



Legislation Text

File #: DIS 22-078, **Version:** 1

Discussion of issues relating to the sale of Certificates of Obligation, Series 2022, for the construction of Deer Park Community Development Corporation (DPCDC) improvements (Community/Recreation Center), General Obligation Bonds, Series 2022, and Cash Defeasance of Certificates of Obligation, Series 2017.

Summary:

Discussion of the attached presentation by BOK Financial Securities, Inc. and Bracewell LLP related to:

- Financings Plans and Schedule of Events Overview, Certificates of Obligation, Series 2022, \$15,000,000

- Financings Plans and Schedule of Events Overview, General Obligation Bonds, Series 2022, \$15,280,000

- Overview of Cash Defeasance, Certificates of Obligation, Series 2017, \$915,000

- Overview of potential refunding opportunity, Certificates of Obligation, Series 2014 and General Obligation and Refunding Bonds, Series 2014

- First supplement to the agreement regarding the construction of improvements with DPCDC

The Certificates of Obligation, Series 2022 will require a resolution of intent.

The cash defeasance of Certificates of Obligation, Series 2017 will require a budget amendment in FY 2021-2022 and a cash redemption ordinance.

The Limited Tax Refunding, Series 2022 will require a refunding ordinance.

On May 1, 2021, the Deer Park voters approved General Obligation bond propositions A-D and the continuation of the one-half of one percent economic development Type B sales and use tax (proposition E) as follows:

- A) \$19,500,000 for the purpose of providing funds for the design, construction, acquisition, and equipment of drainage improvements and the acquisition of land, easements, and rights-of-way in connection therewith.
- B) \$16,900,000 for the purpose of providing funds for the design, construction, acquisition, and equipment of fire department facilities, including a new Fire Station #1, Fire Station #2, and training room.

- C) \$7,200,000 for the purpose of providing funds for the design, construction, acquisition, and equipment of streets and sidewalks, including related storm drainage and paving improvements, and the acquisition of easements and rights-of-way in connection therewith.
- D) \$22,300,000 for the purpose of providing funds for the design, construction, acquisition, and equipment of a new Jimmy Burke Activity Center, which will include a visitor center and museum.
- E) Type B economic development sales and use tax within the City at the rate of one-half of one percent, as authorized by chapters 501 and 505 of the Texas Local Government Code for the promotion and development of the additional purpose of land, buildings, equipment, facilities, and improvements (including the maintenance and operating costs thereof) found by the board of directors of the Deer Park Community Development Corporation to be required or suitable for use for the following: amateur sports, children's sports, athletic, entertainment and public park purposes and events, including ball parks, parks and park facilities, and open space improvements (including (i) a community/recreation center complex with indoor pool, gymnasium, and indoor track and (ii) an outdoor pool and/or pool related facilities); related concession and automobile parking facilities; related roads, streets, and water and sewer facilities; and other related improvements that enhance any of the above.

Attached is a copy of the agreement signed August 3, 2021 between the City of Deer Park and the DPCDC, whereby the City agrees to issue and sell one or more series of certificates and to use the proceeds to pay the costs of the projects (Section 1.03), and the DPCDC agrees to make payments to the City in amounts sufficient to pay the principal of and interest on the certificates (Section 1.04).

At the July 25, 2022 Deer Park Community Development Corporation (DPCDC) meeting, the City's Financial Advisor, John Robuck, from BOK Financial Securities, Inc., and the City's Bond Counsel, Jonathan Frels, from Bracewell LLP, attended the meeting and presented a financing plan and tentative schedule of events regarding the proposed issuance of the Certificates of Obligation for the construction of DPCDC improvements (Community/Recreation Center). The DPCDC approved a recommendation to City Council to approve a resolution authorizing publication of the Notice of Intention to Issue Certificates of Obligation, approving the preparation of the Preliminary Official Statement for these Certificates of Obligation, and approving other matters incidental thereto.

At the August 2, 2022 Council Workshop, Mr. Robuck and Mr. Frels will make a presentation regarding the following:

- 1) A financing plan and schedule of events for the issuance of Certificates of Obligation, Series 2022, in the amount of \$15,000,000 for the construction of DPCDC improvements (Community/Recreation Center);
- 2) A financing plan and schedule of events for the issuance General Obligation Bonds, Series 2022, in the amount of \$15,280,000 for the following:
 - a. Drainage Improvements: \$9,700,000

b. Jimmy Burke Activity Center Facilities: \$2,380,000

c. Street Improvements: \$3,200,000; and

3) An overview of the \$915,000 cash defeasance of the Certificates of Obligation, Series 2017.

Mr. Robuck and Mr. Frels will be in attendance at the meeting to present a tentative schedule of events and to answer any questions related to this planned debt issuance.

Fiscal/Budgetary Impact:

-In accordance with the agreement between the City and the DPCDC, funding of the debt service payments and the associated issuance costs for the certificates will be from the dedicated 0.50% sales and use tax revenues of the DPCDC.

-Addition of \$928,647 to the Fiscal Year 2021-2022 budget for the Community Development Corporation (Account No. 850-432-45300, Operating Transfers) to be funded by prior year revenue, which is available for this purpose.

-Payment of the debt service and issuance costs related to the General Obligation Bonds will be funded by ad valorem tax revenues.

Discussion only.