

Mayor and Council Communication

DATE: 05/13/25

M&C FILE NUMBER: M&C 25-0417

LOG NAME: 13SPECIAL TAX REVENUE BONDS, SERIES 2025

SUBJECT

(ALL) Adopt Ordinance Authorizing the Issuance and Sale of City of Fort Worth, Texas, Special Tax Revenue Bonds, Series 2025 (Convention Center Venue Project), in an Aggregate Principal Amount Not to Exceed \$66,000,000.00, Establishing Parameters with Respect to the Sale of the Series 2025 Bonds, Delegating to the Designated City Officials the Authority to Effect the Sale of the Series 2025 Bonds, and Enacting Other Provisions Relating to the Subject, and Adopt Appropriation Ordinance

RECOMMENDATION:

It is recommended that the City Council:

1. Adopt the attached ordinance authorizing the issuance of the City of Fort Worth, Texas, Special Tax Revenue Bonds, Series 2025 (Convention Center Venue Project), in an aggregate principal amount not to exceed \$66,000,000.00 for the purpose of (i) paying costs paid or incurred as part of the planning, acquisition, establishment, development, construction, and renovation of the CC Venue Project and (ii) paying certain issuance costs. authorizing execution of all related documents; approving the sale of the bonds subject to certain parameters being met; designating City officials authority to effect the sale; and ordaining related matters thereto; and
 2. Adopt the attached ordinance increasing estimated receipts and appropriations in the Special Tax Revenue Bond Series 2025B Capital Project Fund by \$66,000,000.00, subject to the sale of bonds and receipt of proceeds, for the purpose of funding capital improvements and paying the costs of issuance, with such amount subject to reduction to conform to final figures reflected in bond closing documents.
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DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is to take actions associated with the issuance and sale of the City of Fort Worth, Texas, Special Tax Revenue Bonds, Series 2025 and appropriation of proceeds. This action will allow paying costs paid or incurred as part of the planning, acquisition, establishment, development, construction, and renovation of the Convention Center Venue Project, designated by Council and approved by voters in 2024 (Resolutions 5866-01-2024, 5946-05-2024).

The Convention Center Venue Project is located at the intersection of Houston Street and 12th Street in downtown Fort Worth. The facility was opened in 1968 as the Tarrant County Civic Center. The County operated the facility until the mid-1990s when the City assumed ownership of the facility. The City then renovated and expanded the facility. These improvements were completed in 2003.

In order for the Fort Worth Convention Center to maintain its competitive position in the markets served by the Venue Project, capital investments are required to maintain and improve its facilities. The capital investments to be funded by proceeds from this debt issuance include

Expansion and Renovation of the Fort Worth Convention Center: Since the City-funded renovation that was completed in 2003, the facility has received limited investment. A 2019 study recommended an expansion and renovation of the facility to match the growth and appeal of Fort Worth as a destination for conventions and meetings.

Phase 2 demolishes the 1968 arena, and in its place builds a new exhibit hall, meeting rooms, and a new ballroom. The total cost of this work is estimated at \$606,000,000.00. The design of the phase will begin upon funding. Construction mobilization is projected to begin in the fourth quarter of 2026, with construction estimated to be completed by the end of 2029. The \$65,000,000.00 referenced above, will fund the design contract for the project and provides for Phase 2 pre-construction work to be performed after the completion of Phase 1 and before the start of Phase 2.

Staff is recommending that these bonds be sold through a negotiated bid sale with the City Manager or the Chief Financial Officer having authority to approve the terms of the sale so long as those terms come within the parameters set forth in the Council-adopted ordinance. The City conducted a competitive Request for Qualifications process and received 35 bids. After a thorough evaluation and scoring process, we selected Wells Fargo, Hilltop and Cabrera Capital Markets as the underwriting syndicate for the transaction. Key parameters include that the bonds must be rated in one of the four highest generic rating categories (BBB or higher); the maximum maturity is March 1, 2055; 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, Fitch, and Kroll will be conducted prior to the sale of the bonds. Ratings are anticipated to be received the week of May 12, 2025. Pricing is scheduled for June 10, 2025 with an anticipated closing date of July 9, 2025. Subsequent to accepting the underwriters' bid and awarding the sale of the bonds, the City will seek approval of the debt transactions from the Texas Attorney General.

The attached appropriation ordinance reflects the maximum appropriation amount for bond proceeds. Its structure accommodates variables associated with sale of debt. 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.

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 adoption of the attached ordinances, the sale of the 2025 Special Tax bonds will occur as required under the parameters set forth therein and that funds will be available in the Spcial Tax Rev Bnd Serie 2025B Fund to record the appropriate and necessary transactions. Prior to any expenditures being incurred, the Public Events Department and Financial Management Services Department have the responsibility to validate the availability of funds.

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Expedited