



**TO:** Elizabeth Pauli, City Manager  
**FROM:** Michael San Soucie, City Treasurer, Finance  
**COPY:** Government Performance & Finance Committee members; Andy Cherullo, Finance Director; D'Angelo Baker, Management Fellow  
**PRESENTER:** Michael San Soucie, City Treasurer, Finance  
**SUBJECT:** Convention Center – Bond Refunding  
**DATE:** August 6, 2024

**PRESENTATION TYPE:**  
Request for Action

**SUMMARY:**

An ordinance authorizing the sale of a convention center and parking revenue refunding bond in the principal amount of not to exceed \$100,000, for the purpose of refunding certain of the City's outstanding convention center and parking revenue bonds and paying cost of issuance; making certain covenants with respect to the bond; providing the form and terms of the bond; delegating the authority to approve the final terms of the bond; authorizing the sale of the bond to Washington Federal Bank National Association, d/b/a WaFd Bank; and authorizing other matters related thereto.

**BACKGROUND:**

The City, Pierce County and the cities of Fife, Lakewood, and University Place previously entered into an amended interlocal agreement for the creation and joint operation of the Greater Tacoma Regional Convention Center Public Facilities District (the "District") to facilitate the construction and operation of the Greater Tacoma Convention Center (the "Convention Center") and related parking. Pursuant to RCW 82.14.390, the District imposes and collects a sales and use tax which is credited against the State sales tax. Revenues received from this tax are remitted to the City to finance costs related to the Convention Center. The City also receives certain parking revenues from rates and charges imposed within the City's parking system.

RCW 82.14.390 previously provided that the sales and use tax imposed by the District and remitted to the City would expire when all bonds issued to finance the construction, improvement, rehabilitation, or expansion of a regional center and related parking facilities are retired, but not more than 25 years after the tax is first collected. In 2017, the Washington State Legislature amended RCW 82.14.390 to extend the expiration date of the sales and use tax from 25 years to 40 years for bonds issued to finance and/or refinance costs related to a regional center.

The City previously issued its Convention Center Parking Revenue Refunding Bonds, Series 2010 (the "2010 Bonds"). The 2010 Bonds are scheduled to mature on December 1, 2024 and may be redeemed at any time prior to such maturity.

The City has also previously issued its Convention Center Parking Revenue Refunding Bond, Series 2015 (the "2015 Bond") to finance costs related to the Convention Center. The 2015 Bond also may be prepaid at any time prior to maturity.



The City has the opportunity to refund all or a portion of its outstanding 2010 Bonds and 2015 Bonds and extend the maturity pursuant to the 2017 legislation in order to continue receiving the sales and use taxes collected by the District. For such revenue stream to continue, sales and use tax revenue must continue to be pledged toward the repayment of bonds.

The ordinance authorizes the issuance of a convention center and parking revenue refunding bond to continue eligibility to receive the sales and use tax. Proceeds of the 2024 Bond will be applied, together with available funds of the City, to repay the 2010 Bonds for interest rate savings and restructuring purposes. The City also proposes to use available funds to prepay the 2015 Bond to also save on interest expense.

**ISSUE:**

The City desires to continue collecting the sales and use tax for the Public Facilities District as allowed by law. In order to do so, the City needs to have related bonds outstanding. This refunding will allow the City to maintain a nominal amount of outstanding bonds to take advantage of the tax incentives allowed by law.

**ALTERNATIVES:**

The alternative is to pay the bonds in full on their maturity date later this year. While this would relieve a small amount of debt for the City, it would prevent the City from taking advantage of the sales and use tax collections that can be used on convention center related projects. We do not recommend this alternative.

**FISCAL IMPACT:**

Historically, the City has collected approximately \$5-\$6 million per year in sales and use tax under the associated law. By reducing our debt through this refunding from the remaining portion of \$620K to \$100K, we will allow the City to continue to collect the estimated \$5-\$6 million per year.

**RECOMMENDATION:**

Staff recommend that the Government Performance & Finance Committee move the proposed refunding to the City Council for consideration and adoption.