

# Memorandum



CITY OF DALLAS

DATE November 30, 2018

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

SUBJECT **Upcoming General Obligation Bond Sale Series 2019B**

On Monday, December 3, Robert Coalter will brief the Government Performance & Financial Management Committee on the Upcoming General Obligation Bond Sale, Series 2019B. 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 2019B**

**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 Bonds, Series 2019B
- Seek recommendation on the April 10 ordinance authorizing the sale of up to \$174.705 million General Obligation Refunding Bonds, Series 2019B

# Bond Sale Overview

- Set estimated size of bond sale at \$174.705 million
- Pay estimated issuance costs of \$515,000 from bond proceeds
- Sell bonds with a weighted average maturity of 10.117 years by competitive bid



# General Obligation Improvement Bonds

- Up to \$173.313 million in refunding bonds to be issued to fund settlement of the lawsuits styled Davis S. Martin, et al. v. City of Dallas, Cause No. 1-95-506, and George G. Parker, et al. v. City of Dallas, Cause No. 1-95-107
- The Financial Advisors recommend a competitive sale based on favorable market conditions and the City's improved credit profile

# Bond Sale Timeline

- December 3 Government Performance and Financial Committee
- December 12 Council authorization to proceed with sale
- February 25\* Judgment becomes final (or 30 days after the Fairness Hearing)
- April 10 Council approval of parameters ordinance authorizing bond issue
- April 24 Pricing of the bonds
- May 22 Deliver bonds and receive proceeds

\* Earliest possible date or 30 days after the Fairness Hearing

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# Recommendation

- Council Action
  - Authorize staff to proceed with preparations for the sale of up to \$174.705 million General Obligation Refunding Bonds, Series 2019B, on the December 12 Council Agenda
  - Recommend approval of parameters ordinance authorizing the sale of up to \$174.705 million General Obligation Refunding Bonds, Series 2019B, on the April 10 Council Agenda



# Appendix

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- Sources and Uses Page 10
- Debt Service Schedules Page 11
- Bond Summary Statistics Page 12



# Issuance Costs Schedule

## Estimated Issuance Costs

Co-Bond Counsel	\$ 220,000
Disclosure Counsel	60,000
Financial Advisors	126,350
Paying and Escrow Agent	2,700
Official Statement Printing	5,000
Rating Agencies	83,950
Attorney General Filing Fee	9,500
Misc. Expenses	<u>\$ 7,500</u>

Total \$ 515,000

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City of Dallas**



Sources and Uses of Funds  
City of Dallas, Texas  
General Obligation Refunding Bonds, Series 2019B

Sources:	
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Bond Proceeds:	
Par Amount	174,705,000.00
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	174,705,000.00
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Uses:	
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Project Fund Deposits:	
Escrow Fund Deposit	173,312,500.00
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Delivery Date Expenses:	
	1,388,525.00
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Other Uses of Funds:	
Additional Proceeds	3,975.00
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	174,705,000.00
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Bond Debt Service  
City of Dallas, Texas  
General Obligation Refunding Bonds, Series 2019B

Period Ending	Principal	Coupon	Interest	Debt Service
9/30/2019			4,309,390	4,309,390
9/30/2020	9,195,000	4.000%	6,804,300	15,999,300
9/30/2021	9,195,000	4.000%	6,436,500	15,631,500
9/30/2022	9,195,000	4.000%	6,068,700	15,263,700
9/30/2023	9,195,000	4.000%	5,700,900	14,895,900
9/30/2024	9,195,000	4.000%	5,333,100	14,528,100
9/30/2025	9,195,000	4.000%	4,965,300	14,160,300
9/30/2026	9,195,000	4.000%	4,597,500	13,792,500
9/30/2027	9,195,000	4.000%	4,229,700	13,424,700
9/30/2028	9,195,000	4.000%	3,861,900	13,056,900
9/30/2029	9,195,000	4.000%	3,494,100	12,689,100
9/30/2030	9,195,000	4.000%	3,126,300	12,321,300
9/30/2031	9,195,000	4.000%	2,758,500	11,953,500
9/30/2032	9,195,000	4.000%	2,390,700	11,585,700
9/30/2033	9,195,000	4.000%	2,022,900	11,217,900
9/30/2034	9,195,000	4.000%	1,655,100	10,850,100
9/30/2035	9,195,000	4.000%	1,287,300	10,482,300
9/30/2036	9,195,000	4.000%	919,500	10,114,500
9/30/2037	9,195,000	4.000%	551,700	9,746,700
9/30/2038	9,195,000	4.000%	183,900	9,378,900
	174,705,000		70,697,290	245,402,290

Bond Summary Statistics

City of Dallas, Texas

General Obligation Refunding Bonds, Series 2019B

Dated Date	1/3/2019
Delivery Date	1/3/2019
Last Maturity	2/15/2038

Arbitrage Yield	3.999289%
True Interest Cost (TIC)	4.063153%
Net Interest Cost (NIC)	4.049423%
All-In TIC	4.101031%
Average Coupon	4.000000%

Average Life (years)	10.117
Duration of Issue (years)	7.998

Par Amount	174,705,000.00
Bond Proceeds	174,705,000.00
Total Interest	70,697,290.00
Net Interest	71,570,815.00
Total Debt Service	245,402,290.00
Maximum Annual Debt Service	15,999,300.00
Average Annual Debt Service	12,837,085.79

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	174,705,000.00	100.000	4.000%	10.117	137,373.30
	174,705,000.00			10.117	137,373.30

	TIC	All-In TIC	Arbitrage Yield	
Par Value	-----	-----	-----	-----
	174,705,000.00		174,705,000.00	174,705,000.00
+ Accrued Interest				
+ Premium (Discount)				
- Underwriter's Discount	-873,525.00		-873,525.00	
- Cost of Issuance Expense			-515,000.00	
- Other Amounts				
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Target Value	173,831,475.00		173,316,475.00	174,705,000.00
Target Date	1/3/2019		1/3/2019	1/3/2019
Yield	4.063153%		4.101031%	3.999289%