

Attachment II City Tower Proforma Summary

The City Tower proforma is a 30-year comprehensive financial plan for the period FY 2016 to FY 2046 that captures acquisition and renovation costs for the project, operating revenue and expenditure assumptions for the thirty-year period and the financing plan to fund the project.

The City Tower proforma has been updated periodically throughout the development of the project and was recently updated in support of this item regarding Amendments to the City Tower Renovation Project. The Proforma continues to meet the objective of maintaining a cost neutral impact over the thirty-year period.

Components of the Proforma:

Project Costs Project costs include building and parking garage acquisition costs and renovation costs including funding for furniture, moving, security and contingency.

Financing Plan The Financing Plan for the Project includes a combination of various debt issuances which are offset with cash contributions from the sale of City properties and other contributions.

- To date, the City has issued \$6.1 million in notes and \$47 million in certificates of obligation to fund the acquisition of the Project. An additional series of taxable and tax-exempt issuances is required to fund the renovation costs. All will be presented as part of a comprehensive financing in February/March 2020 timeframe.
- Funding for the Project costs include cash contributions from the sale of City properties which consist of the following:
 - Municipal Plaza Building
 - Metro Health Building (Continental Hotel)
 - San Fernando Gym
 - Pecan Street
 - City Annex
 - IT Building
- Cash contributions from the Wellness Challenge, Solid Waste Fund and PEG Fund are also being utilized to fund Project costs.

The following table includes the sources and uses of funds for the project.

City Tower Project Sources and Uses	
	Current Budget December 2020
Sources*	
Debt issuance	\$ 111,307,858
Property Tax Supported Tax Notes	3,000,000
Sale of Property	20,099,158
City Tower and Garage Fund	420,000
Other Cash Contributions	
Wellness Grant	1,600,000
PEG Fund	2,173,171
Solid Waste Fund	2,384,953
Total Sources	\$ 140,985,140
Uses*	
Acquisition	\$ 52,866,908
Design/Construction	75,089,891
Other Costs	11,628,341
Enhance Broadcast/Audio Visual	1,400,000
Total Uses	\$ 140,985,140
* Excludes funding for the \$5 million tenant improvement fund that will be used to make tenant improvements which will be replenished through tenant lease revenues.	

The City Tower Proforma also includes operating revenue and expenditure assumptions over the over the thirty-year period as summarized below.

Revenues Revenue assumptions in the City Tower proforma include the following:

- Parking revenue from operations of the City Tower parking garage
- Lease revenue from space leased to outside tenants
- Budgeted savings for:
 - operating costs for existing City buildings sold for move into City Tower
 - costs associated with leased facility space phased out for City Staff relocating into City Tower
 - efficiencies in staffing due to colocation of departments in one facility
 - employee provided parking and stipends
- Interest income
- Frost Bank lease back payments after acquisition by the City for FY 2017 – FY2019
- Property tax revenue from properties included in the P3 Development

Expenditures Expenditure assumptions in the City Tower proforma include the following:

- Debt service on bond issuances
- Operating and maintenance expenses for City Tower and the parking garage including utility, custodial, trades and security expenses
- Cost for leased space phased out when City employees move into City Tower
- Operating costs for existing City Building sold for move to City Tower
- Leased space Future capital improvements for City Tower starting after ten years
- Parking stipend expenses for City employees
- Brokerage fees and tenant improvements for leased space to outside tenants in City Tower
- Insurance coverage for City Tower

The below table summarizes the 30-year proforma results with a cost neutral impact of \$3.2 million over the 30 years.

City Tower Project Projected 30-Year Cashflow	
	Current Budget December 2020
Projected Revenue:	
Existing Operating Leases	\$ 129,707,886
Parking Revenue	45,156,188
Budgeted Parking Stipends/Contractual Parking Expenses	24,331,258
Lease Revenue	103,571,791
Budgeted Operating and Maintenance Expenses	69,951,524
Projected Budgeted Savings	35,400,749
Frost Master Lease Payments	7,702,646
Projected Incremental Property Tax Revenue	20,167,451
Miscellaneous Adjustments	5,194,763
Total Projected Revenue	\$ 441,184,256
Projected Expenses:	
Debt Service	\$ 180,051,011
Operating and Maintenance Expenses - City Tower	146,811,631
Capital Improvements	6,783,079
Parking Garage Operations & Maintenance	20,539,784
Parking Stipends	44,438,568
Parking Revenue Control Equipment & Other Capital	420,000
City Mail Service	640,595
Brokerage and Tenant Improvement Expenses	15,599,796
Existing Leases	4,753,734
Operating and Maintenance Expenses - Existing City Buildings	17,091,908
Insurance	893,846
Total Projected Expenses	\$ 438,023,951
Net Benefit	\$ 3,160,305