

Mayor and Council Communication

DATE: 12/12/23

M&C FILE NUMBER: M&C 23-1063

LOG NAME: 25STOCKSHOWAMENDMENT15-SHEEP&SWINEBARN_DEBT_BUD_AMEND

SUBJECT

(CD 7) Authorize Execution of Amendment to Lease Agreement with the Southwestern Exposition and Livestock Show for Use of Will Rogers Memorial Center (City Secretary Contract No. 19725, as Previously Amended) to Extend Term and Modify Rental Structure; and Adopt Appropriation Ordinances, and Amend Fiscal Year 2024 Budget

RECOMMENDATION:

It is recommended that the City Council:

1. Authorize the execution of an amendment to City Secretary Contract No. 19725, a Lease Agreement with the Southwestern Exposition and Livestock Show, as previously amended for the following purposes:
 - (a) Extending the term for an additional six years to expire in 2054;
 - (b) Modifying the rental structure to memorialize the Southwestern Exposition and Livestock Show's agreement to contribute to the funding of certain improvements, renovations and related infrastructure, including the most recent Sheep & Swine Barn Project at the Will Rogers Memorial Center for an additional commitment of \$45,676,636.08 to be paid over a period of thirty years;
 - (c) Memorializing the practice of allowing the Southwestern Exposition and Livestock Show to utilize Will Rogers Memorial Center for Ancillary Stock Show Events throughout the year without a separate charge due to the significant financial investment by the Lessee throughout the term;
2. Adopt the attached appropriation ordinance increasing estimated receipts and appropriations in the Culture and Tourism Fund, in the amount of \$1,284,165.00 from the amended Lease Agreement with the Southwestern Exposition and Live Stock Show, for the purpose of transferring to the Venue Debt Service Fund;
3. Adopt the attached appropriation ordinance adjusting estimated receipts and appropriations in the Venue Operating Fund, by increasing estimated receipts and appropriations in the transfer to debt service in the amount of \$1,405,433.00 and decreasing contributions to fund balance by the same amount;
4. Adopt the attached appropriation ordinance adjusting estimated receipts and appropriations in the DFW Revenue Sharing Fund, by increasing estimated receipts and appropriations in the transfer to debt service in the amount of \$1,529,262.00 and decreasing contributions to fund balance by the same amount;
5. Adopt the attached appropriation ordinance increasing estimated receipts and appropriations in the Venue Debt Service Fund, in the amount of \$4,218,860.00, transferred from the Culture and Tourism, Venue Operating and DFW Revenue Sharing Funds, for debt service payments on the Special Tax Revenue Bonds, Taxable Series 2023B (Sheep & Swine (Barn Project)) and the Special Tax Revenue Bonds, Series 2023A (Will Rogers Memorial (Tax-Exempt)); and
6. Amend the Fiscal Year 2024 Adopted Budget.

DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is to take necessary actions following the successful sale of the Series 2023A and Taxable Series 2023B Special Tax Revenue Bonds as authorized by City Council (M&C 23-0792 and 23-0850) on September 26, 2023 and amended on October 17, 2023. The bonds were successfully sold on October 31, 2023, and the transaction closed and funds delivered on November 28, 2023 for the purpose of funding improvements to the Will Rogers Memorial Center (WRMC) and re-building of the WRMC Sheep and Swine Barn (the Project), respectively. Those improvements consist of (i) certain improvements, renovations and related infrastructure work on the Sheep and Swine Barn financed through issuance of taxable bonds, one half of the costs of which are being repaid by private funds, and (ii) other campus-wide improvements that are being funded from proceeds of tax-exempt debt that the City will be solely responsible for repaying.

The actions in this M&C authorize amendments to the lease of the WRMC for the annual Fort Worth Stock Show and Rodeo (FWSSR) to support the private funding toward Taxable Series 2023B Special Tax Revenue Bonds and amend the FY2024 adopted budgets of the Culture and Tourism, Venue Operating, DFW Revenue Sharing and Venue Debt Service Funds to support the additional debt service payments in FY2024.

The City and the Southwestern Exposition and Livestock Show (SWELS) are currently parties to a Lease Agreement for the annual use of WRMC, which permits SWELS to occupy the entire WRMC complex during its annual event, the FWSSR, established under City Secretary Contract No. (CSC) 19725, as amended by City Secretary Contract Nos. 17195, 19725, 20829, 27471, 27897, 29074, 33409, 34457, 36659 and 19725-A8, 19725-A9, 19725-A1, 19725-A11, 19725-A12, 19725A-13, 19725-A14 and together with CSC No. 14071 (collectively the Lease). Pursuant to the Lease, SWELS has a continuing interest in assisting the City in maintaining and updating the WRMC facilities, and specifically has committed

to contribute to the costs of the Sheep and Swine Barn project by increasing its annual rental payment over the next thirty (30) years in order to provide the City with an additional rental amount that equals one-half of the costs of issuing and repaying the debt associated with the Project. To accomplish this goal, Staff is recommending that the Lease be modified as follows:

Extended Term: The term for the City's repayment of the Taxable Bonds is 30 years; however, the Lease is scheduled to expire in 2048. In order to accommodate the SWELS contributions to the Project, Staff is proposing that the Lease be extended an additional 6 years, with expiration to occur at the conclusion of the SWELS 2054 event.

Investment: The proposed amendment will also modify the rental structure in the Lease to memorialize the SWELS commitment to provide additional rental payments in an amount equal to one-half of the principal and interest of the Taxable Bonds for the Project, with a total additional rental commitment of approximately \$45,676,636.08 to be paid over a period of 30 years. The total commitment by SWELS is capped at the stated amount, however, in the event the City is able to refinance the Taxable Bonds under more favorable terms, SWELS additional rental payments would be reduced to reflect the impact of any future savings the City realizes on the debt. The additional rental payments will be paid in March and September of each year per the repayment schedule.

Fee Waiver: The proposed amendment also memorializes a long-standing agreement between the City and Lessee concerning the hosting of private FWSSR events at the WRMC complex that fall outside the annual Stock Show license period. Past practice is that Lessee uses WRMC space for these private events without paying a separate fee on the theory that the Lessee provides adequate consideration through its ongoing capital contributions to the WRMC complex. Lessee will be permitted to provide its own catering and alcohol services for private events as long as all federal, state, and local regulations, City policy, and any contracts in place between the City and catering services are complied with.

Budget Amendments:

Rec	Funds	2023B Taxable	2023A Tax-Exempt	Total Amendments
#2	Culture and Tourism	\$ 1,284,165.00	\$ -	\$ 1,284,165.00
#3	Venue Operating	\$ 1,324,946.00	\$ 80,487.00	\$ 1,405,433.00
#4	DFW Revenue Sharing		\$ 1,529,262.00	\$ 1,529,262.00
#5	Venue Debt Service	\$ 2,609,111.00	\$ 1,609,749.00	\$ 4,218,860.00

Additionally, the actions of this M&C amend the Fiscal Year 2024 adopted budgets of the Culture and Tourism, DFW Revenue Sharing, Venue Operating and Venue Debt Service Funds by increasing revenue or decreasing budgeted contributions to fund balance, and increasing transfers to support the additional debt service for the Series 2023A and Series 2023B Special Tax Revenue Bonds for the fiscal year. As previously stated, the bonds were successfully sold on October 31, 2023, and the transaction closed and funds delivered on November 28, 2023. Per bond covenants, the City is required to transfer to the Venue Debt Service Fund equal monthly installments of 1/12th principal and 1/6th interest coming due.

Special Tax Revenue Bonds, Series 2023B Taxable (Sheep and Swine Barn)

The sale of the Special Tax Revenue Bonds, Taxable Series 2023B for the Sheep and Swine Barn, requires the budget of the Venue Debt Service Fund to increase by \$2,609,111.00 for the FY2024 debt service payment, which is covered by both City and private funding. As such, the Culture and Tourism Fund increases in the amount of \$1,284,165.00, which is equal to half of the FY2024 principal and interest payment on the Sheep and Swine Barn, for additional revenue as amended in the SWELS Lease, the Venue Operating Fund is adjusted by decreasing contributions to fund balance in the amount of \$1,324,946.00, which is the balance of the FY2024 debt service payment, and the transfer to the Venue Debt Fund is increased by both in the same amount.

Special Tax Revenue Bonds, Series 2023A (Will Rogers Memorial (Tax-Exempt))

The sale of the Special Tax Revenue Bonds, Series 2023A for additional capital improvements at the Will Rogers Memorial Center other than the Sheep & Swine Barn, requires the budget of the Venue Debt Service Fund to increase by \$1,609,749.00 for the FY2024 debt service payment, which is covered entirely by the City. As such, the Venue Operating Fund is adjusted by decreasing contributions to funds balance in the amount of \$80,487.00, representing 5% of the FY2024 debt service payment, the DFW Revenue Sharing Fund is adjusted by decreasing contributions to fund balance in the amount of \$1,529,262.00, representing 95% of the FY2024 debt service payment, and the transfer to the Venue Debt Fund is increased by both in the same amount.

The action in this M&C will amend the Fiscal Year 2024 Adopted Budget as approved in connection with Ordinance 26453-09-2023.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that funds are currently available in the Venue Operating, DFW Rev Sharing and Culture & Tourism Funds and upon approval of the above recommendations, adoption of the attached appropriation ordinances and execution of the amendment, funds will be available in the Venue Debt Service Fund. The Public Events Department (and Financial Management Services) is responsible for the collection and deposit of funds due to the City. Prior to any expenditure being incurred, the Public Events Department has the responsibility to validate the availability of funds.

Submitted for City Manager's Office by: William Johnson 5806

Originating Business Unit Head: Michael Crum 2501

Additional Information Contact:

Andrea Wright 2503