

Memorandum



CITY OF DALLAS

DATE March 30, 2012
TO Honorable Mayor and Members of the City Council
SUBJECT Cotton Bowl Proposed 2013 Improvements and Financing

On Wednesday, April 4, 2012, you will be briefed on the Cotton Bowl Proposed 2013 Improvements. The briefing material is attached for your review.

Please contact me if you need additional information.

A handwritten signature in blue ink, appearing to read 'Joey Zapata'.

Joey Zapata
Assistant City Manager

cc: Mary K. Suhm, City Manager
Thomas P. Perkins, Jr., City Attorney
Craig D. Kinton, City Auditor
Rosa A. Rios, City Secretary
C. Victor Lander, Administrative Judge
A.C. Gonzalez, First Assistant City Manager

Ryan S. Evans, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Forest E. Turner, Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Stephanie Cooper, Assistant to the City Manager
Paul D. Dyer, P.E., Director of Park and Recreation

Cotton Bowl

Proposed 2013 Improvements and Financing

City Council

April 4, 2012

City of Dallas, Park and Recreation Department



Briefing Information

- ☀ Economic Impact
- ☀ History of the Cotton Bowl
- ☀ Existing Football Games
- ☀ Proposed Work
- ☀ Renovation Schedule
- ☀ Certificates of Obligation
- ☀ Certificates of Obligation – Schedule of Events



Economic Impact

☀ AT&T Red River Rivalry (Texas and OU)*

☀ Prior to 16,000 seat expansion in 2008:

☀ Gross impact on local spending: \$30.2M

☀ Spending retained in Dallas County: \$18.0M

☀ Estimated impact after 2008 expansion:

☀ Gross impact on local spending: \$33.8M

☀ Spending retained in Dallas County: \$20.2M

*Data is from the report, “Economic Estimates for College Football During the 2007 State Fair of Texas”, dated Oct. 2007 by Dr. Patrick Rishe, Director, Sportsimpacts. Economic Impact was based on “non-local” spending (i.e. from visitors outside of Dallas County)



Economic Impact

☀ State Fair Classic (Grambling and Prairie View)*

☀ Gross impact on local spending: \$6.0M

☀ Spending retained in Dallas County: \$3.6M

☀ The City of Dallas Office of Economic Development was able to interpolate City of Dallas' gross general fund fiscal impacts for the two events evaluated in the study:

☀ The State Fair Classic would generate approximately \$100,000 in gross general fund revenue for the City

☀ The Red River Rivalry would generate approximately \$500,000 in gross general fund revenue for the City

*Data is from the report, "Economic Estimates for College Football During the 2007 State Fair of Texas", dated Oct. 2007 by Dr. Patrick Rishe, Director, Sportsimpacts



Economic Impact

☀ 2012 TicketCity Bowl**

☀ Gross Economic Impact

\$9.60M

☀ Economic Impact based on the
City of Dallas and surrounding
4-county region

**Data is from the report, “Economic Impact and Market Research Analysis of the 2012 TicketCity Bowl”, dated Feb. 2012 by Dr. Patrick Rishe, Director, Sportsimpacts



History

- ☀ “Fair Park Football Stadium” was constructed in 1921 with 15,000 seats
- ☀ In 1929, the Texas-OU game was established as an annual event at the stadium and became one of the greatest rivalries in American sports



History



- ☀ In 1930, during the height of the Great Depression, the original facility was replaced with a 46,200-seat stadium



History



- ☀ In 1936, the stadium was incorporated into the general layout of the Texas Centennial Exposition and officially renamed the “Cotton Bowl”



History

- ☼ In the first Cotton Bowl game, held on January 1, 1937, the TCU Horned Frogs defeated the Marquette Golden Avalanche, 16-6



History

- ☼ The stadium at Fair Park has had a long history of modifications to accommodate various sports events
 - ☼ College Football
 - ☼ NFL and AFL Football
 - ☼ International Soccer



History



- ☀ The upper decks were added in 1948 and 1949 when the Cotton Bowl served as home to the SMU Mustangs
- ☀ Seating capacity increased to 72,000



History

- ☀ In 1952, the Cotton Bowl was home to Dallas' first NFL team, the Dallas Texans
- ☀ In 1960, the stadium served as the home field to two professional football teams:
 - ☀ Dallas Cowboys (NFL)
 - ☀ Dallas Texans (AFL – Kansas City Chiefs)
- ☀ In 1968, the stadium was renovated when the bleachers were replaced by chair-back seats, reducing the capacity to 68,250 from 72,000



History

- ☀ In 1993, the City of Dallas renovated the Cotton Bowl for World Cup soccer
 - ☀ Restrooms and concessions expansion, minor press box renovation
 - ☀ New natural turf field (considered one of the top five soccer pitches in the world)
 - ☀ Movable bleachers increased football seating capacity to 72,000
- ☀ The 1994 World Cup was held in 9 U. S. cities
- ☀ The stadium hosted six international soccer games during the 1994 World Cup



History

- ☀ In 2004, the State Fair of Texas (SFT) added bleacher seating in each end zone, increasing the stadium's capacity by 4,000 seats to 76,000



Recent Improvements

- ☀ 2006 Capital Bonds and the State Fair provided funding for renovation and expansion
 - ☀ Improvements were performed by the Design-Build delivery method
 - ☀ Design-Build process was also used for the Giants of the Savanna Exhibit at the Dallas Zoo



Recent Improvements

☼ Phase 1: January 15 – September 15, 2007

- ☼ Replacement of flip seats with new bench seats
- ☼ Concrete repairs and waterproofing in entire lower bowl area
- ☼ Video scoreboard– second largest board in Texas
- ☼ New sound system



Recent Improvements

☼ Phase 2: January 15 –September 15, 2008

☼ Addition of 16,000 new seats – 9th largest stadium in USA

☼ Addition of new rest rooms and concessions



Recent Improvements

- ⚙ Locker room renovation and expansion
- ⚙ Addition of new media and conference center



Fair Park Events

Event	Attendance Projections
Ticket City Bowl	45,000
Mardi Gras Texas Style	20,000
Irish Festival	73,000
Summer Adventure (Scheduled to open May 3, 2013)	350,000
Earth Day Dallas	75,000
Cotton Bowl Spectacular (Scheduled to open June 1, 2015)	200,000
Univision Cinco de Mayo	50,000
City Arts Festival	35,000
Soccer United Marketing	50,000
Fair Park Fourth	40,000
Mayor's Back to School	25,000
State Fair	3,000,000
Diwali Mela	50,000
Holiday Lights (Scheduled to Open December 1, 2014)	150,000
White Rock Marathon	100,000+



Diverse Events at the Cotton Bowl

☀ TX-OU

☀ Current Contract expires in 2015

☀ Grambling-Prairie View A&M

☀ Ticket City Bowl

☀ International soccer

☀ High school football


☀ Commercial filming

☀ Concerts and other events


☀ Diwali Mela Festival of Lights



2012 Cotton Bowl Events

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- A vertical photograph of the Cotton Bowl stadium's exterior. The building is light-colored with "COTTON BOWL" written in large green letters. A poster for a Bud Light event is visible in a window. The sky is blue.
- ☼ Jan 2 TicketCity Bowl Game
 - ☼ Feb 13-14 Gatorade Commercial Film Shoot
 - ☼ May 6 Dog Bowl
 - ☼ May 26 International Soccer Double-Header
 - ☼ June 9 Univision H2O Concert
 - ☼ June 22 National Olympic Day & National Park & Recreation Month Kickoff
 - ☼ Jul 4 Fair Park Fourth
 - ☼ Aug 1 DISD Teacher Rally (T)
 - ☼ Aug 11 BvB Charity Football
 - ☼ Aug 24 Garland HS vs. Plano East HS
 - ☼ Aug 25 High School Football (2 games)
 - ☼ Oct 6 Grambling v. Prairie View
 - ☼ Oct 13 Texas vs. OU
 - ☼ Nov 3 Diwali Mela Festival
 - ☼ Nov 24 Pop Warner National Football Championships

2011 Cotton Bowl Events

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- ☼ Jan 1 Ticket City Bowl Game
 - ☼ Feb 4 XLV Party (moved to Coliseum after tent collapsed)
 - ☼ Feb 5 XLV Party (moved to Coliseum after tent collapsed)
 - ☼ April 17 Dog Bowl
 - ☼ Jun 3 El Salvador National Soccer Practice
 - ☼ Jul 4 Fair Park Fourth
 - ☼ July 24 Club Deportivo Alianza de El Salvador vs. Club Deportivo Aguila de El Salvador
 - ☼ Aug 26 Colleyville Heritage High School vs. Duncanville
 - ☼ Aug 27 Grapevine High School vs. Midlothian
 - ☼ Aug 27 Sherman vs. The Colony
 - ☼ Oct 1 Grambling v Prairie View
 - ☼ Oct 8 Texas vs. OU
 - ☼ Nov 4 Diwali Mela Festival
 - ☼ Nov 26 Pop Warner National Football Championships

Attraction and Mystique of the Cotton Bowl

- ☀ The Cotton Bowl has a long history of college games:
 - ☀ Red River Rivalry, since 1929
 - ☀ State Fair Classic, since 1984
- ☀ For the college games played during the State Fair, Fair Park provides an unmatched aura and experience with rides, food, games, shows and exhibits



Attraction and Mystique of the Cotton Bowl

- ☀ According to the “Bleacher Report,” the Texas-OU game is the number one college football rivalry in the country
- ☀ Fair Park, a 277-acre National Historic Landmark, provides an unparalleled setting for sports events



The Esplanade at Night, 1936; The Magazine of Light

Contribution of Cotton Bowl to City

- ☀ Prestige and community pride of hosting major events
- ☀ Publicity / media value from hosting major events, including national and international TV broadcasts
- ☀ Promoting entertainment options for local residents
- ☀ Visitors / alumni enjoy being in Dallas and do more business in Dallas in the future
- ☀ Maintaining public facilities requires continuous investment to prevent more expensive “catch-up” costs later



Why Renovations Are Needed

- ☀ Amenities will make the stadium more marketable in an ever-growing market of venues
- ☀ The Cotton Bowl is Dallas' largest public event facility contributing to our citizens quality of life
- ☀ Allows the Cotton Bowl to remain viable as a prime destination for sports and entertainment
- ☀ Retention and attraction of annual and touring events



Why Renovations Are needed

- ☀ Allows the Cotton Bowl to compete for international events:
 - ☀ World Cup bid – 2018 and 2022
 - ☀ Future Olympics
 - ☀ Bi-annual CONCACAF (Gold Cup Soccer)
- ☀ Longevity may translate to larger economic impact of events in the future



Proposed Renovations

- ☼ Proposed improvements will:
 - ☼ Address functional and aesthetic insufficiencies
 - ☼ Add amenities that are now expected in college stadiums
 - ☼ Club seats
 - ☼ Festive concourses
 - ☼ Updated concessions
 - ☼ Updated press box for coaches
 - ☼ Athletic directors and the press



Proposed Renovations

- ☀ New, historically contextual facade around each end zone to screen 2008 expansion
 - ☀ Landmark Commission required that the Park and Recreation Department return to them within 2 years with a plan and schedule for the addition of a facade as a condition of their approval of the 2008 Improvements



Proposed Renovations

- ☼ Renovation of existing east and west concourses to address:
 - ☼ Patchwork concrete floor
 - ☼ Temporary concessions
 - ☼ Exposed piping and conduits
 - ☼ Poor lighting and visibility



Proposed Renovations

- ☀ Improvements to east and west concessions



Proposed Renovations

- ☼ Club seating under Press Box Level 5 overhang
- ☼ Finish out area at Levels 3 and 4 of the Press Box



Existing Press Box Level 4

Proposed Renovations

- ☀ Renovations to the existing Press Box, including broadcast TV cabling improvements
- ☀ New elevator to Press Box to address capacity
- ☀ Conference room required improvements
- ☀ Associated code improvements



Schedule

- ☀ Initiate RFQ/RFP Process for Design-Build firm March 2012
- ☀ Select Design-Build firm April 2012
- ☀ Park Board/Council approval of Design-Build contract – design phase May 2012
- ☀ Park Board /Council approval of GMP for construction December 2012



Renovation Schedule

☀ Begin construction

January 2013

☀ Complete construction

September 2013





Certificates of Obligation

Certificates of Obligation

- ☀ Issuance of \$25.5 million (maximum amount) in Certificates of Obligation (CO's) is proposed for Cotton Bowl improvements
- ☀ State law requires the publication of 2 notices and a 30 day waiting period between the first notice and the sale date




Certificates of Obligation Sale Overview

- ☀ The Co-Financial Advisors have recommended a competitive sale due to favorable market conditions
- ☀ Estimated issuance costs of \$145,840 will be paid from CO proceeds (schedule attached)
- ☀ Structure
 - ☀ Ten year term
 - ☀ Level payments
 - ☀ Non-callable



Schedule of Events

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- A vertical photograph of the Cotton Bowl stadium building. The words "COTTON BOWL" are visible in green letters on the white facade. Below the name is a window with a colorful poster and a Bud Light logo.
- ☀ April 2 Budget, Finance & Audit Committee Briefing
 - ☀ April 4 City Council briefing
 - ☀ April 11 City Council approval of plans to prepare for issuance of CO's, including publication of the Notice of Intent
 - ☀ May 16 City Council approval of the parameters ordinance authorizing the sale of the CO's
 - ☀ June 6 Receive and accept bids for the sale of the CO's
 - ☀ June 26 Receive proceeds



Appendix



Appendix

- ☀ Sources and Uses – Certificates of Obligation Proceeds
- ☀ Debt Service Schedule – Certificates of Obligation Proceeds
- ☀ Bond Summary Statistics – Certificates of Obligation Proceeds
- ☀ Estimated Issuance Costs



Source and Use of Funds

SOURCES AND USES OF FUNDS

City of Dallas, Texas

Combination Tax & Revenue Certificates of Obligation, Series 2012

\$25 Million Project Fund with Level Debt Service

Assumes Aa1/AA+ Uninsured Interest Rates as of March 26, 2012 - Plus 50bps

Dated Date 06/26/2012

Delivery Date 06/26/2012

Sources:

Bond Proceeds:

Par Amount	22,870,000.00
Premium	2,358,075.30

25,228,075.30

Uses:

Project Fund Deposits:

Project Fund	25,000,000.00
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Delivery Date Expenses:

Cost of Issuance	129,000.00
Underwriter's Discount	96,282.70
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	225,282.70

Other Uses of Funds:

Additional Proceeds	2,792.60
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25,228,075.30



Debt Service Schedule

BOND DEBT SERVICE

City of Dallas, Texas
 Combination Tax & Revenue Certificates of Obligation, Series 2012
 \$25 Million Project Fund with Level Debt Service
 Assumes Aa1/AA+ Uninsured Interest Rates as of March 26, 2012 - Plus 50bps

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
02/15/2013	1,795,000	2.500%	600,472.99	2,395,472.99	
08/15/2013			449,550.00	449,550.00	
09/30/2013					2,845,022.99
02/15/2014	1,980,000	3.500%	449,550.00	2,429,550.00	
08/15/2014			414,900.00	414,900.00	
09/30/2014					2,844,450.00
02/15/2015	2,060,000	4.500%	414,900.00	2,474,900.00	
08/15/2015			368,550.00	368,550.00	
09/30/2015					2,843,450.00
02/15/2016	2,160,000	5.000%	368,550.00	2,528,550.00	
08/15/2016			314,550.00	314,550.00	
09/30/2016					2,843,100.00
02/15/2017	2,240,000	2.500%	314,550.00	2,554,550.00	
08/15/2017			286,550.00	286,550.00	
09/30/2017					2,841,100.00
02/15/2018	2,310,000	3.500%	286,550.00	2,596,550.00	
08/15/2018			246,125.00	246,125.00	
09/30/2018					2,842,675.00
02/15/2019	2,400,000	4.000%	246,125.00	2,646,125.00	
08/15/2019			198,125.00	198,125.00	
09/30/2019					2,844,250.00
02/15/2020	2,510,000	5.000%	198,125.00	2,708,125.00	
08/15/2020			135,375.00	135,375.00	
09/30/2020					2,843,500.00
02/15/2021	2,640,000	5.000%	135,375.00	2,775,375.00	
08/15/2021			69,375.00	69,375.00	
09/30/2021					2,844,750.00
02/15/2022	2,775,000	5.000%	69,375.00	2,844,375.00	
09/30/2022					2,844,375.00
	22,870,000		5,566,672.99	28,436,672.99	28,436,672.99



Bond Summary Statistics

City of Dallas, Texas

Combination Tax & Revenue Certificates of Obligation, Series 2012

\$25 Million Project Fund with Level Debt Service

Assumes Aa1/AA+ Uninsured Interest Rates as of March 26, 2012 - Plus 50bps

Dated Date	06/26/2012
Delivery Date	06/26/2012
First Coupon	02/15/2013
Last Maturity	02/15/2022
Arbitrage Yield	2.447731%
True Interest Cost (TIC)	2.447731%
Net Interest Cost (NIC)	2.630451%
All-In TIC	2.552409%
Average Coupon	4.428438%
Average Life (years)	5.496



Certificates of Obligation

Estimated Cost of Issuance

Co-Bond Counsel		
Bracewell & Giuliani	\$26,775	18.36%
West & Associates	20,825	14.28%
Co-Financial Advisors		
First Southwest Company	19,170	13.14%
Estrada Hinojosa	12,780	8.76%
Official Statement Typing Fee	1,500	1.03%
Official Statement Printing Fee	10,000	6.86%
Rating Agencies		
Moody's Investors Service	21,000	14.40%
Standard & Poor's	15,640	10.72%
Auditor		
Grant Thornton	7,650	5.25%
Dallas Morning News	1,000	0.69%
Filing Fee		
Attorney General Office	9,500	6.51%
Grand Total	\$145,840	100.00%
*Total M/WBE Participation as % of Total Issuance Costs:	23.04%	

