

Mayor and Council Communication

DATE: 12/15/20

M&C FILE NUMBER: M&C 20-0908

LOG NAME: 13SERIES 2021A TAX NOTES

SUBJECT

(ALL) Adopt Ordinance Authorizing Issuance and Sale of City of Fort Worth Tax Notes, Series 2021A in an Aggregate Principal Amount Not to Exceed \$74,000,000.00, Expressing Official Intent for City to Reimburse Itself for Certain Eligible Expenditures, and Enacting Other Provisions Related to the Subject, and Adopt Appropriation Ordinance

RECOMMENDATION:

It is recommended that the City Council:

1. Adopt the attached ordinance authorizing the issuance and sale of Tax Notes, Series 2021A, in an aggregate principal amount not to exceed \$74,000,000.00; expressing official intent for the City to reimburse itself for expenditures made within the preceding 60 days for the listed projects; authorizing execution of all related documents; providing for the levy, assessment, and collection of a property tax sufficient to pay the interest on and principal of the notes if other revenues are not otherwise available and appropriated for those payments; and ordaining related matters; and
2. Adopt the attached ordinance increasing estimated receipts and appropriations in the Tax Note 2021A Project Fund in the amount of \$74,000,000.00, for the purpose of paying (i) contractual obligations incurred or to be incurred for the construction of public works and the purchase of materials, supplies, equipment, machinery, buildings, lands, and rights-of-way of identified projects, including repayment of \$5,000,000.00 of advance funding provided from the City's General Fund, and (ii) costs of issuance of the notes, with appropriations subject to the sale of tax notes and receipt of proceeds and all identified amounts being subject to reduction to conform to final figures reflected in the note-closing documents.

DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is to take actions associated with the issuance and sale of Series 2021A Tax Notes and appropriation of proceeds for the purpose of paying (i) costs related to certain capital projects, including repayment of interim funding from the General Fund, and (ii) costs of issuance of the notes.

The anticipated aggregate amount of proceeds from the sale of the Series 2021A Tax Notes and the Taxable Series 2021B Tax Notes is \$100,000,000.00. Proceeds from sale of the notes will be used to pay for (i) the purchase, construction, and renovation of the Pier 1 Building, which the City intends to designate as the New City Hall facility, (ii) the construction and renovation of the existing City Hall for continued use for municipal services, including as a public safety facility, and (iii) the costs of issuance.

Schedule of costs listed below:

Project Description	Amount
Acquisition and renovation of Pier 1 Building and other improvements to City Facilities	\$99,705,000.00
Cost of Issuance	\$295,000.00
Total	\$100,000,000.00
Series 2021A (includes estimated \$218,300 Col)	\$74,000,000.00
Series 2021B (includes estimated \$76,700 Col)	\$26,000,000.00

On December 2, 2020, the City distributed a term sheet to market participants for the sale of the Series 2021A Notes, subject to a hard deadline of December 14, 2020, for receipt of bids.

Based on the bids received, staff is recommending award of sale of the 2021A notes (tax-exempt) in a total principal amount of \$74,000,000.00 to Key Government Finance Inc., with a true interest cost (TIC) of 0.767%. The City will seek approval of the debt transactions from the Texas Attorney General with an estimated closing and funding date of January 21, 2021.

With execution of the note purchase agreement, which is scheduled to occur on December 15, the City will be committed to issuance and sale of the notes. Earnest money in the amount of \$5,000,000 will be paid at the end of the due diligence period, prior to the note closing. Therefore, the City will initially use unencumbered fund balance and then reimburse itself out of proceeds of the sale of the notes. Language to support reimbursement is included in the attached tax note ordinance, and the associated appropriation ordinance is structured so that the \$5,000,000.00 will be returned to the General Fund after the notes are sold and proceeds are received.

The attached appropriation ordinance reflects the maximum appropriation amount for note proceeds from the 2021A notes. 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.

Pursuing the acquisition of this building to serve as City Hall represents a change in the Capital Improvement Program (CIP) as most recently approved. Approval of the M&C authorizing acquisition of the building amends the adopted CIP, and the two tax note M&Cs represent the appropriations and budget to support that amendment.

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 actions provided within this Mayor and Council Communication, the sale of the 2021 Tax Notes will proceed as necessary to provide funding in the Tax Note 2021A Fund. Prior to any expenditures being incurred, the Property Management and Financial Management Services Departments have the responsibility to validate the availability of funds.

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