Preliminary Plan of Finance

Convention Center Project

City Council Meeting June 27, 2023



Convention Center Project Scope

Scope to Include:

- Arena
- Convention Center
- Selena Auditorium
- Entertainment District
- New Headquarters Hotel

Funding Sources

City Hotel **Project Finance TIRZ #3** Type B Type A Occupancy Tax Zone Revenue Add Convention Possible repurpose of -Granted by approval -2% Venue Tax Add Convention both 1/8 cents sales of HB5012 Center Project as an Center Project as an -7% Hotel Occupancy allowed project to the taxes currently allowed project to -State's portion of the Tax Project and Financing collected for the incremental Plan purpose of the Arena collections of sales tax, and Seawall HOT, and mixed beverage for 30 years -Three-mile radius of project

Funding Categories

Known & Available

- -Have historical collections
- -Available to be allocated to the project

Known & Eligible for Allocation

- -Have historical collections
- -Currently allocated for other purposes
- -Can be allocated in part or completely to the project

Unknown & Required

- -Do not have historical collections
- -Collection forecasting subject to assumptions
- -Required to be allocated to the project

Funding Types and Categories

	Known & Available	Known & Eligible for Allocation	Unknown & Required
Project Finance Zone			X
City Hotel Occupancy Tax	2% Venue Tax	7% Occupancy Tax	
TIRZ #3		X	
Type A		X	
Type B		X	

Actions to Access Funding Sources

- With the exception of the Type A repurpose, all necessary actions controlled by City Council and affiliated boards (Type A, Type B, and TIRZ #3)
- The repurpose of Type A funding requires approval through a citywide election

Type A Repurposing

Today

- 1/4 Cent Sales Tax
 - Arena-1/8 cent
 - Seawall-1/8 cent

Expiration

- Arena-2025
- Seawall-2026
- Can accelerate to an earlier date if cash on hand is used to retire existing debt early

Revenue

1/8 cent produces approximately \$8.0M annually which continues to increase each year

Type A Repurposing

Process

- November 2023 election to approve repurpose of 1/4 cent after existing debt is paid in full
- Election prior to expiration ensures no interruption in collection
- Single measure and ballot proposition
- Propose 1/4 cent allocation
 - 75% to Convention Center Complex (Includes Seawall)
 - 25% to defined parks and commercial/industrial streets

Type A Repurposing

Next Steps after Repurpose Approval

- Create special purpose entity governed by City Council to manage Convention Center Complex redevelopment
- Approve Type A and City Interlocal Agreement to transfer revenues:
 - Parks and Streets funding to City
 - Convention Center Complex funding to special purpose entity

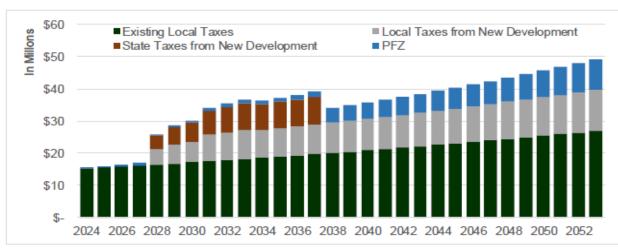
Convention Center Complex

"Convention Center Complex" will include:

- Arena
- Convention Center
- Selena Auditorium
- Seawall
- New Headquarters Hotel

Potential Revenues (need updated schedule)

Summary of Potential Gross Revenues (in millions)							
Revenue Source	Description	Years	Projected Total	@ 1.50x DSCR	Est. PV		
6.25% Sales Tax	State - Onsite	2028-2037	\$ 52,283	\$ 34,855	\$ 23,106		
4.0% Hotel Tax	State - Onsite	2028-2037	19,928	13,285	8,793		
3-Mile Project Finance Zone (PFZ)	State	2024-2053	120,357	80,238	29,142		
7.0% Hotel / Motel Tax	Local - Onsite	2028-2053	113,064	75,376	33,035		
2.0% Venue Occupancy Tax	Local - Onsite	2028-2053	32,304	21,536	9,438		
0.125% Arena Sales Tax	Local - Onsite	2028-2053	3,362	2,241	985		
0.125% Seawall Sales Tax	Local - Onsite	2028-2053	3,362	2,241	985		
TIRZ Tax Revenues	Local - Onsite	2028-2053	101,436	67,624	29,786		
2.0% Venue Occupancy Tax	Local - Existing	2024-2053	159,502	106,335	52,446		
0.125% Arena Sales Tax	Local - Existing	2024-2053	355,442	236,961	116,873		
TIRZ Tax Revenues	Local - Existing	2024-2053	102,445	68,297	33,685		
Totals	\$1,063,485	\$ 708,990	\$ 338,274				



- Projected revenue sources, annual amounts and applicable years provided by Hunden Partners as of June 9, 2023. Preliminary, subject to change.
- ► The annual revenue projections represent gross tax receipts. Operations & maintenance (O&M) and renewal & replacement (R&R) costs would be paid from these revenues, reducing the potential bond capacity.
- ▶ For purposes of illustration, the annual gross tax revenues are adjusted for a minimum debt service coverage requirement (DSCR) of 1.50x and present valued to July 1, 2023 at an illustrative cost of funds.
- An independent consultant should be retained to provide a detailed forecast of available pledged revenues. This study will be used to structure the debt and obtain bond ratings and insurance.
- Additionally, the City should consider adding a senior underwriter with considerable convention center/arena experience to the finance team early in the process as the plan of finance is being built.



Project Timeline

OCT-DEC 22

01



Quarter One-Complete

- Feasibility Study with Economic Impact for a Convention Center Hotel, Mix-Use Entertainment District, and Needs Assessment for the ABC Convention Center
- Conduct research and analysis
- Stakeholder engagement
- Finalize report

Quarter Two-Complete

- Brief Council on the results of the study
- City Financial Advisor selection
- City Bond Counsel selection
- Council action to support Legislative action
- Tour of Oklahoma City
 Convention Center and
 Mix-Use District, and
 connected hotel. Meetings
 with OKC project
 representatives.

02



JAN-MAR 23

APR-JUN 23

03



Quarter Three-Complete

- Plan of Finance analysis and model
- Meetings with Bond Counsel and Financial Advisor and Hunden
- 88th Legislative Session continued work to add PFZ financial tool
- Develop project schedule
- Type A Sales Tax analysis

Quarter Four-In Process

- Brief Council on Plan of Finance with funding sources and the initial recommendations
- Brief Council on Type A Sales Tax repurpose
- Brief Council on the project schedule with milestones and next steps
- Council action to designate PFZ area

04



JUL-SEP 23