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Subject: Dallas to consider \$1 billion loan for Kay Bailey Hutchison Convention Center project
Date: Tuesday, May 20, 2025 7:10:27 AM

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Dallas to consider \$1 billion loan for Kay Bailey Hutchison Convention Center project

City Council will be briefed Wednesday on the plans.

The Dallas Morning-News

By [María Ramos Pacheco](#), [Devyani Chhetri](#) and [Nick Wooten](#), Staff Writers

May 19, 2025, Updated 9:55 a.m. CDT



Crews worked on streets near the Kay Bailey Hutchison Convention Center in downtown Dallas on Dec. 2, 2024.

(Tom Fox / Staff Photographer)

The city of Dallas is considering taking out a [\\$1 billion loan to move forward with the Kay Bailey Hutchison Convention Center project](#).

Staff will brief the City Council Wednesday on the updates to the convention center plan.

The \$1 billion loan will help the city prepare to be the [official broadcast hub for the 2026 FIFA men's soccer World Cup](#). It will also help the city reduce interest costs and provide the necessary funds to enter into contracts and pay vendors.

Referred to as a "bridge loan," the money would be repaid through long-term revenue bonds issued in the first half of 2026. The funding initially was provided through the city's 2024 bonding proposal, but that money will not be available until next year.

According to the presentation, the City Council will consider voting for the \$1 billion loan on June 11.

Sriram Villupuram, a real estate and finance professor at the University of Texas at Arlington, said the move is a calculated risk to take advantage of the World Cup's economic impact, which officials estimate to be between \$1.5 billion and \$2.1 billion

across North Texas.

“These are once-in-a-while events. This is definitely an opportunity [the region] can take advantage of,” he said. “That would bring in quite a bit of revenue to the city.”

However, Villupuram warned that the bridge loan could ultimately increase the total cost of the project.

According to the presentation, the current budget range is \$3.3 billion to \$3.5 billion, up from the \$1.9 billion projected initially in 2021. Previously, the city estimated it could cost as much as \$3.7 billion.

“In the long term, it could increase interest costs,” he said. “It could be a wash, but there’s no guarantee there, especially if lending conditions are the way they are now [and] long-term interest rates are going up. ... It could add a little more interest cost for that long-term bond.”

The city aims to create job opportunities downtown, increase Dallas tourism and bridge the historic economic divide between northern and southern Dallas. It also wants to compete with cities such as Houston and Chicago.

Wednesday’s presentation will contain information about the orientation of the convention center, the schematic design, transportation integration, financial updates and the project’s next steps.

Rosa Fleming, who oversees the city’s convention and event services department, did not respond to a request for comment.

The plans to rebuild the convention center and revitalize this area of the city were approved by the City Council in 2022.

Voters overwhelmingly approved a ballot proposition authorizing a 2% increase in the city’s portion of the hotel occupancy tax to fund the expansion and designated improvements at Fair Park. In addition to the 2% hotel occupancy tax increase, a project financing zone will help fund the initiative.

In 2022, the city projected taking out between \$1.2 billion to \$2.1 billion in debt. Currently, the debt projection is \$2.2 billion.

Bonds are expected to cover about 67% of the project. The city is also trying to get funding from other sources, such as a grant from the North Central Texas Council of Governments, proceeds from the sale of assets, naming rights, an energy efficiency contract, parking revenue, and cost share with the Department of Aviation, because the center will have a heliport.

The convention center's design was unveiled last month during a community briefing. The design was called into question early this year when developer Ray Washburne announced he was planning on selling the former *Dallas Morning News* building, a key project component.

Last month, the City Council approved buying large portions of the prior *News* campus for nearly \$52 million to keep the project on track.

The plan mirrors the site plan the City Council approved last year to avoid conflicts with the Texas Department of Transportation's plan to widen Interstate 30, the Union Pacific rail line and a high-speed rail project to connect Dallas with Houston and Fort Worth.

Renovations to the convention center are expected to be completed by 2029. The center is expected to be 2.5 million square feet.

[Inspire Dallas, led by Matthews Southwest, has a \\$71 million contract](#) to serve as project manager. Marsh is responsible for the insurance consulting contract, valued at \$2.2 million. Last year, the council approved a \$141.5 million contract for architectural, engineering and design services to Perkins&Will and Populous.

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