

Memorandum



CITY OF DALLAS

DATE September 16, 2016

TO Honorable Members of the Budget, Finance, & Audit Committee: Jennifer S. Gates (Chair), Philip T. Kingston (Vice Chair), Erik Wilson, Rickey D. Callahan, Scott Griggs, Lee M. Kleinman

SUBJECT **Green Bond Issuance: Closing the Wealth Gap**

On Monday, September 19, 2016, Michelle Corson, CEO of On the Road Lending, will brief the Budget, Finance, & Audit Committee on a proposal for City participation in a revenue bond issuance.

Staff will be seeking direction from the Budget, Finance, & Audit Committee for possible further development and refinement of this proposal. We have attached the briefing for your review.

Please let me know if you need additional information.

A handwritten signature in blue ink that reads "M. Elizabeth Reich".

M. Elizabeth Reich
Chief Financial Officer

Attachment

c: Christopher D. Bowers, Interim City Attorney
Craig D. Kinton, City Auditor
Rosa A. Rios, City Secretary
Daniel F. Solis, Administrative Judge
Ryan S. Evans, First Assistant City Manager
Eric D. Campbell, Assistant City Manager


Jill A. Jordan, P.E., Assistant City Manager
Mark McDaniel, Assistant City Manager
Joey Zapata, Assistant City Manager
M. Elizabeth Reich, Chief Financial Officer
Sana Syed, Public Information Officer
Elsa Cantu, Assistant to the City Manager – Mayor & Council

GREEN BOND ISSUANCE: CLOSING THE WEALTH GAP

Budget, Finance & Audit Committee Briefing
September 19, 2016



ON THE ROAD
SUSTAINABILITY
FUNDS



How can a city as rich as Dallas be so poor?




LACK OF RELIABLE
TRANSPORTATION IS THE
NUMBER ONE REASON
PEOPLE LOSE THEIR JOBS.

BETTER CAR BETTER JOB BETTER LIFE

MAYOR'S TASKFORCE ON POVERTY:

152,822 families
at or below the poverty
level



**“A person with their own car is
TWICE as likely to get a good job
and *FOUR* times as likely to keep it
as one without.” –Urban Institute**

BETTER CAR BETTER JOB BETTER LIFE



**AMPLE JOBS ARE
AVAILABLE IN OUR
CITY, BUT ARE NOT
EASILY ACCESSIBLE
WITHOUT PERSONAL
TRANSPORTATION.**

BETTER CAR BETTER JOB BETTER LIFE

ON THE ROAD LENDING:

PROMOTABLE EMPLOYEES

HEALTHIER FAMILIES

AVOIDING PREDATORY LENDING

BUILDING ASSETS, SAVINGS, CREDIT

CLOSING THE WEALTH GAP



**ON THE ROAD
LENDING**



**“Thank you for our
nice, safe car.”**

A note to us from Manny, Age 5

LIFTING 1,000 PEOPLE FROM POVERTY...PERMANENTLY

FORM LGC TO GO TO MARKET ON PROPOSED BOND ISSUANCE

CAPITAL TO BE USED TO HELP 1,000 LOW-INCOME FAMILIES

STRUCTURED TO BE FISCALLY NEUTRAL FOR THE CITY

DEBT SERVICE SECURED BY CLIENT CAR PAYMENTS AND DEBT
SERVICE RESERVE

ON THE ROAD IS THE MANAGER OF THE FUND

\$15 MILLION CAPITAL RAISE

ON THE ROAD LENDING'S CLIENTS:

- 100% Low- to moderate-income people
- 90% Women
- 75% Single mothers
- 55% Victims of abuse, trafficking or homelessness
- 15% Formerly incarcerated
- 10% Veterans

Ranging in age from 24 to 65

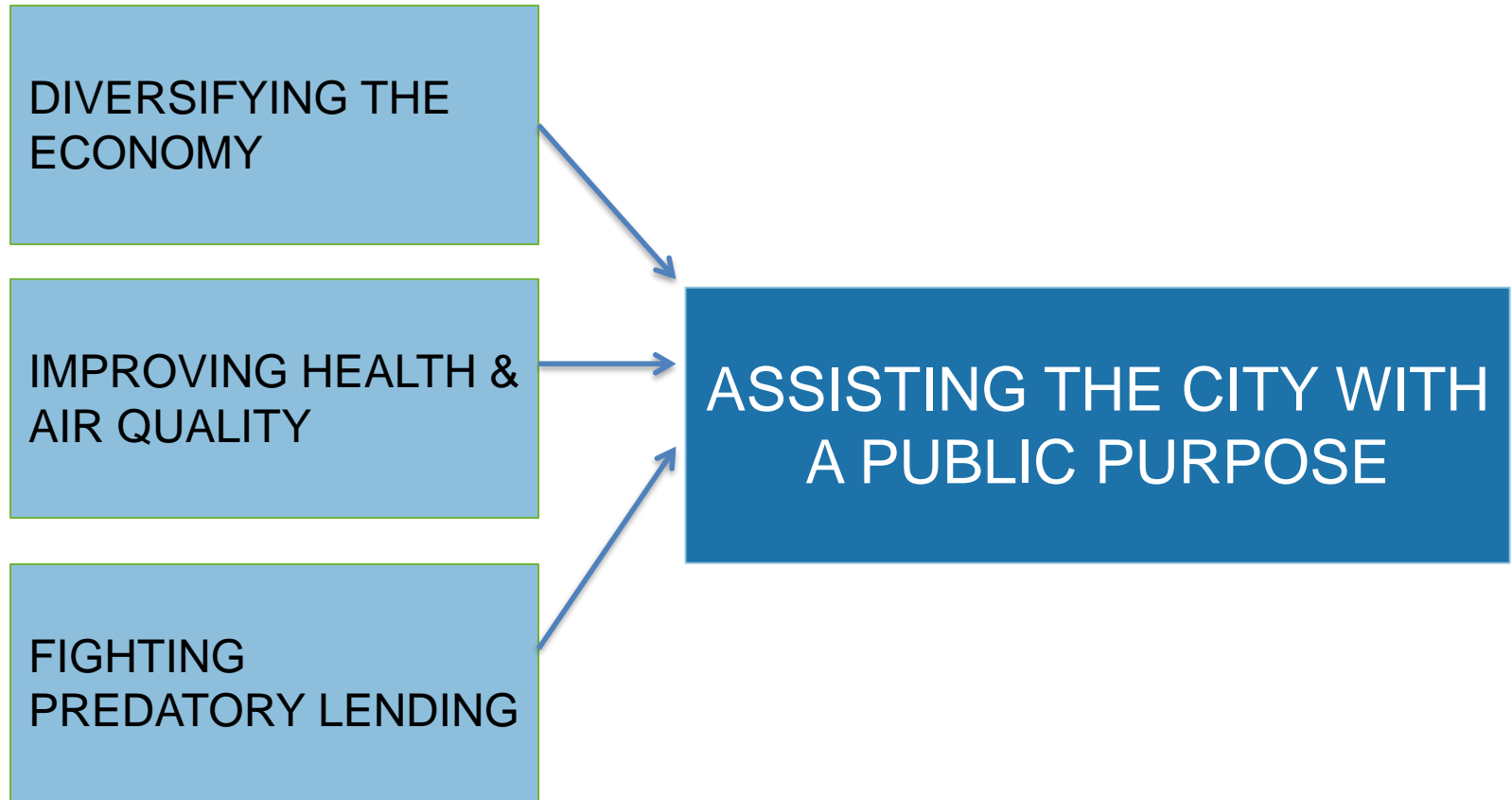
Ranging in income from \$17,000 to \$55,000

Average credit score 525

- 45% Black
- 35% Hispanic
- 20% White or Asian

100 clients expected by year end

BETTER CAR BETTER JOB BETTER LIFE





TYPICAL LOAN:

\$15,000 for five years at 9.75% interest

Car less than 3 years old with less than 30,000 miles

Highly fuel-efficient, reliable, and holds value

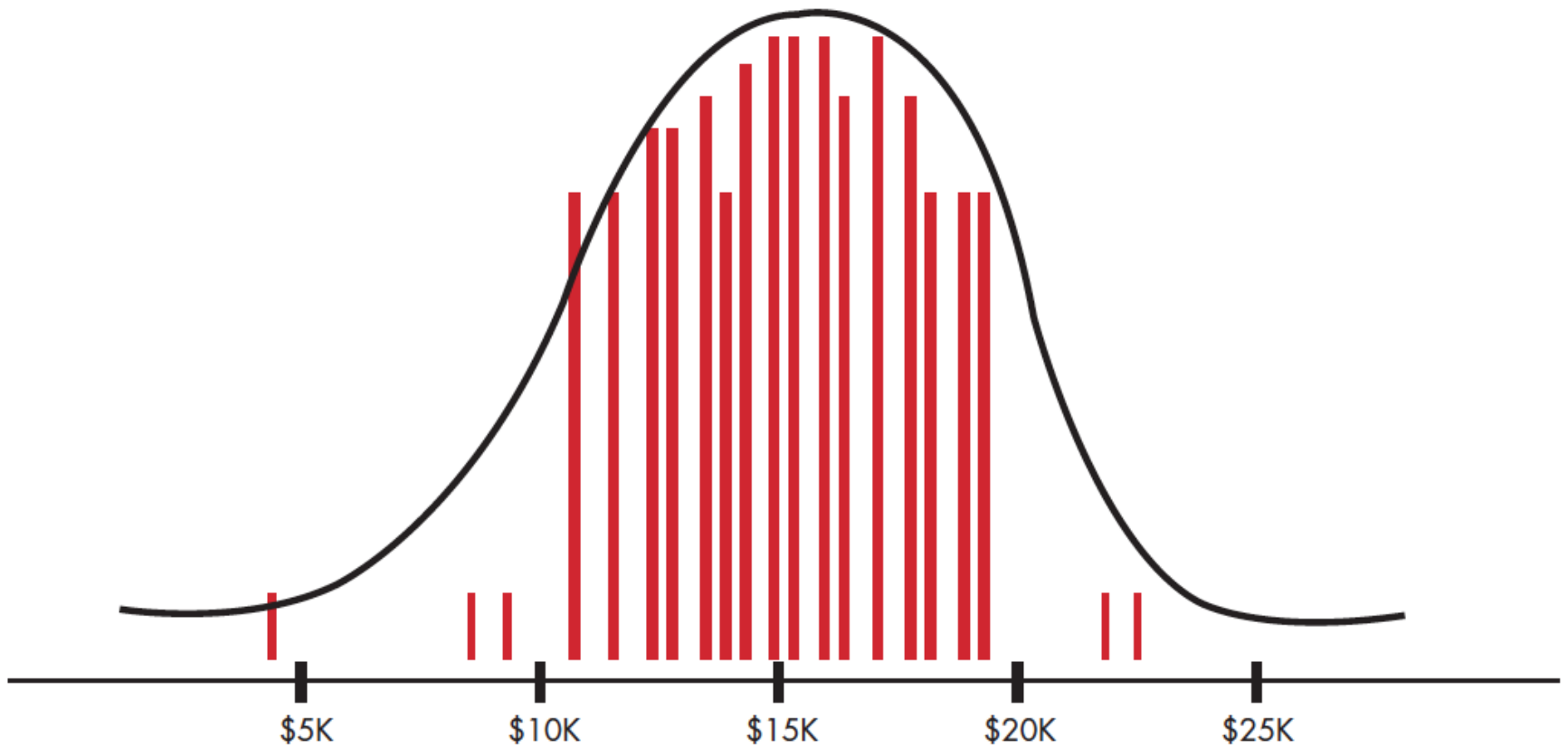
Extended warranty financed into every loan

BETTER CAR BETTER JOB BETTER LIFE

BUILDING SAVINGS, ASSETS & CREDIT

Clients save on average \$150 per month on interest expense with our car loans.

LOAN AMOUNT FREQUENCY DISTRIBUTION



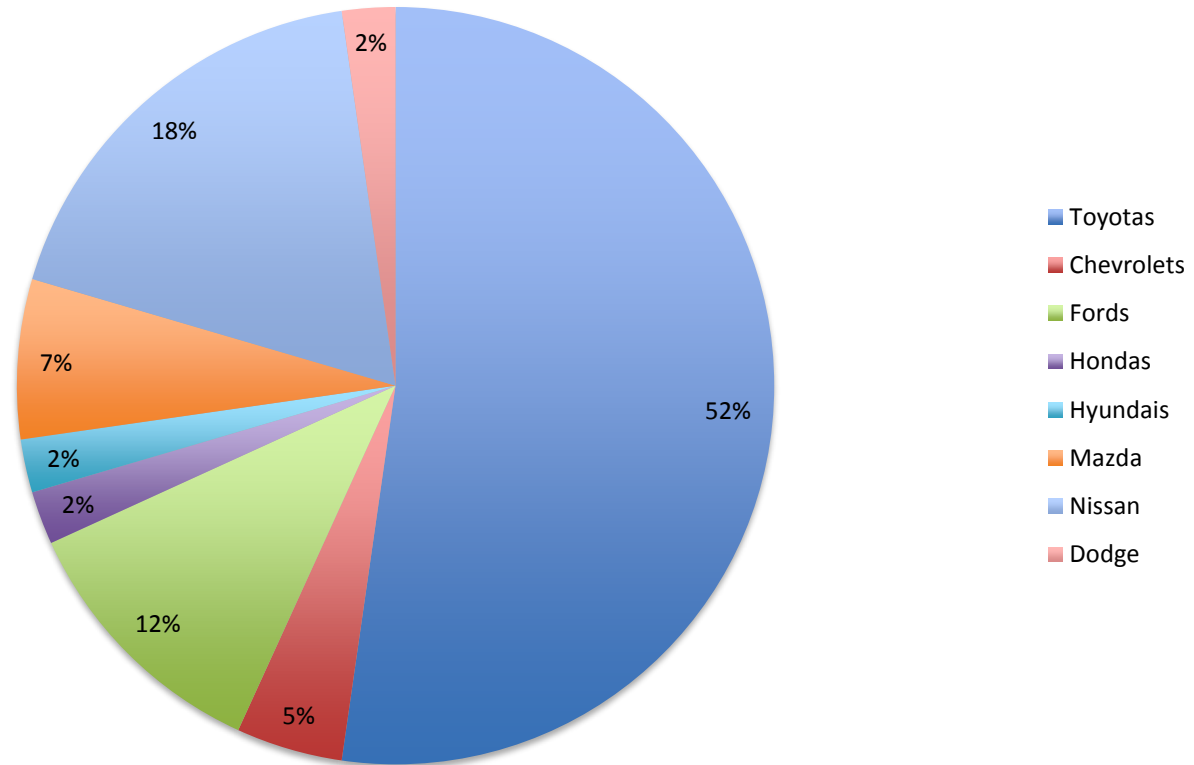
BETTER CAR BETTER JOB BETTER LIFE

A woman with long dark hair, wearing a bright red short-sleeved top and a necklace, stands with her hands on her hips in front of a dark blue Toyota Camry or Corolla. The car is parked in an outdoor lot with a multi-level parking structure in the background under a clear sky.


**TYPICAL VEHICLE: 2014
TOYOTA
CAMRY OR COROLLA**

BETTER CAR BETTER JOB BETTER LIFE

LOW-MAINTENANCE VEHICLES



BETTER CAR BETTER JOB BETTER LIFE

A photograph of a Black woman and a young Black man standing in front of a blue car. The woman is on the left, smiling, with her hair in a bun. The man is on the right, also smiling, wearing a dark sleeveless shirt. The background shows a parking lot with trees and a sign that says "RV STORAGE".

**IT IS A MYTH
THAT A LOW-
INCOME
SINGLE MOM
CAN'T
AFFORD A
GOOD CAR**

BETTER CAR BETTER JOB BETTER LIFE

ABOUT THE PROPOSED BONDS

REVENUE BOND STRUCTURED TO MINIMIZE RISK TO TAXPAYERS THROUGH USE OF LOCAL GOVERNMENT CORPORATION AND PROPOSED CHAPTER 380 BACKSTOP AGREEMENT

CLIENT CAR PAYMENTS PROVIDE INCOME STREAM FOR DEBT SERVICE WITH RESERVE FUND FOR CREDIT LOSS IN PLACE

BOND TERMS TBD

IF POSSIBLE, WILL FIND BUYER FOR PRIVATE PLACEMENT

TRUSTEE OVERSIGHT

WILL EXPLORE DEBT INSURANCE, IF FEASIBLE & NECESSARY

A woman with blonde hair, wearing a light beige blazer and matching pantsuit, stands on the left. A man with short dark hair, wearing a dark pinstriped suit, white shirt, and patterned tie, stands on the right. They are both smiling and looking towards the camera. They are standing in front of a white car. In the background, there is a large parking lot filled with many cars, suggesting a car dealership. The text "WOMAN-OWNED BUSINESS WITH A DIVERSE STAFF AND BOARD" is overlaid on the left side of the image in white, bold, sans-serif font.

**WOMAN-
OWNED
BUSINESS
WITH A
DIVERSE
STAFF AND
BOARD**

BETTER CAR BETTER JOB BETTER LIFE



NONPROFIT THAT PROVIDES LONG-TERM COACHING AND FINANCIAL MENTORING



ORIGINAL LOAN FUND



NEW ENTITY TO ENTER PARTNERSHIP WITH CITY

BETTER CAR BETTER JOB BETTER LIFE

WHY PARTNER WITH ON THE ROAD?

There is no other organization in Dallas focusing on immediate relief of transportation barriers.

Strong partnerships with companies such as Toyota, State Farm, Omni Hotel, and others.

The initiative includes both a nonprofit service provider and a nominally for profit loan fund. Combined, the default rate is very low.

It is a uniquely structured initiative, unlike any in the US.

Woman-owned business with diverse board and staff.

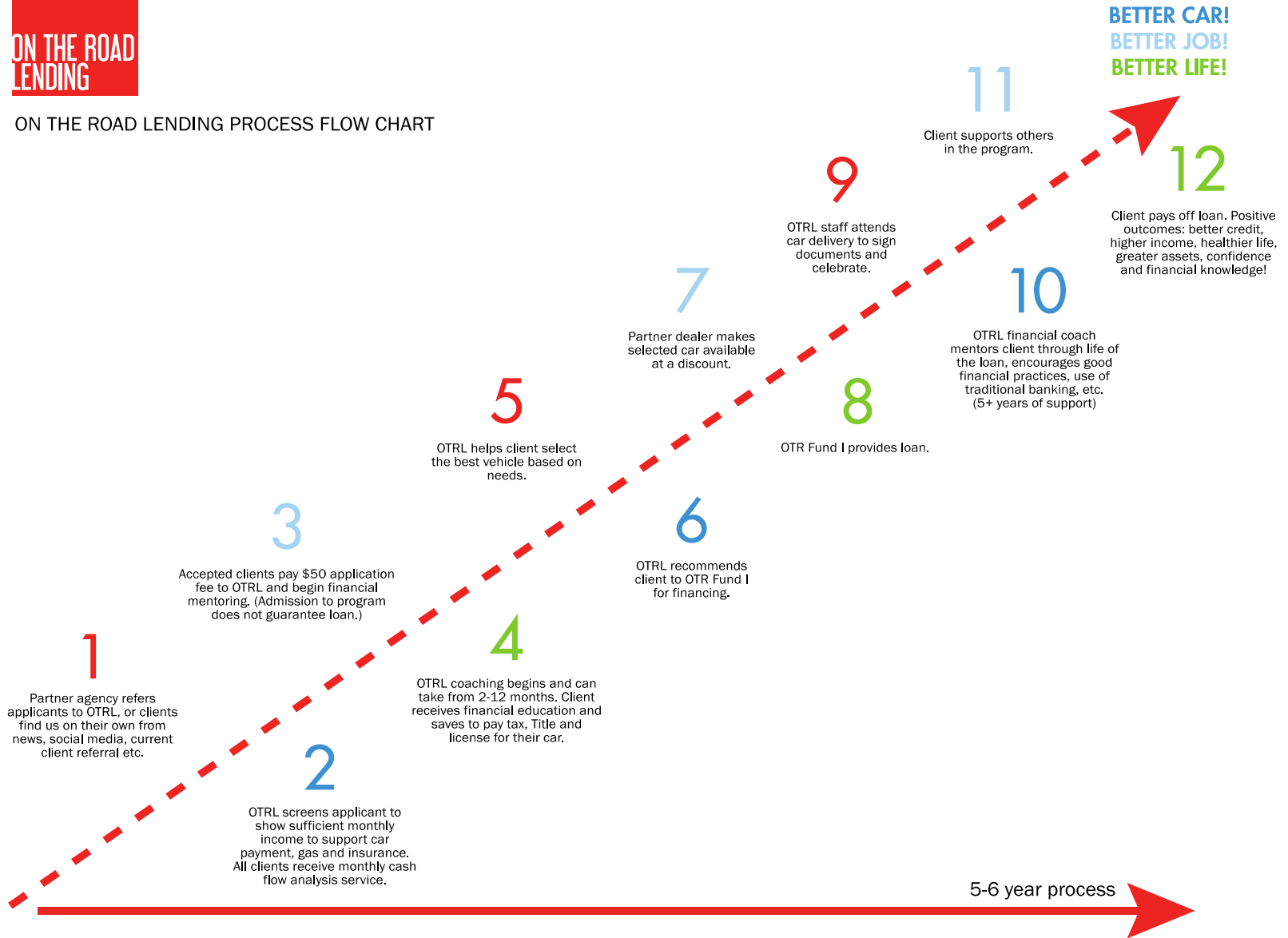
A woman with dark hair, wearing a red sleeveless top and a silver necklace, is smiling from the driver's seat of a blue car. The car is parked outdoors with green foliage in the background. The text "A GOOD LOAN + FINANCIAL EDUCATION = LOW DEFAULT RATES" is overlaid on the left side of the image in white, bold, sans-serif font.

**A GOOD LOAN +
FINANCIAL
EDUCATION = LOW
DEFAULT RATES**

BETTER CAR BETTER JOB BETTER LIFE



ON THE ROAD LENDING PROCESS FLOW CHART



DEFAULT RATES

Only 1 default in 3 years of making loans.

Typical market-rate defaults for our type of borrower is 35%.

STRONG MANAGEMENT



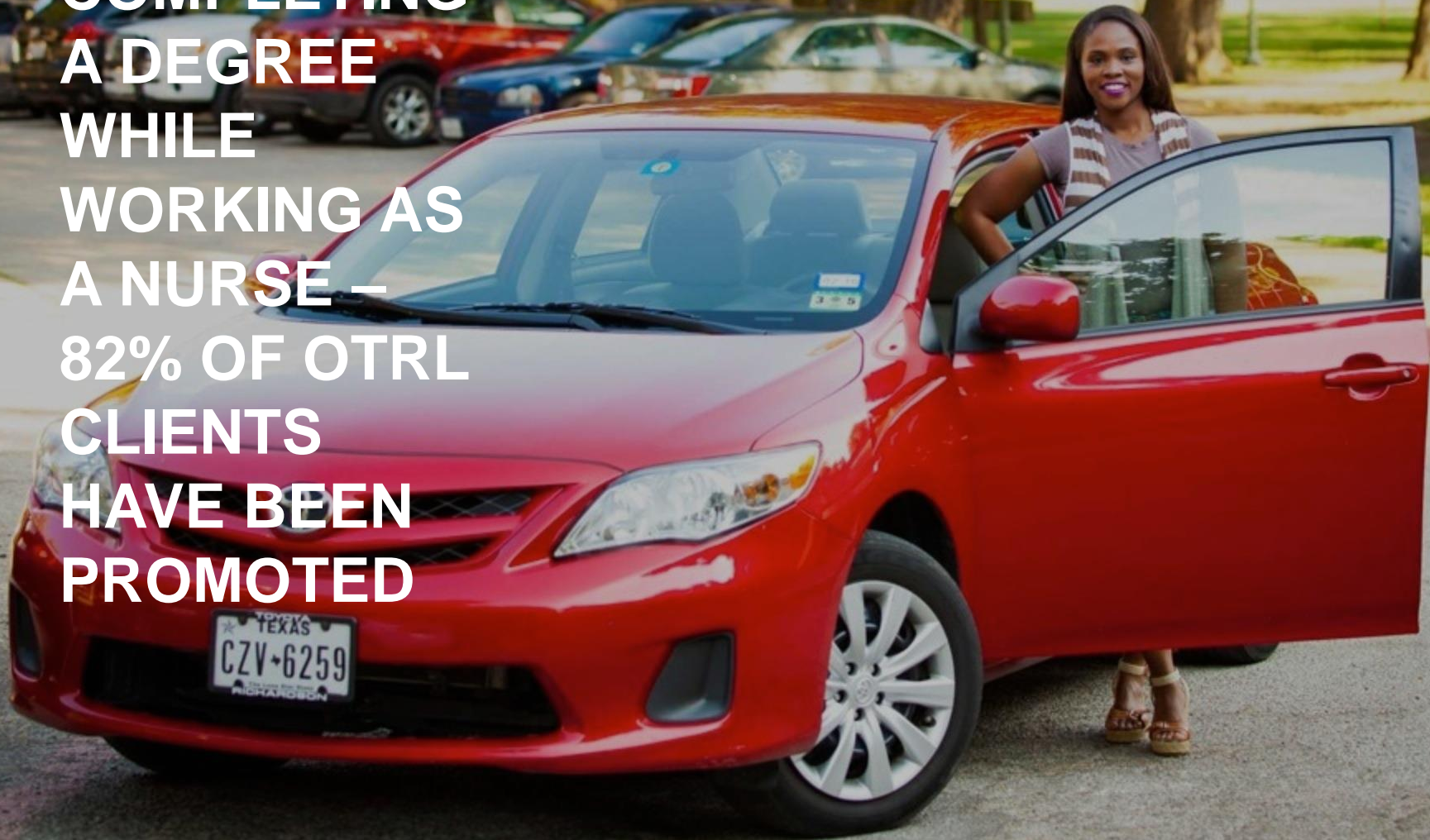
LICENSED REGULATED LENDER
COMPLIANCE & REGULATION OVERSIGHT BY FORMER CCO FOR AMERICAN EXPRESS
2% DEFAULT RATE VS. 35% FOR SUBPRIME LENDERS
FUND AND NONPROFIT LEGAL ADVISOR - JACKSON WALKER
ACCOUNTING/AUDIT ADVISOR - WAGNER EUBANK NICHOLS
FORMER CAR DEALERS ON STAFF; 15 YEARS RUNNING SIMILAR ORGANIZATION

BETTER CAR BETTER JOB BETTER LIFE

BIOS

- Michelle Corson
Founder and CEO, 30 years finance and commercial real estate experience, former CEO of The Real Estate Council, and founder of Champion Impact Capital
- Mary Burnett
COO, former car dealer, founded More than Wheels 15 years ago, on which ON THE ROAD LENDING is based
- Tom Firnharber
CCO, formerly American Express and Netspend
- Others formerly with More than Wheels and local social service agencies

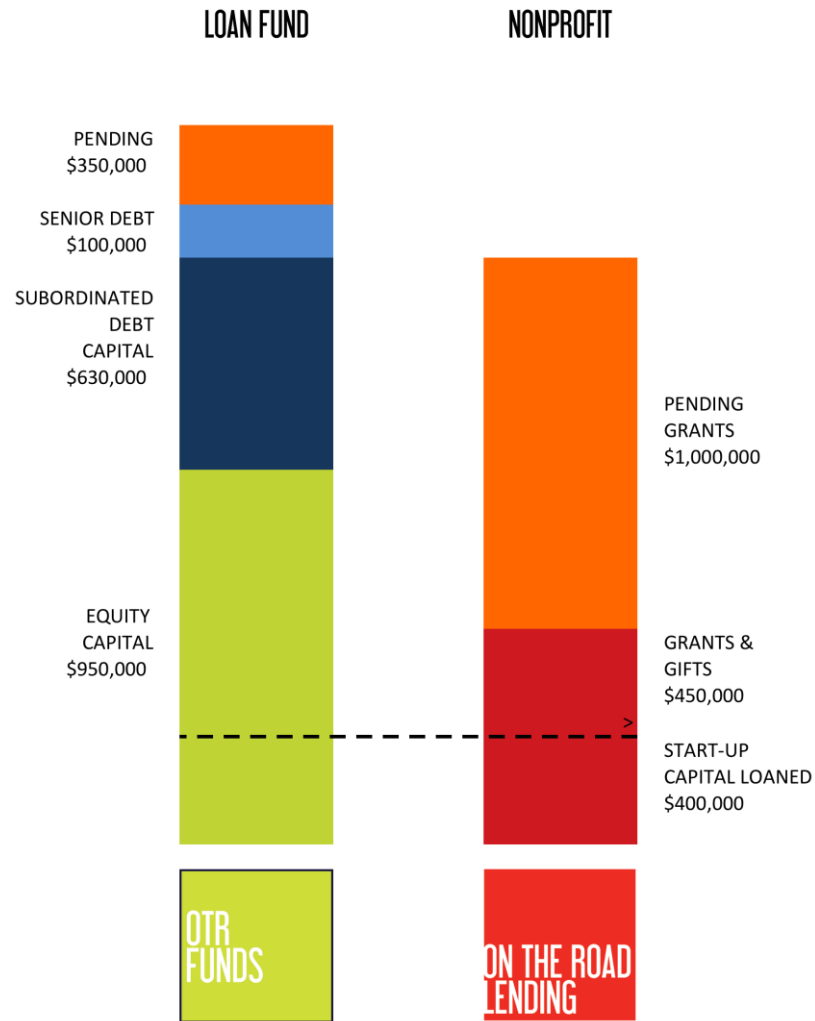
**COMPLETING
A DEGREE
WHILE
WORKING AS
A NURSE –
82% OF OTRL
CLIENTS
HAVE BEEN
PROMOTED**



BETTER CAR BETTER JOB BETTER LIFE

TOTAL CAPITALIZATION

*\$2.2 million raised in 3.5 years
\$1.4 million pending*



IMPROVING A FAMILY'S CHANCES OF A BETTER LIFE



BETTER CAR BETTER JOB BETTER LIFE