



MEMORANDUM

Council Agenda
Item No. XI. M
5/23/2023

The City of OKLAHOMA CITY

TO: Mayor and City Council

FROM: Craig Freeman, City Manager

Resolution approving the incurrence of indebtedness by the Oklahoma City Public Property Authority by the issuance of its Hotel Tax Revenue Bonds, Taxable Series 2023, in one or more series relating to the construction of the MAPS 4 Fairgrounds Project at The City of Oklahoma City, Oklahoma Fairgrounds leased to the Authority; providing that the organizational document creating the Authority is subject to the provisions of the indenture authorizing issuance of the Bonds; waiving competitive bidding and authorizing the sale of said Bonds by the Authority at negotiated sale and at a price less than par; approving and authorizing an amendment to the Lease Agreement, as previously amended, by and between the Authority and City pertaining to the Fairgrounds; ratifying and confirming a Security Agreement by and between the City and Authority relating to the hotel tax, approving the forms of a Continuing Disclosure Agreement and an Official Statement relating to the Bonds; authorizing the execution of all necessary documents, including the Continuing Disclosure Agreement; and containing other provisions relating thereto. (Six affirmative votes required to incur indebtedness.)
(Seven affirmative votes required to waive competitive bidding.)

Background:

On December 14, 2004, voters approved the repeal of the existing 2% hotel occupancy tax and approved a new 5.5% hotel occupancy tax. Approximately 54% of the 5.5% levy is dedicated to fund capital improvements to the Oklahoma City Fairgrounds.

On August 27th, 2019, the City Council adopted a resolution stating the administrative intent of the Mayor and City Council as to how the MAPS 4 program would be financed and managed, if approved by the voters. Among the projects in this resolution to receive funding from the MAPS 4 temporary sales tax was the construction of a new coliseum at the Oklahoma City Fairgrounds to replace the aging Jim Norick Arena. On December 10, 2019, voters approved the MAPS 4 temporary sales tax which became effective on April 1, 2020.

The funding plan for the new coliseum includes, in addition to MAPS 4 funding, the issuance of \$30 million in hotel occupancy tax revenue bonds by the Oklahoma City Public Property Authority. These bonds will be repaid from the 54.5% portion of the hotel occupancy tax revenues. Accordingly, City staff and the City's municipal/financial advisor have determined that there is sufficient capacity in the hotel occupancy tax to support the additional debt.

If adopted, the resolution:

- Authorizes the Oklahoma City Public Property Authority to issue its Hotel Tax Revenue Bonds, Taxable Series 2023, in the amount not to exceed \$35,000,000, for the purpose of providing funds to (i) to finance the Project, (ii) fund a municipal bond insurance policy, if necessary; (iii) fund a debt service reserve and/or purchase a surety policy satisfying the reserve requirement on the Bonds, if necessary; and (iv) pay costs of issuance of the Bonds.
- Makes the organizational document creating the Authority subject to the terms of the Bond Indenture authorizing the issuance and securing the payment of the Bonds.
- Waives competitive bidding and authorizes the Authority to sell and deliver the Bonds to the Firm of Raymond James & Associates Inc., who was selected from the City's pre-qualified pool of underwriters established on January 17, 2023.
- Ratifies and confirms the Security Agreement dated April 1, 2005.
- Approves and authorizes an Amendment to the Lease Agreement, by and between the City and the Authority dated November 1, 1961, as previously amended, pertaining to the lease by the City to the Authority of its Fairground properties.
- Approves the form of the Official Statement and Continuing Disclosure Agreement.
- Authorizes the Mayor or Vice Mayor and City Clerk or Deputy City Clerk at the closing of the above referenced bond issue, upon consultation with the Municipal Counselor's Office, to execute, separately or jointly, and deliver such documents and take such other action as may be necessary or appropriate in order to effectuate the issuance, execution, and delivery of the Bonds.

Review:

Finance Department

Recommendation: Resolution be adopted.