

# Memorandum



CITY OF DALLAS

DATE November 30, 2018

Honorable Members of the Government Performance & Financial Management  
TO Committee: Jennifer S. Gates (Chair), Scott Griggs (Vice Chair), Sandy Greyson,  
Lee M. Kleinman, Philip T. Kingston, Tennell Atkins, Kevin Felder

SUBJECT **Upcoming General Obligation Bond Sale, Series 2019A**

On Monday, December 3, Robert Coalter will brief the Government Performance & Financial Management Committee on the Upcoming General Obligation Bond Sale, Series 2019A. The presentation is attached 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: Honorable Mayor and Members of the City Council  
T.C. Broadnax, City Manager  
Chris Caso, City Attorney (Interim)  
Carol A. Smith, City Auditor (Interim)  
Billieae Johnson, City Secretary  
Judge Preston Robinson, Administrative Judge

Kimberly Bizer Tolbert, Chief of Staff to the City Manager  
Jon Fortune, Assistant City Manager  
Joey Zapata, Assistant City Manager  
Majed A. Al-Ghafry, Assistant City Manager  
Nadia Chandler Hardy, Assistant City Manager and Chief Resilience Officer  
Directors and Assistant Directors

# **Upcoming General Obligation Bond Sale, Series 2019A**

**Government Performance and  
Financial Management  
Committee Briefing  
December 3, 2018**

**Robert Coalter, Assistant Director  
City Controller's Office  
City of Dallas**



# Purpose

- Provide an overview of the bond sale
- Seek recommendation on the December 12 resolution authorizing staff to prepare for the sale of General Obligation Refunding and Improvement Bonds, Series 2019A
- Seek recommendation on the April 10 ordinance authorizing the sale of up to \$271.02 million General Obligation Refunding and Improvement Bonds, Series 2019A

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# Bond Sale Overview

- Set estimated size of bond sale at \$271.02 million
- Issue up to \$25.16 million in bonds to retire general obligation commercial paper notes
- Pay estimated issuance costs of \$720,000 from bond proceeds
- Sell bonds with a weighted average maturity of 9.7301 years by competitive bid



# Commercial Paper Program

- Provides short-term financing for the City's capital improvement program
- Funds contract awards and payments
  - Current program size of \$350 million
  - Outstanding balance of \$31.66 million as of 11/25/18. Average interest rate 1.75% for 35 days



# General Obligation Improvement Bonds

- Up to \$271.02 million in improvement bonds to be issued to fund capital improvements authorized in the 2006 (\$61.459 million), 2012 (\$51.396 million), and 2017 (\$130.927) bond programs
  - Remaining authority from the 2006 and 2012 bond programs will be depleted after the Series 2019A sale
- The Financial Advisors recommend a competitive sale based on favorable market conditions and the City's improved credit profile

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# Bond Sale Timeline

- December 3      Government Performance and Financial Committee
- December 12    Council authorization to proceed with sale
- April 10        Council approval of parameters ordinance authorizing bond issue
- April 24        Pricing of the bonds
- May 22         Deliver bonds and receive proceeds

# Recommendation

- Council Action
  - Authorize staff to proceed with preparations for the sale of up to \$271.02 million General Obligation Refunding and Improvement Bonds, Series 2019A, on the December 12 Council Agenda
  - Recommend approval of parameters ordinance authorizing the sale of up to \$271.02 million General Obligation Refunding and Improvement Bonds, Series 2019A, on the April 10 Council Agenda





# Appendix

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# Issuance Costs Schedule

## Estimated Issuance Costs

Co-Bond Counsel	\$ 306,000
Disclosure Counsel	80,000
Financial Advisors	183,350
Official Statement Printing	5,000
Paying Agent	200
Rating Agencies	130,050
Attorney General Filing Fee	9,500
Misc. Expenses	<u>\$ 5,900</u>

Total \$ 720,000

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December 3, 2018**

**Robert Coalter, Assistant Director  
City Controller's Office  
City of Dallas**



Sources and Uses of Funds  
City of Dallas, Texas

General Obligation Refunding and Improvement Bonds, Series 2019 (CP/NM)

Sources:	
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Bond Proceeds:	
Par Amount	271,020,000.00
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	271,020,000.00
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Uses:	
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Project Fund Deposits:	
Project Fund	243,782,000.00
Commercial Paper Refunding	25,160,000.00
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	268,942,000.00
Delivery Date Expenses:	
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	2,075,100.00
Other Uses of Funds:	
Additional Proceeds	2,900.00
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	271,020,000.00
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Bond Debt Service  
 City of Dallas, Texas

General Obligation Refunding and Improvement Bonds, Series 2019 (CP/NM)  
 Period

Ending	Principal	Coupon	Interest	Debt Service
9/30/2019			2,499,406.67	2,499,406.67
9/30/2020	14,265,000	4.000%	10,555,500.00	24,820,500.00
9/30/2021	14,265,000	4.000%	9,984,900.00	24,249,900.00
9/30/2022	14,265,000	4.000%	9,414,300.00	23,679,300.00
9/30/2023	14,265,000	4.000%	8,843,700.00	23,108,700.00
9/30/2024	14,265,000	4.000%	8,273,100.00	22,538,100.00
9/30/2025	14,265,000	4.000%	7,702,500.00	21,967,500.00
9/30/2026	14,265,000	4.000%	7,131,900.00	21,396,900.00
9/30/2027	14,265,000	4.000%	6,561,300.00	20,826,300.00
9/30/2028	14,265,000	4.000%	5,990,700.00	20,255,700.00
9/30/2029	14,265,000	4.000%	5,420,100.00	19,685,100.00
9/30/2030	14,265,000	4.000%	4,849,500.00	19,114,500.00
9/30/2031	14,265,000	4.000%	4,278,900.00	18,543,900.00
9/30/2032	14,265,000	4.000%	3,708,300.00	17,973,300.00
9/30/2033	14,265,000	4.000%	3,137,700.00	17,402,700.00
9/30/2034	14,265,000	4.000%	2,567,100.00	16,832,100.00
9/30/2035	14,265,000	4.000%	1,996,500.00	16,261,500.00
9/30/2036	14,260,000	4.000%	1,426,000.00	15,686,000.00
9/30/2037	14,260,000	4.000%	855,600.00	15,115,600.00
9/30/2038	14,260,000	4.000%	285,200.00	14,545,200.00
	271,020,000		105,482,206.67	376,502,206.67

Bond Summary Statistics

City of Dallas, Texas

General Obligation Refunding and Improvement Bonds, Series 2019 (CP/NM)

Dated Date	5/22/2019
Delivery Date	5/22/2019
Last Maturity	2/15/2038

Arbitrage Yield	4.000642%
True Interest Cost (TIC)	4.066768%
Net Interest Cost (NIC)	4.051387%
All-In TIC	4.102108%
Average Coupon	4.000000%

Average Life (years)	9.730
Duration of Issue (years)	7.724

Par Amount	271,020,000.00
Bond Proceeds	271,020,000.00
Total Interest	105,482,206.67
Net Interest	106,837,306.67
Total Debt Service	376,502,206.67
Maximum Annual Debt Service	24,820,500.00
Average Annual Debt Service	20,100,963.13

Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	5.000000
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Total Underwriter's Discount	5.000000
Bid Price	99.500000

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Serial Bond	271,020,000.00	100.000	4.000%	9.730	206,395.65
	271,020,000.00			9.730	206,395.65

	TIC	All-In TIC	Arbitrage Yield	
Par Value	271,020,000.00		271,020,000.00	271,020,000.00
+ Accrued Interest				
+ Premium (Discount)				
- Underwriter's Discount	-1,355,100.00		-1,355,100.00	
- Cost of Issuance Expense			-720,000.00	
- Other Amounts				
Target Value	269,664,900.00		268,944,900.00	271,020,000.00
Target Date	5/22/2019		5/22/2019	5/22/2019
Yield	4.066768%		4.102108%	4.000642%

<u>Bond</u>			<u>Amount</u>	<u>Remaining</u>	<u>Commercial</u>	<u>Remaining</u>	<u>2019 Requested</u>	<u>Remaining</u>
<u>Program</u>	<u>Proposition</u>	<u>Proposition Name</u>	<u>Authorized</u>	<u>Authority 2017</u>	<u>Paper Issued</u>	<u>Authority 2018</u>	<u>Amount</u>	<u>Authority</u>
<u>Year</u>	<u>Number</u>							
2006	1	Street & Thoroughfare	390,420,000	26,589,000	3,500,000	23,089,000	23,089,000	-
2006	2	Flood & Storm Drainage	334,315,000	9,372,500	-	9,372,500	9,372,500	-
2006	3	Park & Recreation	343,230,000	8,083,000	-	8,083,000	8,083,000	-
2006	4	Library Facilities	46,200,000	-	-	-	-	-
2006	5	Cultural Arts	60,855,000	3,431,000	320,000	3,111,000	3,111,000	-
2006	6	City Facilities	34,750,000	5,224,500	-	5,224,500	5,224,500	-
2006	7	Land Acquisition Low Income Homes	1,500,000	-	-	-	-	-
2006	8	Economic Development Southern Sector	41,495,000	-	-	-	-	-
2006	9	Farmers Market Improvement	6,635,000	-	-	-	-	-
2006	10	Land Acquisition Cadillac Heights	22,550,000	13,344,000	765,000	12,579,000	12,579,000	-
2006	11	Court Facilities	7,945,000	-	-	-	-	-
2006	12	Public Safety Facilities	63,625,000	-	-	-	-	-
2012	1	Street & Thoroughfare	260,625,000	46,641,000	-	46,641,000	46,641,000	-
2012	2	Flood & Storm Drainage	326,375,000	4,755,000	-	4,755,000	4,755,000	-
2012	3	Economic Development - ECO	55,000,000	-	-	-	-	-
2017	A	Streets & Transportation Improvements	533,981,000	533,981,000	15,215,000	518,766,000	34,325,000	484,441,000
2017	B	Park and Recreation Facilities	261,807,000	261,807,000	13,640,000	248,167,000	56,323,000	191,844,000
2017	C	Fair Park	50,000,000	50,000,000	85,000	49,915,000	8,515,000	41,400,000
2017	D	Flood Control	48,750,000	48,750,000	145,000	48,605,000	3,235,000	45,370,000
2017	E	Library	15,589,000	15,589,000	5,000	15,584,000	7,495,000	8,089,000
2017	F	Cultural Facilities	14,235,000	14,235,000	15,000	14,220,000	2,745,000	11,475,000
2017	G	Public Safety	32,081,000	32,081,000	1,465,000	30,616,000	2,096,000	28,520,000
2017	H	City Facilities	18,157,000	18,157,000	5,000	18,152,000	2,680,000	15,472,000
2017	I	Economic Development	55,400,000	55,400,000	-	55,400,000	13,013,000	42,387,000
2017	J	Homeless Assistance Facilities	20,000,000	20,000,000	-	20,000,000	500,000	19,500,000
<b>Total</b>			<b>\$ 3,291,520,000</b>	<b>\$ 1,167,440,000</b>	<b>\$ 35,160,000</b>	<b>\$ 1,132,280,000</b>	<b>\$ 243,782,000</b>	<b>\$ 888,498,000</b>