

Mayor and Council Communication

DATE: 03/08/22

M&C FILE NUMBER: M&C 22-0146-R

LOG NAME: 13SERIES 2022 TAX NOTES (REVISED)

SUBJECT

(ALL) Adopt Attached Ordinance Authorizing Issuance and Sale of City of Fort Worth Tax Notes, Series 2022 in an Aggregate Principal Amount Not to Exceed \$72,195,000.00 and Enacting Other Provisions Related to the Subject, and Adopt Attached Appropriation Ordinance

RECOMMENDATION:

It is recommended that the City Council:

1. Adopt the attached ordinance authorizing the issuance and sale of Tax Notes, Series 2022, in an aggregate principal amount not to exceed \$72,195,000.00; 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 2022 Fund in the amount of \$72,195,000.00, 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 and (ii) costs of issuance of the notes, with such 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 and with any excess cost of issuance funds remaining after closing being transferred to the general debt service fund.

DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is to take actions associated with the issuance and sale of Series 2022 Tax Notes and appropriation of proceeds for the purpose of paying (i) costs related to certain capital projects and (ii) costs of issuance of the notes.

The anticipated aggregate amount of proceeds from the sale of the Series 2022 Tax Notes \$72,195,000.00. Proceeds from sale of the notes will be used to pay for the construction and renovation of the Future City Hall facility, purchase of fire apparatus and equipment, and payment of the costs of issuance.

The schedule of project costs listed below:

Project Description	Amount
Construction and Renovation of Future City Hall Facility	\$59,759,000.00
Fire Apparatus Replacement	\$12,250,000.00
Cost of Issuance	\$186,000.00
Total	\$72,195,000.00

The City has used an Equipment Note Program for the City's Fire Department since at least 1999 (Ordinance No. 13701). On an annual recurring basis, tax notes are sold on the open market under a competitive process and proceeds are used to finance the equipment replacement program for fire equipment and apparatus. In conjunction with the Fleet Management Division of the Property Management Department, the Fire Department manages a fleet rotation plan that annually identifies vehicles and equipment that have reached the end of their useful lives and are too old or costly to continue to utilize or maintain for public safety operations. A portion of the proceeds from sale of the notes will be used to acquire equipment replacements scheduled for Fiscal Year 2023.

On February 4, 2022, the City distributed a term sheet to market participants for the sale of the Series 2022 Notes, subject to a hard deadline of March 8, 2022, for receipt of bids.

Based on the bids received, staff is recommending award of sale of the 2022 notes (tax-exempt) in a total principal amount of \$72,185,000.00 to Webster Bank, National Association, with a true interest cost (TIC) of 1.73%. The City will seek approval of the debt transactions from the Texas Attorney General with an estimated closing and funding date of March 29, 2022.

With execution of the note purchase agreement, the City will be committed to issuance and sale of the notes.

The attached appropriation ordinance reflects the maximum appropriation amount for note 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. Similarly, to the extent there are any remaining proceeds after paying cost of issuance expense, those funds are to be moved to the General Debt Service Fund.

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 2022 Tax Notes will proceed as necessary to provide funding in the Tax Note 2022 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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