

Mayor and Council Communication

DATE: 01/26/21

M&C FILE NUMBER: M&C 21-0069

LOG NAME: 13APPROPRIATIONS RELATED TO SERIES 2021A AND 2021B TAX NOTES

SUBJECT

(ALL) Adopt Ordinances Increasing Appropriations in the General Debt Service Fund in the Amount of \$500,989.00 for Fiscal Year 2021 Interest Payments on the Tax Notes - Series 2021A and Series 2021B and in the General Fund in the Amount of \$1,813,291.00 for FY2021 Lease Revenues and Contractual and Other Payments for the New City Hall Facility

RECOMMENDATION:

It is recommended that the City Council:

1. Adopt the attached ordinance increasing appropriations in the General Debt Service Fund in the amount of \$500,989.00 for September 1, 2021 interest payments on the Series 2021A and Series 2021B Tax Note issues and decreasing unaudited fund balance by the same amount; and
2. Adopt the attached ordinance increasing estimated receipts and appropriations in the General Fund by \$1,813,291.00, for anticipated lease revenues and payment of building-related and assumed contractual obligations, with such amount contingent on completion of acquisition, assignment of leases and contracts, and receipt of funds.

DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is to adopt appropriation ordinances related to the acquisition of the Pier 1 building as a new City Hall.

On December 15, 2020, the City Council adopted ordinances authorizing the issuance and sale of City of Fort Worth, Texas Tax Notes, Series 2021A, in an aggregate principal amount not to exceed \$74,000,000.00, and Series 2021B, in an aggregate principal amount not to exceed \$26,000,000.00 (M&Cs 20-0908 and 20-0909).

The notes, which were sold and executed via a note purchase agreement on the same day, were issued for the purpose of funding (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, with a portion of the Series 2021A proceeds also designated for reimbursement of the \$5,000,000.00 earnest money payment that was due at the end of the due diligence period.

Initial debt service payments on the tax notes is due on September 1, 2021. Adoption of this M&C and the first attached ordinance will appropriate \$500,989.00 from fund balance in the General Debt Service Fund for the purpose of making those interest payments.

Per their terms, the tax notes are eligible for refunding (refinancing) on or after September 1, 2021. M&Cs and ordinances will be presented for Council consideration in advance of that date, and depending on the timing of when the refunding debt transaction closes, the initial interest payments on these two series of tax notes may be paid out of proceeds from the refunding debt rather than the dollars being appropriated here.

With the closing of the real estate transaction to acquire the Pier 1 building, which is expected to occur later this week, the City will be assuming existing leases and service contracts for the facility. Adoption of the second appropriation ordinance provides the budgetary structure for receipt of lease revenues and payment of contractual obligations and other costs associated with the building.

The ordinance increases receipts and appropriations in the General Fund by \$1,813,291.00, contingent of completion of the real estate closing, with the revenue amount subject to the assumption of all leases and actual receipt of revenues and the expenditure appropriation subject to assumption of the service contracts and actual amounts invoiced to the City by contractors or directly related to the building and charged to the project.

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 appropriation ordinances, funds will be available in the General Debt Service Fund and lease revenues deposited into the General Fund. The Property Management Department (and Financial Management Services) is responsible for the collection and deposit of funds due to the City. Prior to any expense being incurred, the Property Management Department also has the responsibility to validate the availability of funds.

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Expedited