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Ballpark Financing Analysis

**City of Cleburne, Texas**

August 8, 2015

# Executive Summary

City of Cleburne, Texas

## Strategic Goal

- ✓ **Purchase land**
  - Site of minor league baseball stadium
  - Adjacent land for economic development
- ✓ **Construct offsite and onsite utilities, parking and amenities**
- ✓ **Construct a minor league baseball stadium**

## Implementation Strategy

- ✓ **Funding - Approve a ½ cent sales tax for a Type A Economic Development Corporation**
  - Type A Corporation will contract and transfer funds to the City pay for debt issued to fund the Project
  - Type A Corporation will be able to utilize excess funds for economic development
- ✓ **Debt Issuance – Approve a \$25 million General Obligation Bond Election**
  - Utilize the City’s high investment grade general obligation ratings (S&P “AA”, Moody’s “Aa3” and Fitch “AA-”) to fund the project cost efficiently and effectively
- ✓ **Capture and Allocate Incremental Project Revenue**
  - Implement an tax increment reinvestment zone over the project and secondary real estate to capture a portion of the ad valorem and sales tax to allocate for debt payment which will reduce or eliminated the Type A Corporation debt payment liability

## Financial

- ✓ **Issue \$25 million of taxable General Obligation Bonds**
  - 20 year amortization
  - \$2.1 million = average annual debt service
- ✓ **Contract between the City and Type A Corporation which allocated Type A sales tax revenues to debt repayment**
  - \$2.8 million estimated Type A annual sales tax based on current City sales tax collections
  - \$605 Estimated excess Type A sales tax available for other Type A economic development projects

# Ballpark Financing Summary (Part 1 of 2)

City of Cleburne, Texas

## GO Bonds, Taxable Series 2016

Par Amount of Bonds	\$24,915,000
Bond Premium	\$1,232,718
<b>Total Sources of Funds</b>	<b>\$26,147,718</b>

Uses of Funds:	
Project Funds	\$25,000,000
Financing Costs	\$1,147,718
<b>Total Uses of Funds</b>	<b>\$26,147,718</b>

Assumed Ratings	Aa3/AA
Assumed Interest Rate	5.19% (Taxable)
Term	20 years

<b>Average Annual D/S (2019-2036)</b>	<b>\$2,174,458</b>
<i>Interest only in FYs 2017 and 2018</i>	

<b>Property Tax Rate Equivalent</b>	<b>\$0.1151</b>
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Assumed Issuance Date	Jan. 12, 2016
Assumed Closing Date	Feb. 11, 2016

CITY OF CLEBURNE, TEXAS

# Ballpark Financing Summary (Part 2 of 2)

City of Cleburne, Texas

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**Repayment Revenue Stream** **Type A Corp. 0.5% sales tax**  
*Collection assumed to begin April 2016 / first cash flow to Type A Corp. June 2016*

**Estimated Annual Type A Corp. Revenue** **\$2,802,495**

**Debt Service Coverage Ratio** **1.29x**

**Ballpark Operational Reserve** **\$2,000,000**  
*Assumed to be funded with excess Type A revenues between 2016 and 2017*

**Debt Service Reserve Fund** **\$1,088,588**  
*Assumed to be funded with excess Type A revenues between 2017 and 2018*

**Excess Type A Corporation Cash Flow** **\$605,813**  
*After Payment of Debt Service on GO Bonds, Taxable Series 2016*

# Historical Sales Tax Collections

City of Cleburne, Texas

As reported by the Texas Comptroller of Public Accounts

	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009	FY 2008	FY 2007	FY 2006
October	\$ 657,513.67	\$ 589,425.08	\$ 610,232.65	\$ 744,694.72	\$ 687,785.14	\$ 595,735.26	\$ 895,046.61	\$ 690,391.77	\$ 518,230.05	\$ 407,974.12
November	763,280.31	629,931.41	662,285.40	794,027.46	787,471.12	705,822.37	1,008,381.85	904,710.80	689,761.63	586,295.29
December	705,619.35	543,523.70	547,932.38	748,500.23	732,017.57	534,142.36	1,007,633.73	778,613.14	519,873.38	410,227.29
January	623,045.02	789,007.54	551,275.98	681,225.20	641,258.99	540,616.96	858,926.86	691,391.39	548,053.49	438,407.19
February	815,511.76	708,306.79	762,462.33	857,716.08	895,697.46	800,417.02	1,130,370.76	909,485.96	731,681.14	671,066.97
March	666,810.77	678,646.00	500,166.95	701,134.27	620,307.74	547,417.22	724,622.58	751,161.66	552,216.69	408,762.63
April	587,540.91	574,374.93	828,945.78	650,819.09	603,345.04	583,113.33	689,901.75	766,316.12	604,331.84	423,268.06
May	808,079.57	698,790.24	660,593.87	784,927.92	875,622.00	877,466.67	784,043.06	946,165.66	807,886.30	659,627.56
June	662,794.03	614,735.84	576,251.31	642,869.04	638,451.11	696,004.81	629,016.67	849,463.71	648,222.63	505,286.43
July	600,157.91	649,656.77	547,244.48	654,242.63	665,399.06	655,136.73	605,493.22	855,660.12	728,453.37	520,719.77
August	-	858,365.90	683,553.72	619,535.12	812,690.79	809,488.57	705,158.25	1,034,138.59	911,868.03	635,247.74
September	-	658,766.94	601,798.17	594,154.63	726,612.14	714,560.15	624,303.88	932,026.14	748,492.81	516,168.62
	<b>\$ 6,890,353.30</b>	<b>\$ 7,993,531.14</b>	<b>\$ 7,532,743.02</b>	<b>\$ 8,473,846.39</b>	<b>\$ 8,686,658.16</b>	<b>\$ 8,059,921.45</b>	<b>\$ 9,662,899.22</b>	<b>\$ 10,109,525.06</b>	<b>\$ 8,009,071.36</b>	<b>\$ 6,183,051.67</b>
		6.12%	-11.11%	-2.45%	7.78%	-16.59%	-4.42%	26.23%	29.53%	20.82%

Regular Sales Tax	\$ 4,593,568.87	\$ 5,329,020.76	\$ 5,021,828.68	\$ 5,649,230.93	\$ 5,791,105.44	\$ 5,373,280.97	\$ 6,441,932.81	\$ 6,739,683.37	\$ 5,339,380.91	\$ 4,122,034.45
<b>4B Corp. Sales Tax</b>	<b>\$ 2,296,784.43</b>	<b>\$ 2,664,510.38</b>	<b>\$ 2,510,914.34</b>	<b>\$ 2,824,615.46</b>	<b>\$ 2,895,552.72</b>	<b>\$ 2,686,640.48</b>	<b>\$ 3,220,966.41</b>	<b>\$ 3,369,841.69</b>	<b>\$ 2,669,690.45</b>	<b>\$ 2,061,017.22</b>

**Last 12-months Total**    **\$ 8,407,486.14**    **8.32%**

Regular Sales Tax    \$ 5,604,990.76

**4B Corp. Sales Tax**    **\$ 2,802,495.38**

**5YR Average**    **\$ 8,220,236.15**

Regular Sales Tax    \$ 5,480,157.43

**4B Corp. Sales Tax**    **\$ 2,740,078.72**

**10YR Average**    **\$ 8,259,094.00**

Regular Sales Tax    \$ 5,506,062.67

**4B Corp. Sales Tax**    **\$ 2,753,031.33**

CITY OF CLEBURNE, TEXAS

# Series 2016 – Ballpark Financing Cash Flow

City of Cleburne, Texas

A	B	C	D			E	F	G	H	I	J	K	L	
Fiscal Year Ending 30-Sep	Last 12-months' 4B Corp. 0.5% Sales Tax Revenue <sup>(1)</sup>	Projected 4A Corp. 0.50% Sales Tax Revenue <sup>(2)</sup>	\$24,915,000 General Obligation Bonds, Taxable Series 2015 <sup>(3)</sup> All-in Interest Cost = 5.19%			Principal	Interest	Total D/S	Excess Cash Flow	Debt Service Coverage Ratio	Funding of Operational Reserve <sup>(4)</sup>	Funding of Debt Service Reserve <sup>(5)</sup>	NET Excess Cash Flow for Other Purposes	Bonds' Debt Service as I&S Tax Rate Equivalent <sup>(6)</sup>
2015	\$ 2,802,495	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	n/a	\$ -	n/a	\$ -	\$ -	\$ -	\$ -
2016	2,802,495	934,165	-	-	-	934,165	934,165	n/a	934,165	-	-	-	-	-
2017	2,802,495	2,802,495	-	1,952,620	1,952,620	849,875	849,875	1.44x	849,875	-	-	-	-	0.1033
2018	2,802,495	2,802,495	-	1,292,175	1,292,175	1,510,320	1,510,320	2.17x	215,959	1,088,588	205,773	-	205,773	0.0683
2019	2,802,495	2,802,495	885,000	1,292,175	2,177,175	625,320	625,320	1.29x	-	-	-	-	625,320	0.1151
2020	2,802,495	2,802,495	925,000	1,247,925	2,172,925	629,570	629,570	1.29x	-	-	-	-	629,570	0.1149
2021	2,802,495	2,802,495	975,000	1,201,675	2,176,675	625,820	625,820	1.29x	-	-	-	-	625,820	0.1151
2022	2,802,495	2,802,495	1,020,000	1,152,925	2,172,925	629,570	629,570	1.29x	-	-	-	-	629,570	0.1149
2023	2,802,495	2,802,495	1,075,000	1,101,925	2,176,925	625,570	625,570	1.29x	-	-	-	-	625,570	0.1151
2024	2,802,495	2,802,495	1,125,000	1,048,175	2,173,175	629,320	629,320	1.29x	-	-	-	-	629,320	0.1149
2025	2,802,495	2,802,495	1,180,000	991,925	2,171,925	630,570	630,570	1.29x	-	-	-	-	630,570	0.1149
2026	2,802,495	2,802,495	1,240,000	932,925	2,172,925	629,570	629,570	1.29x	-	-	-	-	629,570	0.1149
2027	2,802,495	2,802,495	1,305,000	870,925	2,175,925	626,570	626,570	1.29x	-	-	-	-	626,570	0.1151
2028	2,802,495	2,802,495	1,370,000	805,675	2,175,675	626,820	626,820	1.29x	-	-	-	-	626,820	0.1151
2029	2,802,495	2,802,495	1,435,000	737,175	2,172,175	630,320	630,320	1.29x	-	-	-	-	630,320	0.1149
2030	2,802,495	2,802,495	1,510,000	665,425	2,175,425	627,070	627,070	1.29x	-	-	-	-	627,070	0.1151
2031	2,802,495	2,802,495	1,585,000	589,925	2,174,925	627,570	627,570	1.29x	-	-	-	-	627,570	0.1150
2032	2,802,495	2,802,495	1,665,000	510,675	2,175,675	626,820	626,820	1.29x	-	-	-	-	626,820	0.1151
2033	2,802,495	2,802,495	1,755,000	419,100	2,174,100	628,395	628,395	1.29x	-	-	-	-	628,395	0.1150
2034	2,802,495	2,802,495	1,850,000	322,575	2,172,575	629,920	629,920	1.29x	-	-	-	-	629,920	0.1149
2035	2,802,495	2,802,495	1,955,000	220,825	2,175,825	626,670	626,670	1.29x	-	-	-	-	626,670	0.1151
2036	2,802,495	2,802,495	2,060,000	113,300	2,173,300	629,195	629,195	1.29x	-	-	-	-	629,195	0.1149
			\$24,915,000	\$17,470,045	\$42,385,045				\$ 2,000,000	\$ 1,088,588				

(1) As reported by the Texas Comptroller of Public Accounts. FY 2013 was the 5yr LOW POINT at \$2,510,914 total revenue. Coverage at LOW POINT is 1.15x with surplus cash flow of \$336,000.

(2) Assumes the Type A Corporation 0.5% sales tax is approved at a November 2015 election and first collected in April 2016. FY 2016 assumes cash flows from June through September.

(3) Assumes issuance of Bonds on January 12, 2016 and delivery of funds on February 11, 2016. Taxable bonds at current rates plus 0.50%; preliminary, subject to change.

(4) For discussion purposes only.

(5) Represents 50% of maximum annual debt service.

(6) Calculated at the Tax Year 2015 preliminary value of \$1,890,846,816.

# Ballpark Financing Schedule of Events

City of Cleburne, Texas

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- **August 8, 2015**  
Presentation of Ballpark Financing Plan to City Council at workshop
  
- **August 11, 2015**
  - ❑ City Council considers and approves ordinance calling for a Type A Corporation Election (0.5% sales tax)
  - ❑ City Council considers and approves ordinance calling for a \$25,000,000 General Obligation Bond Election to finance the Ballpark
  
- ***August-September 2015***  
Five weekly consecutive publications of the Notice of Public Hearing re: Type A Corporation election beginning on 8/18/2015
  
- **September 22, 2015**
  - ❑ City Council Public Hearing on Type A Corporation Election (0.5% sales tax)
  - ❑ City Council accepts application requesting creation of Type A Corporation
  - ❑ City Council approved resolution authorizing creation of Type A Corporation
  - ❑ City Council approves Certificate of Formation of Type A Corporation (including Board of Directors)
  
- **October 13, 2015**  
City Council approves 380 Economic Development Program for Ballpark Area

# Ballpark Financing Schedule of Events

City of Cleburne, Texas

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- **November 3, 2015**  
Type A Corporation and GO Bond elections
  
- **November 10, 2015**  
Election canvass – final results presented at Council meeting
  
- **November 2015**
  - ❑ *Type A Corporation Board organizational meeting (timing as per direction from legal counsel)*
  - ❑ *Presentation of Ballpark Plan of Finance to Type A Board*
  
- **December 8, 2015**
  - ❑ *Type A Corporation Board reviews and approves Financing Agreement for Ballpark Project at not to exceed amount and other parameters*
  - ❑ *City Council reviews and approves Financing Agreement with Type A Corporation*
  - ❑ *City Council directs staff to implement the GO Bonds financing*



# Ballpark Financing Schedule of Events

City of Cleburne, Texas

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- **January 12, 2016**

- ❑ *Type A Board Meeting – Resolution approving a revised and final Financing Agreement with the City for payment of debt service on the General Obligation Bonds, Taxable Series 2016 and other Ballpark Project related matters*
- ❑ *City Council considers and approves the revised and final Financing Agreement with Type A Corporation*
- ❑ *City Council considers and approves issuance of the General Obligation Bonds, Taxable Series 2016*

- **February 11, 2016**

*Closing and delivery of funds to the City*