations, including but not limited to the ability to distribute obligations on a statewide and national basis.
- Proposed technical approach to completing the plan of finance.
- Quality of references.

REQUIRED SUBMITTALS

Sealed submittals shall be delivered to the following addressees on or before 4:00 p.m. Eastern Standard Time on August 3, 2018. Joint proposals will not be accepted.

Provide one (1) original and fifteen (15) hard copies, as well as an electronic version, in one PDF file, to:

Jordan Edmonds, Staff Attorney
Franklin County Convention Facilities Authority
400 North High Street, Fourth Floor
Columbus, Ohio 43215

SUBMITTAL CONTENT

To enable the FCCFA to efficiently evaluate the submittals, respondents should prepare their submittal on 8.5 x 11 paper utilizing the general format guidelines described below. The following list is not all inclusive and potential underwriters may include additional materials such as covers, table of contents, transmittal letters, appendices, brochures, etc. at their discretion.

Respondents should clearly state the role (senior manager or co-manager) for which they are seeking consideration. Firms seeking to serve as the senior managing underwriter must provide responses to the information in Sections I through VI. Firms seeking consideration to serve as a co-manager must complete Sections I through IV and Section VI.

Section I – General Information:

General information should include, but not be limited to:

1. The name, address, telephone number, fax and email address of an individual who will serve as the underwriter's contact for any questions or correspondence regarding the submittal and RFQ process.
2. A certification of accuracy provided by the highest ranking individual responsible for the underwriter's submittal.
3. A summary highlighting why the underwriter is uniquely qualified to successfully fulfill the requirements of the RFQ.

Section II – Profile & Organization

The profile should include but not be limited to:

1. Information describing the underwriter's current organization, date of incorporation, ownership, corporate office, number of years in business, size of business, services offered, operating philosophy, number of employees and employee demographics.
2. Provide a description of the proposed organization for the project. Identify key team members and describe the services, roles and responsibilities of each. Discuss the relationship of key team members to each other, the prime underwriter, and other member organizations. Indicate the availability of key team members throughout the project. Information should be provided that describes the firm's current workload as well as outlines the availability of necessary personnel, equipment, and resources needed to satisfy the requirements of this RFQ.

Section III – Resumes of Key Individuals

Provide professional resumes and job descriptions of the key individuals that will be assigned to this project; describing each member's education, qualifications and experience with similar bond issues. Also, indicate each person's role on the financing team.

Section IV – Experience

Provide brief descriptions of projects that the underwriter has participated in during the past five years (July 1, 2013 through present day) that are similar in size, structure, and type to the project referenced in this RFQ. The underwriter's role in each project should be clearly identified as well as the role of the team members proposed for this project. Information should include a description of services provided; examples of successful strategies implemented that improved the outcome of the project; and unique characteristics of the project. Include phone number, and email for listed references. References should be prepared to be contacted by the RFQ Selection Committee.

Additionally, provide a list of all public finance negotiated transactions for which the firm has served as senior or sole managing underwriter over the past five years (July 1, 2013 through present day) for the following:

- a. Ohio transactions with a total par amount of \$50 million or greater.
- b. National hotel, convention center, or sports arena transactions with a total par amount of \$50 million or greater.
- c. Bonds solely supported by net operating income.
- d. Bonds supported by a municipal annual appropriation pledge.

For items a, b, c, and d include the following details with respect to each listed financing:

- Date of sale
- Issuer
- Issue title
- Par amount
- Underwriting position (specify senior or sole managed)
- Rating
- Average takedown and management fee on a \$/bond basis
- Liability
- Par amount of bonds underwritten

The electronic submission of the information above should be made in an Excel file with separate worksheets for items a, b, c and d.

Section V – Approach and Schedule

Briefly describe the firm’s approach to completing this project. Include a preliminary project schedule and proposed timeframe for completing the requested deliverables assuming construction will begin in July 2019.

Section VI – Other Requested Information

Respondents should provide specific information regarding the following:

1. A discussion of the underwriter’s understanding of required services for the project along with a description of any services not provided by the firm.
2. A description of the underwriter’s approach to the project and how this approach will impact not only the implementation of the services requested in the RFQ but the potential success of the project included in the RFQ and discuss how these challenges will be addressed through the management of the project.
3. A discussion of the underwriter’s financial ability to effectively market obligations, particularly those similar in structure and credit to the proposed obligations, including but not limited to the ability to distribute obligations on a national and statewide basis.
4. Provide a summary of any inquiries, investigations or litigation over the past five years (including those in progress) regarding the firm’s (or any employee’s) underwriting,

investment banking or financial advisory services. Include a description of any inquiries or actions taken against your firm or employees by any court or regulatory authority, including fines, suspensions, censure, etc.

ADDITIONAL INSTRUCTIONS, NOTIFICATIONS, AND INFORMATION

FCCFA's Best Interest – the FCCFA reserves the sole right to (1) evaluate the qualifications submitted; (2) waive any irregularities therein; (3) select candidates for the submittal of more detailed qualifications; (4) accept any submittal or portion of a submittal; (5) reject any or all responses to the RFQ, should it be deemed in the FCCFA's best interest to do so. This RFQ is not intended to be an offer, contract, obligation, or commitment of any kind.

Addenda and Modifications – Changes in the specifications or terms and conditions of this RFQ may be made in writing by the FCCFA prior to the required due date. Results of informal meetings or discussions between a Respondent and any member of the financing team may not be used as a basis for deviations from the requirements contained within this RFQ and may subject the Respondent to immediate disqualification.

All addenda, amendments, and interpretations to this RFQ shall be in writing. Any amendment or interpretation that is not in writing shall not legally bind the FCCFA. Only information supplied by the FCCFA in this RFQ, or in connection with this RFQ, shall be used in preparing submittals. All contacts that a Respondent may have had before or after receipt of this RFQ with any individuals, employees, or representatives of the FCCFA and any information that may have been read in any news media or seen or heard in any communications regarding this RFQ should be disregarded by Respondents in preparing responses to this RFQ.

Clarification – the FCCFA reserves the right to conduct discussions with Respondents who submit proposals for the purpose of clarifications or corrections regarding a proposal to ensure full understanding of, and responsiveness to, the requirements of this RFQ.

No Gratuities – Respondents shall not offer any gratuities, favors, or anything of monetary value to any official, director or employee of the FCCFA nor its advisors for any purpose or reason that could be construed as influencing the selection process. Any attempt by the Respondent to influence the selection process by any means, other than disclosure of qualifications and credentials through the proper channels, shall be grounds for exclusion from the selection process.

No False Information – Respondents who provide false or misleading information, whether intentional or not, in any of the documents presented to the FCCFA for consideration in the selection process shall be excluded.

Conflicts of Interests – All Respondents must disclose, within their statement of qualifications, the name(s) of any officer, director, agent, or immediate family members (spouse, parent, sibling, child) who is also an employee of the FCCFA or any member of the financing team or have a familial or business relationship with any FCCFA director. Further, all statements of qualifications must disclose the name of any FCCFA employees who own, either directly or indirectly, an interest of ten (10%) percent or more in the Respondent or any of its affiliates or subcontractors.

Preparation Costs – Under no circumstance will the FCCFA be responsible for any costs incurred by anyone in (a) the submittal of qualifications, (b) in any subsequent follow-up to the submittal, (c) in any subsequent negotiations of a contract, or (d) in any other aspect of the effort to select the underwriter.

Confidentiality – To the extent permitted by law, the FCCFA will make reasonable efforts to safeguard the confidentiality of confidential information submitted in response to the RFQ, provided that the information is conspicuously marked “CONFIDENTIAL”. The FCCFA will not be required to defend any litigation seeking disclosure of confidential information. The FCCFA will make reasonable efforts to notify a consultant to give the consultant opportunity to defend any request or litigation seeking disclosure.

Note that the wholesale use of headers/footers bearing designations such as “confidential”, “proprietary”, or “trade secret” on all or nearly all of a proposal is not acceptable and may be deemed by the FCCFA as a waiver of any exemption claim. The identification of exempt information must be sufficiently specific to allow for the FCCFA to identify the exempt data in responding to public records requests.

Public Records – Respondents are hereby notified that all proposals and qualifications, including without limitation, any and all information and documentation submitted therewith, will be available for public inspection after the award of the contract, in compliance with Ohio Revised Code Chapter 149 and other applicable public records laws.

By submitting to the FCCFA a document that the Respondent designates as “confidential” or “trade secret”, the Respondent agrees that in the event a third party brings any action against the FCCFA or any of its officials or employees to obtain disclosure of the document, the Respondent will indemnify and hold harmless the FCCFA and any affected officials and employees from all costs, including attorney’s fees incurred by or assessed against any defendant, of defending against such action. The Respondent also agrees that at the FCCFA’s request, the Respondent will intervene in any such action and assume all responsibility for defending against it, and that the Respondent’s failure to do so will relieve the FCCFA of all further obligations to protect the confidentiality of the document. The FCCFA assumes no responsibility for disclosure or use of unmarked data for any purposes.

FCCFA Policies and Ordinances – Respondents should be aware of and therefore familiar with all pertinent ordinances and policies that will relate to contracting with the FCCFA. In the event of any inconsistency or conflict between the process of requirements set forth in this RFQ and FCCFA policies and ordinances, or other requirements of law, such policies, ordinances, or other requirements shall take precedence.

Right of Refusal – the FCCFA reserves the right to reject any proposal in which the Respondent takes exception to the terms and conditions of this RFQ; fails to meet the terms and conditions of this RFQ, including but not limited to, the standards, specifications, and requirements specified in this RFQ.

NON-DISCRIMINATION POLICY

The Franklin County Convention Facilities Authority (“FCCFA”) is committed to equal opportunity and non-discrimination in all aspects of its contracting and procurement activities through the adoption of this Non-Discrimination Policy (“Non-Discrimination Policy”). Pursuant to this Non-Discrimination Policy, the FCCFA will not participate in either active or passive unlawful discrimination of any type.

The FCCFA recognizes that it has a continuing obligation to avoid unlawful discrimination in contracting and procurement activities. Therefore, all Contractors shall not have engaged, and shall not engage, in any kind of unlawful discrimination. Each Contractor, should they be engaged by the FCCFA, shall certify in writing that such Contractor, directly or indirectly, (1) has not engaged, is not engaged, and will not engage in any kind of unlawful discrimination involving race, color, sex, disability, age, religion, veteran status, or national origin, or any other basis prohibited by laws of the United States, the State of Ohio or the City of Columbus (“Other Prohibited Basis”), whether or not such discrimination is related to a contract or procurement activity with or for the FCCFA and (2) will not, for any purpose related to its engagement by the FCCFA, employ or contract with persons or businesses which the Contractor knows or has reason to know have engaged, are engaged, or will engage in any kind of unlawful discrimination involving race, color, sex, disability, age, religion, veteran status or national origin, or Other Prohibited Basis, whether or not such unlawful discrimination is related to a contract or procurement activity with or for the FCCFA.

It is the position of the FCCFA that discrimination against business owners based on race, color, sex, disability, age, religion, veteran status or national origin, or Other Prohibited Basis, is prohibited. No person unlawfully shall be denied the benefit of, or otherwise discriminated against, in connection with the award and/or performance of any contract or award, or modification of any contract or award, between a Contractor and the FCCFA on such basis.

The fundamental tenets of this Non-Discrimination Policy are as follows:

- All Contractors should have an equal opportunity to compete with respect to contract and procurement activities of the FCCFA, regardless of race, color, sex, disability, age, religion, veteran status or national origin;
- No Contractor shall have engaged or shall engage in any kind of unlawful discrimination involving race, color, sex, disability, age, religion, veteran status or national origin, or Other Prohibited Basis, whether or not such unlawful discrimination is related to a contracting or procurement activity with or for the FCCFA;
- The FCCFA through its staff, management company and other contractors will (i) monitor and provide periodic reports to the FCCFA regarding compliance by the FCCFA and its Contractors with this Non-Discrimination Policy; (ii) collect and record information on the use of minorities and women in contracting and procurement activities and (iii) analyze data to evaluate the utilization of minorities and women in the FCCFA’s contracting and procurement activities;
- The FCCFA shall review this Non-Discrimination Policy periodically to ensure that it effectively promotes and achieves non-discrimination and equal opportunity in connection with FCCFA contracting and procurement activities; and
- All Contractors shall comply with this Non-Discrimination Policy. A Contractor’s success or failure to comply with this Non-Discrimination Policy will be a factor in any award of contracts or procurement from the FCCFA to such Contractor.

The FCCFA through its staff and other contractors shall be responsible for implementing, monitoring, and evaluating this Non-Discrimination Policy.

The FCCFA staff shall periodically review this Non-Discrimination Policy to ensure that it effectively promotes non-discrimination and equal opportunity in connection with the FCCFA's contracting and procurement activities and periodically report to the Board regarding compliance by the FCCFA and its contractors.

If the FCCFA determines that the objectives of this policy are not being achieved, the FCCFA may, in its discretion, direct the Executive Director to conduct further investigations into the reasons for not achieving such objectives.

This Non-Discrimination Policy applies to all contracting and procurement activities of the FCCFA, including contracting for construction, professional and non-professional services and procurement of goods and supplies.

This Non-Discrimination Policy shall be referenced in each bid, proposal, or statement of qualifications submitted by a potential Contractor. A Contractor's failure to comply with this Non-Discrimination Policy may result in (a) debarment from participation in future FCCFA contracting opportunities, (b) liability for breach of contract and (c) the enforcement of any other remedies available under the related contract or applicable law.

Appendix A

MEMORANDUM OF UNDERSTANDING

by and among

City of Columbus, Ohio

Franklin County Commissioners

and

Franklin County Convention Facilities Authority

Dated as of

May 31, 2018

This Memorandum of Understanding (“MOU”) is executed by the City of Columbus, Ohio (“City”), an Ohio municipal corporation, the Franklin County Commissioners and the Franklin County Convention Facilities Authority (“FCCFA”), an Ohio body corporate and politic, in order to describe current plans and proposals of the City, Franklin County, Ohio (“County”) and the FCCFA for funding the expansion to the FCCFA’s Hilton Columbus Downtown hotel, which plans and proposals remain subject to authorization pursuant to the adoption of appropriate legislation by City Council, the Franklin County Commissioners and the Board of Directors of the FCCFA.

BACKGROUND

In January 2010, the FCCFA, City and County signed a Cooperative Agreement (the “2010 Cooperative Agreement”) detailing the financial structure for the development of a new 532 room headquarters convention hotel (the “Hotel”) on property adjacent to the Greater Columbus Convention Center (the “GCCC”). The FCCFA, City and County all agreed that a new convention hotel was needed to address the demand for additional hotel rooms near the GCCC. Based upon the authority granted in the 2010 Cooperative Agreement, the FCCFA issued \$160.0 million in lease revenue anticipation bonds (the “2010 Bonds”) to finance the construction of the Hotel. The 2010 Bonds were issued as Build America Bonds and were backed by the County subject to terms of a lease/sublease agreement between the FCCFA and the County (the “2010 Lease”). Pursuant to the 2010 Cooperative Agreement net income from hotel operations, subsidy payments from the U.S. Treasury as well as payments from the City and the FCCFA equal to the value of the Hotel’s annual hotel tax remittance were designated as sources of revenue available for annual debt service coverage. Construction of the Hotel was completed October 2012. The Hotel was branded and managed by Hilton Worldwide.

Since opening in 2012, the Hotel has been very successful. Key to this success has been the ability of the Hotel to sustain higher than expected average daily rates while maintaining high occupancy. As a result, Hotel revenues have exceeded debt service coverage requirements on the 2010 Bonds every year since opening.

In concert with the opening of the Hotel, the FCCFA invested over \$140.0 million into the renovation and expansion of the GCCC. This investment added 137,000 square feet of new exhibit hall, meeting room and concourse space to the GCCC and refreshed and modernized both the interior and exterior of the GCCC to enhance the client event experience both inside and outside the facility.

Because of the success of the Hotel, the revitalization of the GCCC, and the continued investment by the community in initiatives to enhance Columbus as a destination; the number of regional, national and international conventions using the GCCC continues to increase. As a result, there is increased interest in a 1,000-room convention hotel. Realizing the importance of maintaining a strong convention, travel and tourism market within the greater Columbus community; the City and County have worked closely with the FCCFA to determine the potential of developing a new addition to the Hotel (the “Hotel Expansion”). As proposed by the FCCFA, the Hotel Expansion will add 470 rooms to the property thus increasing the Hotel to approximately 1,000 rooms. The projected cost for the Hotel Expansion is estimated not to exceed \$190.0 million, including all costs associated with designing, constructing, furnishing and equipping the Hotel Expansion.

The FCCFA in conjunction with Experience Columbus, the greater Columbus hotel community, City and County officials and others have studied the proposed development of additional convention headquarters hotel capacity. These studies indicate that:

1. In 2016, Experience Columbus and the Greater Columbus Sports Commission were responsible for booking 492,775 room nights. The GCCC generated 354,474 room nights.
2. Visitors directly spent \$6.4 billion in 2015, supporting \$9.7 billion in overall economic impact in Greater Columbus.
3. The convention and visitor sector provides 75,000 jobs in Columbus and Franklin County, and generates \$90.6 million in sales, lodging, and City income tax collections which translates to \$400 million in such revenue over 30 years.
4. The existing Hotel has exceeded expectations and has enhanced Columbus' destination appeal to citywide conventions, hosted new in-hotel group meetings that had never met in Columbus, paid all debt service payments on the 2010 Bonds from operating cash flows, funded capital reserves to ensure the Hotel is maintained in the future, and has accumulated surplus funds for future debt service payments and other authorized uses.
5. Group meeting planners continue to communicate the desire to book 1,000 rooms in a single hotel to serve as its headquarters hotel.
6. The existing Hotel can be expanded through the development of a second room tower and related meeting and ballroom space to offer approximately 1,000 rooms in one hotel.
7. The Hotel Expansion will help to preserve current business using the GCCC that is outgrowing the existing lodging package available in the City.
8. Columbus is at a competitive disadvantage with only 2,646 hotel rooms within a 10-minute walk from the GCCC; Indianapolis has 5,343, Pittsburgh has 5,037, St. Louis has 4,905, Louisville has 3,752, Cleveland has 3,552, and Charlotte has 3,474.
9. The Hotel Expansion is expected to generate additional citywide convention room nights as well as in-house group room nights, that in turn impacts spending in local restaurants, retail shops, entertainment venues and local transportation.
10. The incremental room nights generated by the Hotel Expansion are expected to produce direct spending of \$22.5 million annually and additional indirect and induced spending of \$15.2 million annually in the greater Columbus area.
11. The Hotel Expansion is estimated to support 245 permanent direct jobs annually and support an additional 150 indirect and induced jobs annually.

12. The Hotel Expansion is estimated to generate approximately \$4.8 million annually in sales, lodging and City income taxes.
13. The construction of the Hotel Expansion is estimated to support 400 direct full time equivalent (“FTE”) construction jobs locally over a two-year period. An additional 300 direct FTE’s are estimated to be supported off-site, related to the manufacturing of construction related materials. The construction of the Hotel Expansion is also estimated to support an additional 600 indirect and induced FTE jobs.

The City, County and FCCFA believe that the Hotel Expansion will protect our community's current investment in convention facilities by retaining existing business and expanding the number and size of regional and national conventions held in Columbus.

The FCCFA anticipates financing the Hotel Expansion with moneys presently in the CFA Hotel Bond Fund and proceeds of bonds to be issued by the FCCFA as described below (the “Hotel Expansion Bonds”).

The FCCFA has provided the City and County with general plans for the scope and appearance of the Hotel Expansion and various scenarios for its financing prepared by Jones Lang LaSalle Hotels & Hospitality and H.J. Umbaugh & Associates, Certified Public Accountants, LLP, including scenarios reflecting stress tests requested by the City and the County, estimated costs of the Hotel Expansion and projections of net operating income (“NOI”) and City and FCCFA bed taxes (the “Hotel Bed Taxes”), both with respect to the Hotel after the construction of the Hotel Expansion, which have been reviewed by the City and the County in consultation with their respective outside counsel and financial advisors.

UNDERSTANDING

1. Hotel Expansion

- A. The FCCFA, City and County agree to cooperate in order to accomplish the financing of the Hotel Expansion on or about September 2018 as further described herein.

2. FCCFA Commitments

- A. Except as modified by the Supplemental Cooperative Agreement (defined below), FCCFA will continue to meet its obligations under the 2010 Cooperative Agreement.
- B. FCCFA will proceed to design, plan, acquire, purchase, construct, furnish and equip the Hotel Expansion, with all reasonable speed and dispatch.
 - i. To that end, the FCCFA will commence to spend a portion of the current balance in the CFA Hotel Bond Fund to pay preliminary costs of the Hotel Expansion.

- C. FCCFA will issue the Hotel Expansion Bonds in one or more series, as further described herein.
 - i. Subject to the final plan of finance to be set forth in the Supplemental Cooperative Agreement, as hereinafter defined, a portion of the Hotel Expansion Bonds will be issued by the FCCFA in a manner designed to minimize the need for credit support from the City and the County.
 - ii. The FCCFA will determine the structure and size of the Hotel Expansion Bonds, and whether the Hotel Expansion Bonds will be issued in multiple series, after consultation with the City, the County and the FCCFA's hotel consultants, financial advisors and underwriters, and due consideration of relevant factors and including but not limited to:
 - a. refinements to the cost of the Hotel Expansion as a result of the preparation of detailed plans and specifications and construction cost estimates and completion schedules;
 - b. then-current projections of NOI and the Hotel Bed Taxes and estimates of the costs of the Hotel Expansion;
 - c. market conditions at the time of the sale of the Hotel Expansion Bonds to the FCCFA's underwriters;
 - d. the impact of the size and structure of the Hotel Expansion Bonds upon City and County debt capacities, policies and ratings; and
 - e. provision of adequate reserves for capital repairs and improvements.
- D. FCCFA will utilize a portion of the balance in the CFA Hotel Bond Fund to fund debt service reserves for the Hotel Expansion Bonds and to pay costs of the Hotel Expansion.
- E. FCCFA will provide for the expenses of operation, maintenance and insurance of the Hotel Expansion, and expenses of refurbishing and improving the Hotel Expansion after its completion; provided however, that in no event shall the City or the County be responsible for paying or providing credit support for any of such expenses.

3. City and County Commitments

- A. The City and County agree to the Hotel Expansion and will support the financing of the Hotel Expansion as described herein.
- B. City and County will continue to meet their respective obligations under the 2010 Cooperative Agreement.

- C. City and County will enter into a Supplemental Cooperative Agreement with the FCCFA (the “Supplemental Cooperative Agreement”) to be signed by all parties within the time periods necessary to timely proceed with the Hotel Expansion.
 - i. The Supplemental Cooperative Agreement will address matters of common concern among the parties regarding the Hotel Expansion, the Hotel Expansion Bonds and the security therefor, including but not limited to:
 - a. A modification of the 2010 Cooperative Agreement in the allocation of the NOI and Hotel Bed Taxes so that the NOI and Hotel Bed Taxes are allocated on a proportional basis between the debt service requirements of the 2010 Bonds and the Hotel Expansion Bonds, in percentages to be agreed among the parties; and
 - b. A credit support arrangement (the “Credit Support Arrangement”) for a portion of the Hotel Expansion Bonds, or a distinct series thereof, as described below.

4. Credit Support Arrangement

- A. A portion of the Hotel Expansion Bonds (or one series of such bonds) will be supported by a Credit Support Arrangement which will be joint, but not several, limited obligations of the City and the County in equal proportions, but the City and County’s obligations under the Credit Support Arrangement will be subject to annual appropriation by the Columbus City Council and the Board of County Commissioners, respectively.
- B. The Credit Support Arrangement will be negotiated by the parties in good faith giving due regard to relevant factors, including but not limited to:
 - i. Protection of the security for the holders of the 2010 Bonds;
 - ii. Impact on the County’s risk exposure for its continuing credit support for the 2010 Bonds;
 - iii. Impact on City and County debt capacity, policies and ratings;
 - iv. The allocation of amounts in the CFA Hotel Bond Fund;
 - v. Opportunities for early redemption provisions in the structure for the Hotel Expansion Bonds; and
 - vi. Evolving projections of the costs of the Hotel Expansion, cash flows and fund balances as well as market conditions.
- C. The Credit Support Arrangement will not be an indebtedness of the City or the County, and neither the general credit of the City nor the County will be pledged to the payment of the principal of, or premium, if any, or interest on, the Hotel

Expansion Bonds, and the owners and holders of the Hotel Expansion Bonds will not have the right to have any excises or taxes levied by the City or the County for the payment of the principal of, or premium, if any, or interest on, the Hotel Expansion Bonds.

- D. The Supplemental Cooperative Agreement will provide that the Credit Support Arrangement will only be utilized in the event that debt service cannot be paid in full by the FCCFA when due.

5. Legal and Advisory Expenses

Each party hereto shall bear its own legal and advisory expenses incurred in connection with the negotiation of this MOU and the performance of its undertakings as described in this MOU, including the negotiation and preparation of all necessary additional agreements and due diligence.

6. Governing Law

This MOU shall be governed by and construed in accordance with the laws of the State of Ohio.

7. Term; MOU Counterparts

This MOU shall become effective upon the execution hereof by a duly authorized signature of each of the parties hereto. If not terminated sooner by the City, County or FCCFA, this MOU shall expire upon the execution of the Supplemental Cooperative Agreement by all parties, but in no case later than 5:00 o'clock p.m. local Ohio time on December 31, 2019. This MOU may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

8. Other Agreements/Understandings

The provisions of this MOU shall supersede all previous agreements and understandings among the parties or any of them concerning the subject matter hereof. This MOU shall become effective upon the execution hereof by a duly authorized signature of each of the parties hereto. This MOU may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

9. Non-Binding Effect

THIS MOU IS INTENDED AS AN EXPRESSION OF THE STATUS OF THE DISCUSSIONS BETWEEN THE CITY, COUNTY AND FCCFA AND IS NOT INTENDED TO BE CONTRACTUALLY BINDING ON ANY PARTIES OR TO CREATE ANY EXPRESS OR IMPLIED RIGHTS OR OBLIGATIONS IN FAVOR OF OR AGAINST THE CITY, COUNTY OR FCCFA. THE PARTIES WILL BE CONTRACTUALLY BOUND ONLY UPON AUTHORIZATION, MUTUAL EXECUTION AND DELIVERY OF DEFINITIVE AGREEMENTS. NONE OF THE PARTIES SHALL BE ENTITLED TO CLAIM, AND EACH PARTY HEREBY WAIVES AND RELEASES, ANY AND ALL CLAIMS THAT EXIST OR MAY EXIST IN THE FUTURE WITH RESPECT TO THIS MOU BASED UPON THEORIES OF LAW INVOLVING WAIVER, AND/OR

ESTOPPEL, INCLUDING WITHOUT LIMITATION EQUITABLE ESTOPPEL, AND PROMISSORY ESTOPPEL.

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[Signature Page]

CITY OF COLUMBUS, OHIO

By: _____

Date: _____, 2018

**FRANKLIN COUNTY
COMMISSIONERS**

By: _____

Date: _____, 2018

**FRANKLIN COUNTY CONVENTION
FACILITIES AUTHORITY**

By: _____

Date: _____, 2018

Approved as to form:
City Attorney

By: _____

Approved as to form:
Prosecuting Attorney, Franklin County

By: _____

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