



CITY OF NORMAN, OK STAFF REPORT

MEETING DATE: 07/27/2021

REQUESTER: Anthony Francisco

PRESENTER: Anthony Francisco, Director of Finance

ITEM TITLE: CONSIDERATION OF ADOPTION, REJECTION, AMENDMENT, AND/OR POSTPONEMENT OF RESOLUTION R-2122-22: A RESOLUTION AUTHORIZING THE NORMAN MUNICIPAL AUTHORITY (THE "AUTHORITY") TO SEEK FINANCING PROPOSALS IN CONNECTION WITH THE ISSUANCE OF THE AUTHORITY'S ROOM TAX REVENUE NOTE, TAXABLE SERIES 2021: AND CONTAINING OTHER PROVISIONS RELATING THERETO.

BACKGROUND

In May, 1980, the voters of Norman approved a "Transient Guest Room Tax" for the purpose of encouraging, promoting, and fostering the convention and tourism development of the City of Norman...uses in parks development and in promotion of the arts and humanities are thus contemplated." The Council has adopted a policy of using approximately fifty percent (50%) of the City's Room Tax revenue for convention and tourism promotion; 25% for arts and humanities promotion; and 25% for parks development.

In June, 2002, the City Council, acting as the Norman Municipal Authority, passed Resolutions R-0102-118 and R-0102-119, authorizing the issuance of Recreational Facility Bonds to finance the reconstruction of the Westwood Golf Course. The 25% Parks Development portion of subsequent Room Tax revenue was pledged to the repayment of these 2002 NMA Recreational Facility Bonds. Those bonds have now been defeased (paid off).

On October 13, 2015, the voters of Norman approved Ordinance O-1516-5, levying a 15-year temporary, dedicated ½% NORMAN FORWARD Quality of Life Sales Tax (NFST), effective January 1, 2016. The NORMAN FORWARD Initiative provides for funding over \$148,000,000 in recreational, athletic, library, park and infrastructural improvements, including the following:

✓ New Central and Eastside Branch Libraries	\$44,000,000
✓ James Garner Avenue Extension	\$ 6,000,000
✓ New Indoor Aquatic Facility	\$14,000,000
✓ Westwood (Outdoor) Pool Reconstruction	\$12,000,000
✓ Westwood Tennis Center Renovation	\$ 1,000,000
✓ Reaves Park Baseball Complex Renovation	\$10,000,000
✓ Griffin Park Land Lease*	\$ 2,400,000

✓ Griffin Park Soccer Complex Reconstruction	\$11,000,000
✓ Senior Wellness Center*	\$ 7,600,000
✓ New Football and Softball Complex	\$ 2,500,000
✓ New Indoor Multi-Sport Facility	\$ 8,500,000
✓ Neighborhood Park/Trail Development	\$14,500,000
✓ Community Park Development	\$ 9,500,000
✓ Canadian River Trails Park Development	\$ 2,000,000
✓ Road and Infrastructure Improvements	\$ 2,730,000

* Originally, the Griffin Land project was budgeted \$10,000,000 for purchase of the property from the Oklahoma Department of Mental Health and Substance Abuse Services. Through negotiations, the NMA agreed to a long-term lease of the land at a price of \$80,000 per year for 30 years. The remaining Griffin Land Purchase allocation (\$7,600,000) was re-programmed by Council/NMA action for the Senior Wellness Center project.

Other authorized NORMAN FORWARD improvements could include public art installations, program management services and support personnel.

DISCUSSION

The architectural/engineering design and contractor at-risk consultants for the NORMAN FORWARD Indoor Aquatic Facility and Indoor Multi-Sport Facility (which are now being combined into one facility) have prepared updated engineer's estimates of the cost of construction of the facility, based on input from the NORMAN FORWARD Indoor Multi-Sport and Aquatics Facility Ad Hoc Committee and the Council/NMA. Current estimates of the City's portion of the construction costs are approximately \$4 million in excess of the available funds to construct the facility.

The Council Finance Committee, at its June 17, 2021 meeting, gave preliminary approval and direction to proceed with a financing proposal for a debt issuance using the freed-up revenue stream of the Parks Development portion of the City's Room Tax revenue (after the Westwood Golf Course Bonds are paid off) to pay for the shortfall in available funding to complete the Indoor Multi-Sport and Aquatic Center.

Finance Department staff, along with the City's bond counsel and financial advisory teams, has prepared materials to solicit competitive financing proposals for the issuance of the amount of principal funding that can be secured through a "pledge" of the Parks Development portion of the Room Tax revenue. The financing Request for Proposals (RFP) will propose to secure the debt with the full Room Tax revenue stream, while only the Parks portion is envisioned to be used to actually repay the annual debt payments. The amount of the proposed 2021 NMA Room Tax Revenue Notes (\$3,800,000) is based on the amount of projected principal (project costs) that can be repaid from the Parks portion of the Room Tax.

Proposals from qualified local and regional banking institutions to provide approximately \$3,800,000 in financing, secured by a pledge of the Norman Transient Guest Room Tax revenue, will be solicited. Responses in the form of interest rate proposals will be received for the NMA Trustee's consideration on August 24, 2021.

RECOMMENDATION

It is recommended that the Resolution be adopted.