



Legislation Text

File #: 23-2052, **Version:** 1

STRATEGIC PRIORITY: Government Performance & Financial Management
AGENDA DATE: September 27, 2023
COUNCIL DISTRICT(S): N/A
DEPARTMENT: City Controller's Office
EXECUTIVE: Jack Ireland

SUBJECT

An ordinance approving and authorizing **(1)** the issuance and sale of City of Dallas, Texas, Special Tax Revenue Obligations (Kay Bailey Hutchison Convention Center Venue Project), Series 2023 in a principal amount not to exceed \$172,000,000; **(2)** a Master Indenture of Trust and a First Supplemental Indenture of Trust; **(3)** making findings with respect to the issuance of such obligations; and **(4)** providing an effective date - Financing: 2023 Convention Center Venue Project Bond Funds (\$1,583,400) and Convention and Event Services Fund (\$14,500)

BACKGROUND

Pursuant to an election held within the City of Dallas on November 8, 2022 in accordance with Chapter 334 of Texas Local Government Code (the "Brimer Bill"), voters approved Proposition A authorizing the City to provide for the planning, acquisition, establishment, development, construction, renovation and financing of the expansion of the Kay Bailey Hutchison Convention Center Dallas and related infrastructure as defined in Chapter 334 (collectively, the "Convention Center Venue Project") and to provide for the planning, acquisition, establishment, development, construction, renovation and financing of certain Fair Park facilities and related infrastructure (collectively, the "Fair Park Venue Project" and together with the Convention Center Venue Project, the "Dallas Venue Projects") and to impose a maximum increase of two percent (2%) of Hotel Occupancy Tax (HOT) as a source of pledged revenues for financing. Chapter 334 requires an issuance of the Dallas Venue Projects debt within one year of the Brimer Bill tax levy, which began on January 1, 2023.

On June 14, 2023, the City Council approved a resolution authorizing the preparation of plans and the payment of potential future costs and expenses for the issuance of City of Dallas, Texas, Special Tax Revenue Obligations (Kay Bailey Hutchison Convention Center Venue Project), Series 2023 in an amount not to exceed \$172,000,000; and Special Tax Revenue Obligations (Fair Park Venue Project, Series 2023 in an amount not to exceed \$51,000,000 (collectively, the "Bonds"), as part of the KBHCCD Master Plan and Fair Park improvements approved by voters under Proposition A on November 8, 2022.

At the advisement of the City's Co-Financial Advisors, Hilltop Securities and Estrada Hinojosa & Co., to remain in compliance with Chapter 334 and meet the needs of project design and other initial contract awards while maintaining coverage requirements for future bond issuances, the Bonds will be issued as short-term debt via private placement with a qualified bank or investors utilizing a placement agent. To maximize bonding capacity, the short-term debt will be structured with a redemption feature so that the Bonds can be refunded into long-term debt at the same time the City issues long term bonds for the Dallas Venue Projects.

This ordinance authorizes City staff and co-financial advisors to work with the placement agent who will negotiate the sale and placement of the Special Tax Revenue Obligations (Kay Bailey Hutchison Convention Center Venue Project), Series 2023, in a principal amount not to exceed \$172,000,000 with potential purchasers. Payment of fees and expenses is contingent upon the issuance and sale of the Bonds. Following a presentation from City staff, S&P Global Ratings is scheduled to provide a credit rating for the Bonds on September 20, 2023. Pending City Council approval of the ordinance, the Bonds are scheduled to price in October and are estimated to close in November 2023.

ESTIMATED SCHEDULE OF PROJECT

Approval of Bond Resolution	June 2023
Approval of Bond Ordinance	September 2023
Pricing	October 2023
Delivery of Proceeds	November 2023

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

The Government Performance and Financial Management Committee was briefed on “FY 2022-23 Debt Issuance Overview” on November 15, 2022.

The Government Performance and Financial Management Committee was briefed on “Financial Plan Update for KBHCCD Master Plan & Fair Park Improvements” on May 22, 2023.

[The City Council was briefed by memorandum regarding this matter on June 9, 2023. <https://dallascityhall.com/government/citymanager/Documents/FY%2022-23%20Memos/Debt%20Issuance%20for%20Kay%20Bailey%20Hutchinson%20Convention%20Center%20Master%20Plan%20and%20Fair%20Park%20Improvements.pdf>](https://dallascityhall.com/government/citymanager/Documents/FY%2022-23%20Memos/Debt%20Issuance%20for%20Kay%20Bailey%20Hutchinson%20Convention%20Center%20Master%20Plan%20and%20Fair%20Park%20Improvements.pdf)

[The Government Performance and Financial Management Committee was briefed by memorandum regarding this matter on June 13, 2023. <https://cityofdallas.legistar.com/gateway.aspx?M=F&ID=1be8b14c-8f48-4fe3-92f2-099cf60dfae1.pdf>](https://cityofdallas.legistar.com/gateway.aspx?M=F&ID=1be8b14c-8f48-4fe3-92f2-099cf60dfae1.pdf)

[The Government Performance and Financial Management Committee was briefed by memorandum regarding this matter on September 19, 2023. <https://cityofdallas.legistar.com/View.ashx?M=F&ID=12303879&GUID=0CC2820B-ED02-4A79-B3DD-4E4FB2D718B2>](https://cityofdallas.legistar.com/View.ashx?M=F&ID=12303879&GUID=0CC2820B-ED02-4A79-B3DD-4E4FB2D718B2)

FISCAL INFORMATION

Fund	FY 2024	FY 2025	Future Years
2023 Convention Center Venue Project Bonds Fund	\$1,583,400.00	\$0.00	\$0.00
Convention and Event Services Fund	\$ 14,500.00	\$0.00	\$0.00
Total	\$1,597,900.00	\$0.00	\$0.00

Attachment I provides an estimate of bond issuance costs for the proposed bonds and the M/WBE participation. Payment of fees and expenses is contingent upon the issuance and sale of the Special Tax Revenue Obligations (Kay Bailey Hutchison Convention Center Venue Project), Series 2023.