

Memorandum



CITY OF DALLAS

DATE August 17, 2012

TO Honorable Members of the Budget, Finance & Audit Committee:
Jerry Allen (Chair), Tennell Atkins (Vice Chair), Scott Griggs, Monica Alonzo,
Ann Margolin

SUBJECT Supplemental Agreements with All American Investment Group, LLC

In 2004, the City entered into two Comprehensive Energy Savings Performance Contracts: Love Field (Resolution No. 04-3154) and Dallas Convention Center (Resolution No. 04-3414). The remaining term of the loans for Love Field and Dallas Convention Center is four and five years, respectively. Quarterly payments on the loans are repaid with current funds from energy savings from the baseline electricity budgets.

The performance contract construction phase for both the Dallas Convention Center and Love Field were financed with third party loans from All American Investment Group (AAIG) (Resolution No. 05-3589 and Resolution No. 05-3590). The market interest rates at the time of the loans were 4.176% and 4.05%, respectively.

Due to the downturn in the economy, the market interest rates have decreased. The City has an opportunity to refinance the remaining terms of both Performance Contracts. The current market interest rate is 1.89%. This will result in \$55,145 savings for the Aviation Loan and \$263,806 for the Dallas Convention Center. The new loan terms become effective October 1, 2012.

Please let me know if you need additional information.

A handwritten signature in blue ink that reads "Jill Jordan".

Jill A. Jordan, P.E.
Assistant City Manager

Attachments

- c: The Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Thomas P. Perkins, Jr., City Attorney
Rosa A. Rios, City Secretary
Craig Kinton, City Auditor
Judge C. Victor Lander, Judiciary
A.C. Gonzalez, First Assistant City Manager
Ryan S. Evans, Assistant City Manager
Forest E. Turner, Assistant City Manager
Joey Zapata, Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Jack Ireland, Director, Financial Services
Edward Scott, Director, Controller's Office
Frank Libro, Public Information Office
Stephanie Pegues Cooper, Assistant to the City Manager and Council Office
Rick Galceràn, Director, Public Works Department
Mark Duebner, Director, Aviation Department
Ron King, Director, Convention and Event Services Department

KEY FOCUS AREA: Economic Vibrancy
AGENDA DATE: August 22, 2012
COUNCIL DISTRICT(S): 2
DEPARTMENT: Public Works Department
Convention and Event Services
CMO: Jill A. Jordan, P.E., 670-5299
Ryan S. Evans, 670-3314
MAPSCO: 45P

SUBJECT

Authorize Supplemental Agreement No. 1 to the ten-year term loan agreement with All American Investment Group, LLC in the amount of \$15,955,356 to decrease the remaining term interest rate from 4.176% to 1.89%, paid in quarterly payments of \$501,088, resulting in a savings of \$263,806, from \$19,705,684 to an amount not to exceed \$19,441,878 for energy conservation related projects at Dallas Convention Center and Union Station - Not to exceed (\$263,806) - Financing: Convention and Event Services Current Funds

BACKGROUND

The City entered into a Performance Contract with Johnson Controls, Inc. to perform an energy audit and develop proposals for energy conservation related projects at the Dallas Convention Center. To finance the project, a loan from All American Investment Group, LLC was awarded. On December 14, 2005, Resolution No. 05-3589 authorized a ten year term loan agreement with All American Investment Group, LLC in the amount of \$15,955,356 for the funding of energy related projects, and authorized Supplemental Agreement No. 1 to the contract with Johnson Controls, Inc. for design and construction of energy conservation related projects at the Dallas Convention Center located at 650 S. Griffin Street and Union Station located at 400 S. Houston Street.

The total loan repayment with interest was \$19,705,684. There are five years of quarterly payments remaining to pay on the ten year loan. This action will authorize the City of Dallas to decrease the interest rate for the remaining five year term from 4.176% to 1.89%, paid in quarterly payments of \$501,088.44, resulting in a savings of \$263,806.52, from \$19,705,684 to \$19,441,878.

ESTIMATED SCHEDULE OF PROJECT

Begin Refinance	September 1, 2012
Complete Loan Agreement	October 1, 2016

PRIOR ACTION / REVIEW (COUNCIL, BOARDS, COMMISSIONS)

Authorized Phase 1 of the Energy Services contract with Johnson Controls, Inc. to perform an energy audit and develop proposals for energy conservation related projects on December 8, 2004, by Resolution No. 04-3414.

Authorized a loan from All American Investment Group, LLC for the funding of the energy related projects, and authorized Supplemental Agreement No. 1 to the contract with Johnson Controls, Inc. for the design and construction of energy conservation related projects at the Dallas Convention Center located at 650 S. Griffin St., and Union Station, located at 400 S. Houston St. on December 14, 2005, by Resolution No. 05-3589.

Authorized a decrease in the Performance Assurance Support Services (PASS) agreement and in the contract with Johnson Controls, Inc. for revised construction scope and ONCOR rebates for the Dallas Convention Center project on September 22, 2010, by Resolution No. 10-2358.

Authorized an amendment to the previously approved Resolution No. 10-2358 to increase the construction contract with Johnson Controls, Inc. for the Dallas Convention Center and correct the remaining term of the Performance Assurance Support Services (PASS) agreement from 4 to 5 years on April 13, 2011, by Resolution No. 11-0936.

FISCAL INFORMATION

Convention and Event Services Current Funds - (\$263,806.52)

MAP

Attached.

August 22, 2012

WHEREAS, on December 8, 2004, Resolution No. 04-3414 authorized Phase 1 of the Energy Services contract with Johnson Controls, Inc. to perform an energy audit and develop proposals for energy conservation related projects; and,

WHEREAS, on December 14, 2005, Resolution No. 05-3589 authorized a loan from All American Investment Group, LLC in the amount of \$15,955,356 for the funding of the energy related projects and authorized Supplemental Agreement No. 1 to the contract with Johnson Controls, Inc. for the design and construction of energy conservation related projects at the Dallas Convention Center located at 650 South Griffin and Union Station located at 400 South Houston in an amount not to exceed \$15,955,356, and for performance assurance support services for a period not to exceed 10 years in a total amount not to exceed \$2,323,728; and,

WHEREAS, on September 22, 2010, Resolution No. 10-2358 authorized a decrease in the contract with Johnson Controls, Inc. in the amount of (\$442,053.69) from \$15,955,356 to \$15,513,302.31 to provide credit for revised construction scope and ONCOR rebates and a decrease in Performance Assurance Support Services (PASS) in the amount of (\$1,785,355), from \$2,323,728 to \$538,373; and,

WHEREAS, the actual rebates and reduced scope credits were \$385,376.19 and the previous action authorized a decrease in the construction contract by the estimated amount of (\$442,053.69) to provide credit for revised construction scope and ONCOR rebates, it became necessary to increase the construction contract by the difference of \$56,677.50; and,

WHEREAS, the previous action also authorized a reduction of services of the PASS from ten years to four years which was later determined to be five years; and,

WHEREAS, on April 13, 2011, Resolution No. 11-0936 authorized an amendment to the previously approved Resolution No. 10-2358 to increase the construction contract with Johnson Controls, Inc. for the Dallas Convention center located at 650 South Griffin Street in the amount of \$56,677.50, increasing the contract from \$15,513,302.31 to \$15,569,979.81 and correct the remaining term of the Performance Assurance Support Services agreement from 4 to 5 years in the amount of \$188,330, from \$538,373 to \$726,703 (subject to annual appropriations); and,

WHEREAS, the City has received a proposal from All American Investment Group, LLC to decrease the interest rate for the remaining repayment term, paid in quarterly payments of \$501,088.44; and,

August 22, 2012

WHEREAS, it is now desirable to authorize Supplemental Agreement No. 1 to the ten year term loan agreement with All American Investment Group, LLC to decrease the remaining term interest rate from 4.126% to 1.89%, paid in quarterly payments of \$501,088.44, resulting in a savings to the City of Dallas of \$263,806.52, from \$19,705,684 to an amount not to exceed \$19,441,878.

Now, Therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:

Section 1. That the City Manager is hereby authorized to execute Supplemental Agreement No. 1 to the ten year term loan agreement with All American Investment Group, LLC to decrease the remaining term interest rate from 4.126% to 1.89%, paid in quarterly payments of \$501,088.44, resulting in a savings to the City of Dallas of \$263,806.52, from \$19,705,684 to an amount not to exceed \$19,441,878, after it has been approved as to form by the City Attorney.

Section 2. That the City Controller is hereby authorized to disburse funds in accordance with the terms and conditions of the agreement from:

Convention and Event Services Fund
Fund 0080, Department CCT, Unit 7821, Act. MMCF
Object 354A, Program #04DC030
Vendor #VS0000001946, in an amount not to exceed \$19,441,878

Section 3. That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.

KEY FOCUS AREA: Economic Vibrancy
AGENDA DATE: August 22, 2012
COUNCIL DISTRICT(S): 14
DEPARTMENT: Public Works Department
Aviation
CMO: Jill A. Jordan, P.E., 670-5299
A. C. Gonzalez, 671-8925
MAPSCO: 34E

SUBJECT

Authorize Supplemental Agreement No. 1 to the eleven year loan agreement with All American Investment Group, LLC in the amount of \$5,303,061 to decrease the remaining term interest rate from 4.05% to 1.89%, resulting in a savings of \$55,145, from \$6,733,000 to an amount not to exceed \$6,677,855 for energy conservation related projects at Dallas Love Field - Not to exceed (\$55,145) - Financing: Aviation Current Funds

BACKGROUND

The City entered into a performance contract with Ameresco, Inc. for various energy conservation related projects at Dallas Love Field. To finance the performance contract, a loan from All American Investment Group, LLC was awarded. On December 14, 2005, Resolution No. 05-3590 authorized acceptance of a loan from All American Investment Group, LLC in the amount of \$5,303,061 to be repaid plus interest beginning in FY2006-07 for a period of 11 years.

The initial loan repayment with interest was \$6,733,000. There are five years of quarterly payments remaining to pay the eleven year loan. This action will authorize the City to decrease the interest rate for the remaining five year term of the loan agreement with All American Investment Group, LLC from 4.05% to 1.89%, resulting in a savings to the City of \$55,144.80, from \$6,733,000 to an amount not to exceed \$6,677,855.

ESTIMATED SCHEDULE OF PROJECT

Begin Refinance	September 1, 2012
Complete Loan Agreement	October 1, 2016

PRIOR ACTION / REVIEW (COUNCIL, BOARDS, COMMISSIONS)

Authorized a professional services contract with Ameresco, Inc. to perform an energy audit and develop proposals for energy conservation-related projects for the City of Dallas Aviation Department on November 10, 2004, by Resolution No. 04-3154.

Authorized **(1)** acceptance of a loan from All American Investment Group, LLC in the amount of \$5,303,061, to be repaid plus interest beginning in FY2006-07 for a period of 11 years; and **(2)** Supplemental Agreement No. 1 to the contract with Ameresco, Inc. for the design and construction of energy conservation related projects at Dallas Love Field in an amount not to exceed \$5,303,061 and for performance assurance support services for a period not to exceed 11 years in a total amount not to exceed \$410,063 to be paid from electric and natural gas savings; and **(3)** the establishment of appropriations in an amount not to exceed \$5,303,061 in the Energy Management Fund on December 14, 2005, by Resolution No. 05-3590.

FISCAL INFORMATION

Aviation Current Funds - (\$55,144.80)

MAP

Attached.

August 22, 2012

WHEREAS, on November 10, 2004, Resolution No. 04-3154 authorized Phase 1 of the Energy Services contract with Ameresco to perform an energy audit and develop proposals for energy conservation related projects at Dallas Love Field; and

WHEREAS, on December 14, 2005, Resolution No. 05-3590 authorized acceptance of a loan from All American Investment Group, LLC in the amount of \$5,303,061 to be repaid plus interest beginning in FY2006-07 for a period of eleven years from electric and natural gas energy savings; and,

WHEREAS, the City has received a proposal from All American Investment Group, LLC to decrease the rate for the remaining repayment term; and,

WHEREAS, it is now desirable to authorize Supplemental Agreement No. 1 to the eleven year loan agreement with All American Investment Group, LLC, decreasing the remaining term interest rate from 4.05% to 1.89%, resulting in a savings to the City of \$55,144.80, from \$6,733,000 to an amount not to exceed \$6,677,855.

Now, Therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:

Section 1. That the City Manager is hereby authorized to execute Supplemental Agreement No. 1 to the eleven year loan agreement with All American Investment Group, LLC, decreasing the remaining term interest rate from 4.05% to 1.89%, resulting in a savings to the City of \$55,144.80, from \$6,733,000 to an amount not to exceed \$6,677,855.

Section 2. That the City Controller is hereby authorized to disburse funds in accordance with the terms and conditions of the agreement from:

Aviation Current Funds Fund 0130, Dept. AVI, Unit 7725 Obj. 354A, Program #04DC031 Vendor #VS0000001946, in an amount not to exceed	\$5,303,061
Aviation Current Funds Fund 0130, Dept. AVI, Unit 7725 Obj. 3538, Program #04DC031 Vendor #VS0000001946, in an amount not to exceed	<u>\$1,374,794</u>
Total in an amount not to exceed	\$6,677,855

August 22, 2012

Section 3. That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.