

Mayor and Council Communication

DATE: 04/11/23

M&C FILE NUMBER: M&C 23-0252

LOG NAME: 13GENERAL PURPOSE BONDS SERIES 2023

SUBJECT

(ALL) Adopt Ordinance Authorizing Issuance and Sale of City of Fort Worth, Texas General Purpose Bonds, Series 2023, in an Aggregate Principal Amount Not to Exceed \$180,000,000.00; Establishing Parameters with Respect to Sale of the Bonds; Delegating Authority to Effect Sale of the Bonds by Competitive Bid or Negotiated Sale; Authorizing Escrow and Other Related Agreements; and Enacting Related Provisions; Adopt Appropriation Ordinance and Amend Fiscal Year 2023 Adopted Budget

RECOMMENDATION:

It is recommended that the City Council:

1. Adopt the attached ordinance, which (i) authorizes the issuance of City of Fort Worth, Texas General Purpose Bonds, Series 2023, in an aggregate principal amount not to exceed \$180,000,000.00, for the purpose of funding projects within the 2018 bond program, funding projects within the 2022 bond program, and paying the costs of issuance for the bonds; (ii) delegates to designated City officials authority to effect sale of the bonds by competitive bid or negotiated sale as determined most advantageous based on current market conditions - subject to certain parameters as set forth in the ordinance; (iii) authorizes execution of all related documents; (iv) provides for levy, assessment, and collection of a property tax sufficient to pay the interest on and principal of the bonds if other revenues are not otherwise available and appropriated for those payments; and (v) enacts other provisions related thereto;
2. Adopt the attached appropriation ordinance increasing receipts and appropriations in the General Debt Service Fund in the amount of \$11,835,000.00, subject to the sale of bonds and receipt of proceeds, for the purpose of paying cost of issuance, with such amount subject to reduction to conform to final figures reflected in bond closing documents; and
3. Amend the Fiscal Year 2023 Adopted Budget.

DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is to take actions associated with issuance and sale of tax-exempt Series 2023 General Purpose Bonds and appropriation of proceeds. This action will provide additional funding as part of the 2018 Bond Program Capital Improvement Program as well as provide funding as part of the 2022 Bond Program Capital Improvement Program.

Adoption of the attached bond ordinance approves the issuance and sale of \$83,165,000.00 in "new money" bonds from the 2018 Bond Program for the purpose of constructing streets and public mobility improvements; park and recreation improvements; library system improvements; fire safety improvements; and police facility improvements, with the remaining balance of the proceeds to be used to pay cost of issuance.

The role of the current bond offering in the overall 2018 Bond Program is shown as follows:

Date of Election	Amount Authorized	Purpose	Amount Previously Sold	Amount Now Offered	Unissued Balance
May 05, 2018	\$261,630,080.00	Streets and Mobility	\$207,400,000	\$54,230,080	\$0
May 05, 2018	\$84,180,600	Parks and Recreation	\$66,165,000	\$18,015,600	\$0
May 05, 2018	\$9,868,500	Library System	\$5,000,000	\$4,868,500	\$0
May 05, 2018	\$11,975,820	Fire Safety	\$9,000,000	\$2,975,820	\$0
May 05, 2018	\$13,770,000	Animal Care and Shelter	\$13,770,000	\$0	\$0
May 05, 2018	\$18,075,000	Police Facility	\$15,000,000	\$3,075,000	\$0
	\$399,500,000		\$233,170,000	\$83,165,000	\$0

Because the City Council previously expressed the intent for the City to reimburse itself (Ordinance No. 23209-05-2018) and appropriated funds to provide interim financing for the 2018 Bond Program beginning with M&C G-19306 (Ordinance 23263-06-2018), no appropriation ordinance is needed for the new money part of this bond transaction.

In addition to authorizing issuance of bonds for the 2018 Bond Program, the adoption of the attached bond ordinance also approves the issuance and sale of \$85,000,000.00 in "new money" bonds from the 2022 Bond Program for the purpose of constructing streets and public mobility improvements; park and recreation improvements; library system improvements; and police and fire public safety facilities, with the remaining balance of the proceeds to be used to pay cost of issuance.

The role of the current bond offering in the overall 2022 Bond Program is shown as follows:

Date of Election	Amount Authorized	Purpose	Amount Previously Sold	Amount Now Offered	Unissued Balance
May 07, 2022	\$369,220,000	Streets and Mobility	\$0	\$68,774,000	\$300,446,000
May 07, 2022	\$123,960,000	Parks and Recreation	\$0	\$10,670,500	\$113,289,500
May 07, 2022	\$12,500,000	Public Library	\$0	\$712,500	\$11,787,500
May 07, 2022	\$39,320,000	Public Safety	\$0	\$4,843,000	\$34,477,000
May 07, 2022	\$15,000,000	Natural Area and Open Space	\$0	\$0	\$15,000,000
	\$560,000,000		\$0	\$85,000,000	\$475,000,000

Because the City Council previously expressed the intent for the City to reimburse itself (Ordinance No. 25515-05-2022) and appropriated funds to provide interim financing for the 2022 Bond Program beginning with the inception of the extendable commercial paper program (ECP) approved by M&C 22-0607 (Ordinance 25675-08-2022), no appropriation ordinance is needed for the new money part of this bond transaction. To date no ECP notes have been issued for any 2022 bond program projects.

Staff anticipates that these bonds be sold through a competitive bid sale. However, to provide maximum flexibility to address ever-changing market conditions, the attached ordinances authorizes the City Manager or the Chief Financial Officer to conduct either a competitive or negotiated sale and to approve the terms of the sale so long as those terms come within the parameters set forth in the Council-adopted ordinance. Key parameters include: Bonds must be rated in one of the four highest generic rating categories (BBB or higher); the maximum maturity is March 1, 2043; maximum true interest cost of 6.00%; and maximum net effective interest rate, calculated per chapter 1204 of the Government Code, is 15.00%.

Rating agency calls with Moody's and S&P will be conducted prior to the sale of the bonds. Ratings are anticipated to be received the week of May 1, 2023. Bids for the sale of the bonds are scheduled to be submitted on May 10, 2023. Subsequent to accepting the best bid and awarding the sale of the bonds, the City will seek approval of the debt transactions from the Texas Attorney General with an estimated closing date of June 8, 2023.

The attached appropriation ordinance reflects the maximum appropriation amount for bond proceeds for each of the identified purposes. The ordinance's structure accommodates variables associated with sale of debt under delegated authority such as the uncertain final interest rate to be achieved and the possibility of a premium or discount being associated with the sale of the bonds. To the extent numbers at closing are less than those reflected in the ordinance, the available appropriation amount will be reduced as needed to reflect final figures based on the closing documents to ensure appropriations do not exceed actuals.

The action in this M&C will amend the Fiscal Year 2023 Adopted Budget as approved in connection with Ordinance 25773-09-2022, Section 3. Debt Service Funds, as listed on page 12 as follows:

Fund / Department	FY2023 Adopted Budget	Budget Adjustment	Revised FY2023 Budget
Budget Category			
General Debt Service Fund			
Revenues			
Property Tax	\$138,508,506.00		\$138,508,506.00
Use of Money and Property	\$3,450,000.00		\$3,450,000.00
Transfer from CCPD	\$2,655,560.00		\$2,655,560.00
Transfer from TIRZ #14 Trinity Lakes	\$1,324,950.00		\$1,324,950.00
Proceeds from series 2023 General Purpose bonds		\$11,835,000.00	\$11,835,000.00
Total Revenues	\$145,939,016.00	\$11,835,000.00	\$157,774,016.00
Expenditures			
Financial Management Services (Debt Obligation)	\$145,939,016.00	\$11,835,000.00	\$157,774,016.00
Total Expenditures	\$145,939,016.00	\$11,835,000.00	\$157,774,016.00

A Form 1295 is not required because: This M&C does not request approval of a contract with a business entity.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that upon approval of the above recommendations and adoption of the attached ordinances, the sale of the tax-exempt Series 2023 General Purpose Bonds will occur as required under the parameters set forth therein, that funds will be available in the General Debt Service Funds as appropriated, and will be available to repay the debt when due and payable.

Submitted for City Manager's Office by: Reginald Zeno 8517

Originating Business Unit Head: Reginald Zeno 8517

Additional Information Contact: Anthony Rousseau 8338

Expedited