

DEBT SERVICE

GENERAL OBLIGATION DEBT

Introduction

The General Obligation Debt Service Fund provides for the payment of principal and interest on the City’s outstanding GO bonds, COs, tax notes and contractual obligations, as well as interest on outstanding GO commercial paper. Debt financing is used to pay for large capital projects. By using debt, the project costs are allocated over the life of the asset. Capital projects may include improvements to and/or construction of the City’s street system, parks and recreational facilities, libraries, police and fire protection facilities, and flood protection and the storm drainage system. The Financial Management Performance Criteria (FMPC) address debt management and other requirements adopted by the City Council. The FMPC provide additional guidance on the issuance of debt, including restricting the length of maturities, use of COs, and the amount and purpose for which bonded debt may be issued.

The primary source of revenue for the Debt Service Fund is the property tax, also known as the ad valorem tax. The ad valorem tax rate of 77.63 cents per \$100 assessed value is split into two rates: a debt service tax rate and a rate to support the City’s operating and maintenance costs. Approximately 27 percent (20.75 cents) of the resulting tax revenue is used to pay principal and interest on the City’s outstanding GO debt. The remaining 73 percent (56.88 cents) is used to pay for operating and maintenance costs incurred in the General Fund.

Due to the level principal structure of most bond issues, the principal and interest payments of the existing GO debt decline annually. This repayment schedule creates capacity to issue new debt within the existing debt service tax rate and lowers interest costs versus a level annual payment.

Credit Rating

The City of Dallas’ long-term GO debt has been rated by Standard & Poor’s Global Ratings, Moody’s Investors Service, and Fitch Ratings since November 2015 and holds the following ratings:

<u>Credit Rating Service</u>	<u>General Obligation Debt</u>
Standard & Poor’s	AA- (stable outlook)
Fitch Ratings	AA (stable outlook)
Moody’s Investors Service	A1 (stable outlook)

Legal Debt Margin

The Dallas City Charter (Chapter XXI, Section 3) limits the maximum bonded indebtedness payable from taxation to 10 percent of assessed property value. However, the FMPC limit the net GO debt to four percent of the true market valuation of the taxable property of

DEBT SERVICE

Dallas. Debt issued as of September 30, 2021, comprises 1.5 percent of the assessed value of \$147.4 billion and 1.1 percent of the market value of taxable property of \$199.6 billion. Thus, the City will continue to comply with both requirements as of September 31, 2020.

Assessed Value	\$147,443,517,863
10% Legal Debt Margin	\$14,744,351,786
Projected GO Debt 9/30/21*	\$2,149,620,416
GO Debt as a Percentage of Assessed Property Value	1.5%

Market Value of Taxable Property	\$199,645,996,079
4% FMPC Limit	\$7,985,839,843
Projected GO Debt 9/30/21*	\$2,149,620,416
GO Debt as a Percentage of Market Value	1.1%

*Principal only

FY 2020-21 Debt Service Budget

The FY 2020-21 budget includes principal and interest payments of \$277.5 million on outstanding GO debt. Principal and interest expenses for existing debt in FY 2021-22 are \$192.4 million and \$85.1 million, respectively. In FY 2010-11, the City implemented a commercial paper program to provide interim financing of voter-approved capital improvement projects. The fees associated with the commercial paper program are included in the General Fund budget. The interest on outstanding commercial paper is paid by the Debt Service Fund. The City anticipates issuing \$178.0 million in GO bonds in FY 2020-21 and \$178.0 million in FY 2021-22; and \$28.0 million in equipment acquisition notes in FY 2020-21 and \$8.0 million in FY 2021-22. Projects will continue to be awarded using commercial paper and refunded later with GO bonds.

DEBT SERVICE

Selected Financial Management Performance Criteria—Debt Management

These key criteria, established to ensure sound management of the City’s financial resources, are listed below to detail the effects of the issuance of new debt. These figures will be adjusted based on the latest data received from the Dallas Central Appraisal District.

Criteria	09/30/19 Actual	09/30/20 Actual	09/30/21 Budget
Total direct plus overlapping debt not to exceed 8% of the market value of taxable property*	3.2% In compliance	3.0% In compliance	3.8% In compliance
Weighted average GO bond maturities (exclusive of pension obligation bonds) not to exceed 10 years	7.0 years In compliance	7.0 years In compliance	7.14 years In compliance
CO debt not to exceed 15% of total authorized and issued GO debt	0.4% In compliance	1.1% In compliance	2.0% In compliance
Per capita GO debt not to exceed 10% of latest authoritative computation of per capita annual income	5.1% In compliance	4.4% In compliance	4.9% In compliance

*Calculation based on principal only

DEBT SERVICE

Statement of Bonded Indebtedness As of 09/30/2020

Unit Number	Issue Name	Issue Date	Original Issue Amount	True Interest Cost	Outstanding Principal
600	GO Pension Bonds (Current Interest), Taxable Series 2005A	2/16/2005	186,575,000	5.0%	110,345,000
601	GO Pension Bonds (Capital Appreciation), Taxable Series 2005B	2/16/2005	137,772,609	5.4%	45,315,416
628	GO Bonds (Build America Bonds), Taxable Series 2010B	3/30/2010	85,380,000	4.7%	73,285,000
631	GO Refunding Bonds, Series 2010C	11/18/2010	142,035,000	2.6%	47,495,000
632	GO Refunding Bonds, Series 2010	11/18/2010	77,670,000	4.6%	75,825,000
637	GO Refunding Bonds, Series 2012	10/31/2012	214,495,000	2.1%	133,310,000
638	GO Refunding and Improvement Bonds, Series 2013A	8/6/2013	194,470,000	3.5%	122,815,000
1692	GO Refunding and Improvement Bonds, Series 2014	12/22/2014	529,365,000	2.5%	441,965,000
1700	GO Refunding and Improvement Bonds, Series 2015	12/10/2015	195,075,000	3.1%	151,715,000
1843	GO Refunding and Improvement Bonds, Series 2017	12/12/2017	301,960,000	2.9%	263,900,000
W257	GO Refunding Bonds, Backpay Lawsuit 1, Series 2018	8/7/2018	58,715,000	3.3%	56,720,000
1887	GO Refunding Bonds, Backpay Lawsuit 2, Series 2019B	5/15/2019	153,950,000	2.7%	223,815,000
1886	GO Improvement Bonds, Series 2019A (2006, 2012, and 2017 BP)	5/15/2019	235,595,000	2.7%	146,250,000
Total GO Bonds			\$ 2,513,057,609		\$ 1,892,755,416
0643	Equipment Acquisition Note, Series 2020	6/23/2020	29,665,000	0.4%	29,665,000
0635	Combination Tax and Revenue Certificates of Obligation, Series 2012	6/26/2012	21,930,000	1.6%	5,200,000
0644	Combination Tax and Revenue Certificates of Obligation, Series 2020	6/23/2020	16,000,000	1.5%	16,000,000
Total Certificates of Obligation			\$ 37,930,000		\$ 21,200,000
Total GO Debt (excluding Commercial Paper)			\$ 2,580,652,609		\$ 1,943,620,416
GO Commercial Paper Notes Outstanding as of 9/30/20			\$ 130,000,000		\$ 130,000,000
Total GO Debt (including Commercial Paper)			\$ 2,710,652,609		\$ 2,073,620,416

DEBT SERVICE

Debt Service Requirements As of 09/30/2020

Fiscal Year	Outstanding Debt		
	Principal	Interest ¹	Total
2021	192,350,000	85,133,805	277,483,805
2022	192,930,000	75,303,367	268,233,367
2023	193,970,000	65,743,181	259,713,181
2024	188,365,000	56,388,145	244,753,145
2025	149,731,834	82,451,709	232,183,543
2026	134,820,114	77,176,005	211,996,119
2027	123,642,694	72,599,372	196,242,066
2028	102,479,062	68,862,161	171,341,223
2029	91,868,642	65,943,919	157,812,562
2030	92,290,730	63,333,544	155,624,274
2031	82,300,840	61,005,667	143,306,507
2032	82,403,960	59,261,545	141,665,505
2033	72,287,046	58,081,471	130,368,517
2034	72,404,198	57,233,228	129,637,426
2035	52,656,297	50,136,400	102,792,697
2036	37,875,000	3,248,894	41,123,894
2037	38,025,000	1,985,219	40,010,219
2038	23,750,000	960,656	24,710,656
2039	19,470,000	296,859	19,766,859
	\$ 1,943,620,416	\$ 1,005,145,147	\$ 2,948,765,563

1. Total outstanding interest does not include the 2010 BABs subsidy.

DEBT SERVICE

General Obligation Debt Service Fund Statement of Revenues and Expenditures

	FY 2018-19 Actual	FY 2019-20 Budget	FY 2019-20 Forecast	FY 2020-21 Budget	FY 2021-22 Planned
Beginning Balance	28,898,632	23,358,486	34,291,584	43,627,241	46,764,761
Revenue					
Ad Valorem Taxes	270,614,013	287,449,046	287,429,612	301,028,221	301,028,221
Interest Earnings	1,471,403	200,000	200,000	200,000	200,000
Department Transfers	1,091,235			677,004	2,483,921
Pension Obligation Bond Transfer	15,970,198	16,608,909	16,244,423	16,719,049	17,253,011
"Build America Bonds" Federal Subsidy	705,003	1,278,921	1,278,921	1,186,106	1,088,391
Total Revenues	289,851,852	305,536,876	305,152,955	319,810,380	322,053,544
Total Available Resources	318,750,484	328,895,362	339,444,539	363,437,621	368,818,305
Expenses					
Principal and Interest	233,773,788	273,684,031	273,684,031	277,483,805	268,233,367
Commercial Paper Payment	31,660,000	-	-	-	-
TIF Increment Payment	19,272,546	22,133,267	22,133,267	26,489,056	26,918,926
New Debt	-	8,134,000		6,230,000	21,828,421
Equipment Acquisition Notes	-	1,500,000		6,470,000	8,316,500
Total Expenses	284,706,334	305,451,298	295,817,298	316,672,860	325,297,213
Changes in Encumbrances and other Balance Sheet Accounts	247,434	-	-	-	-
Ending Balance	\$ 34,291,584	\$ 23,444,064	\$ 43,627,241	\$ 46,764,761	\$ 43,521,091

General Obligation Bond Voted Authority

The City's current authority to issue voted GO debt originates from bond elections conducted in 2017. The table below lists the amount of such debt authorized, the amount issued to date, and the amount remaining unissued.

Proposition	Amount Authorized	Amount Issued to Date	Amount Unissued
2017 Bond Program- Authorized by voters in November 2017			
(A) Street and Transportation Improvements	533,981,000	109,540,000	424,441,000
(B) Parks and Recreation Facilities	261,807,000	94,963,000	166,844,000
(C) Fair Park Improvements	50,000,000	21,600,000	28,400,000
(D) Flood Protection and Storm Drainage Improvements	48,750,000	8,380,000	40,370,000
(E) Library Facilities and Improvements	15,589,000	14,500,000	1,089,000
(F) Cultural and Performing Arts Facilities	14,235,000	4,760,000	9,475,000
(G) Public Safety Facilities	32,081,000	17,561,000	14,520,000
(H) City Hall and City Service and Admin. Facilities Repairs and Improvements	18,157,000	4,685,000	13,472,000
(I) Economic Development Program	55,400,000	15,013,000	40,387,000
(J) Housing Facilities for the Homeless	20,000,000	500,000	19,500,000
Total 2017 Bond Program	\$ 1,050,000,000	\$ 291,502,000	\$ 758,498,000

DEBT SERVICE

Master Lease Purchase Program

The Master Lease Purchase Program (MLPP) is a lease revenue finance program used by the City to finance capital equipment and technology items. The City has used this program since FY 2011-12. The financing vehicle for the MLPP is a tax-exempt revenue commercial paper program established pursuant to Public Property Finance Act, Texas Local Gov't. Code Ann. §271.001 et seq.

Under the program, the City borrows money to pay for equipment or other eligible equipment-type projects by issuing tax-exempt revenue, known as "Schedule A," to the Master Equipment Lease/Purchase Agreement. The financing agent and the City enter a lease pursuant to which the lessor acquires the equipment or other project and leases it to the City, who is required to make lease payments to the lessor to repay the principal and interest on the lease. When the lease is fully paid, possession of the equipment or other financed project is transferred to the City. The City may pay off the lease at any time without penalty.

The City entered a Master Equipment Lease/Purchase Agreement with Bank of America Public Capital Corp. on December 1, 2011, which expired in FY 2015-16. A second five-year agreement was entered on May 24, 2016. As of June 2020, the City has entered 51 Schedule A agreements totaling \$253.6 million (principal \$233.7 million and interest \$19.9 million).

The MLPP may be used to finance the City's acquisition of heavy equipment, computer hardware/software, and other personal property with a minimum useful life of three years. Lease drawdowns are used to pay invoices or provide up-front funding for systems subject to multi-year implementation schedules. The City has drawn down lease funding in three term types depending on the useful life of the purchased equipment. Technology items such as computer hardware and software are leased over a three-year term, vehicles and heavy equipment are leased over a five-year term, and fire apparatus are leased over a 10-year term.

Lease Payments

The interest rate for each lease is set at the time the funds are drawn and is fixed for the term of the lease. The interest rate is determined through a calculation based on the "Swap Index" published by the Intercontinental Exchange, Inc. As of June 2020, the interest rates for each lease term were:

- 1.10% (three-year)
- 1.20% (five-year)
- 1.57% (10-year)

The table that follows displays detail for completed draws of \$28.6 million for FY 2020-21 and \$23.5 million for FY 2021-22.

DEBT SERVICE

Lease Schedule	Date of Issue	FY 2020-21			FY 2021-22		
		Principal	Interest	Total	Principal	Interest	Total
Schedule A No. 2 Fire Apparatus	5/10/2013	482,377	22,668	505,046	492,327	12,719	505,046
		482,377	22,668	505,046	492,327	12,719	505,046
Schedule A No. 9 Fire Apparatus	2/9/2015	1,189,489	122,384	1,311,873	1,217,221	94,652	1,311,873
		1,189,489	122,384	1,311,873	1,217,221	94,652	1,311,873
Schedule A No. 15 General Fleet & Equipment Sanitation Fleet & Equipment	5/24/2016	515,656	3,383	519,039	-	-	-
		298,324	1,957	300,281	-	-	-
		217,333	1,426	218,759	-	-	-
Schedule A No. 16 Fire Apparatus	5/24/2016	484,025	46,056	530,081	492,479	37,602	530,081
		484,025	46,056	530,081	492,479	37,602	530,081
Schedule A No. 18 Fire Apparatus	3/30/2017	105,987	16,929	122,915	108,530	14,385	122,915
		105,987	16,929	122,915	108,530	14,385	122,915
Schedule A No. 19 General Fleet & Equipment Sanitation Fleet & Equipment	3/30/2017	2,659,581	63,996	2,723,577	1,348,892	12,897	1,361,789
		1,371,674	33,006	1,404,680	695,689	6,651	702,340
		1,287,906	30,990	1,318,897	653,203	6,245	659,448
Schedule A No. 21 Ambulance & Fire Equipment	5/19/2017	505,671	11,294	516,965	256,208	2,275	258,482
		505,671	11,294	516,965	256,208	2,275	258,482
Schedule A No. 23 Ambulance & Fire Equipment General Fleet & Equipment Sanitation Fleet & Equipment	11/15/2017	912,039	30,877	942,916	929,563	13,353	942,916
		38,600	1,307	39,907	39,342	565	39,907
		125,139	4,237	129,375	127,543	1,832	129,375
		748,300	25,334	773,634	762,678	10,956	773,634
Schedule A No. 24 Fire Apparatus	11/15/2017	516,096	86,183	602,279	528,041	74,238	602,279
		516,096	86,183	602,279	528,041	74,238	602,279
Schedule A No. 25 General Fleet & Equipment Sanitation Fleet & Equipment	11/15/2017	932,483	31,570	964,053	950,400	13,653	964,053
		474,455	16,063	490,518	483,571	6,947	490,518
		458,029	15,507	473,535	466,829	6,706	473,535
Schedule A No. 26 CBD Camera Improvements Citywide Technology DPD Technology	3/7/2018	365,232	3,925	369,157	-	-	-
		84,877	912	85,789	-	-	-
		277,901	2,986	280,887	-	-	-
		2,455	26	2,481	-	-	-
Schedule A No. 27 Sanitation Fleet & Equipment	3/7/2018	928,221	49,471	977,692	949,898	27,794	977,692
		928,221	49,471	977,692	949,898	27,794	977,692
Schedule A No. 28 Ambulance & Fire Equipment General Fleet & Equipment	3/7/2018	460,468	24,542	485,010	471,222	13,788	485,010
		326,822	17,419	344,240	334,454	9,786	344,240
		133,647	7,123	140,769	136,768	4,002	140,769
Schedule A No. 29 Fire Apparatus	3/7/2018	126,456	19,179	145,635	129,904	15,731	145,635
		126,456	19,179	145,635	129,904	15,731	145,635
Schedule A No. 30 P25 Radio System	4/30/2018	1,574,647	376,126	1,950,773	1,618,779	331,994	1,950,773
		1,574,647	376,126	1,950,773	1,618,779	331,994	1,950,773
Schedule A No. 31 911 Backup System Upgrade Citywide Technology DPD Technology Public Safety MDC Replacement	9/26/2018	1,462,612	31,627	1,494,239	-	-	-
		42,542	920	43,462	-	-	-
		286,260	6,190	292,450	-	-	-
		1,124,325	24,312	1,148,637	-	-	-
		9,485	205	9,690	-	-	-
Schedule A No. 32 Sanitation Fleet & Equipment	9/26/2018	391,112	33,315	424,426	402,916	21,510	424,426
		391,112	33,315	424,426	402,916	21,510	424,426
Schedule A No. 33 Fire Apparatus	9/26/2018	291,531	84,198	375,728	301,234	74,494	375,728
		291,531	84,198	375,728	301,234	74,494	375,728
Schedule A No. 34 Ambulance & Fire Equipment General Fleet & Equipment	9/26/2018	548,660	46,735	595,394	565,219	30,175	595,394
		390,295	33,245	423,541	402,075	21,465	423,541
		158,364	13,489	171,854	163,144	8,710	171,854
Schedule A No. 35 Fire Apparatus	12/27/2018	257,973	72,250	330,222	266,325	63,897	330,222
		257,973	72,250	330,222	266,325	63,897	330,222

DEBT SERVICE

Lease Schedule	Date of Issue	FY 2020-21			FY 2021-22		
		Principal	Interest	Total	Principal	Interest	Total
Schedule A No. 36	12/27/2018	677,706	14,635	692,340	-	-	-
911 Backup System Upgrade		172,653	3,728	176,381	-	-	-
Citywide Technology		198,797	4,293	203,089	-	-	-
DPD Technology		6,293	136	6,428	-	-	-
Public Safety MDC Replacement		299,964	6,477	306,441	-	-	-
Schedule A No. 37	12/27/2018	977,730	81,489	1,059,219	1,006,620	52,599	1,059,219
Ambulance & Fire Equipment		93,497	7,793	101,290	96,260	5,030	101,290
General Fleet & Equipment		884,233	73,696	957,929	910,360	47,569	957,929
Schedule A No. 38	12/27/2018	584,734	48,735	633,469	602,012	31,457	633,469
Sanitation Fleet & Equipment		584,734	48,735	633,469	602,012	31,457	633,469
Schedule A No. 39	3/27/2019	2,873,785	719,788	3,593,573	2,948,147	645,425	3,593,573
P25 Radio System		2,873,785	719,788	3,593,573	2,948,147	645,425	3,593,573
Schedule A No. 40	5/24/2019	405,137	102,566	507,703	416,373	91,330	507,703
Fire Apparatus		405,137	102,566	507,703	416,373	91,330	507,703
Schedule A No. 41	5/24/2019	897,723	27,581	925,304	457,082	5,570	462,652
911 Backup System Upgrade		10,376	319	10,695	5,283	64	5,348
Citywide Technology		867,038	26,639	893,677	441,459	5,379	446,838
DPD Technology		20,308	624	20,932	10,340	126	10,466
Schedule A No. 42	5/24/2019	765,337	63,412	828,748	784,318	44,431	828,748
Ambulance & Fire Equipment		345,750	28,647	374,397	354,325	20,072	374,397
General Fleet & Equipment		419,587	34,765	454,351	429,993	24,359	454,351
Schedule A No. 43	5/24/2019	224,203	18,576	242,779	229,763	13,016	242,779
Sanitation Fleet & Equipment		224,203	18,576	242,779	229,763	13,016	242,779
Schedule A No. 44	9/26/2019	776,190	26,095	802,285	791,001	11,284	802,285
911 Backup System Upgrade		18,948	637	19,585	19,309	275	19,585
Citywide Technology		757,242	25,458	782,700	771,692	11,009	782,700
Schedule A No. 45	9/26/2019	71,214	5,269	76,483	72,583	3,900	76,483
Sanitation Fleet & Equipment		71,214	5,269	76,483	72,583	3,900	76,483
Schedule A No. 46	9/26/2019	214,733	44,575	259,308	219,413	39,896	259,308
Fire Apparatus		214,733	44,575	259,308	219,413	39,896	259,308
Schedule A No. 47	9/26/2019	1,255,115	92,857	1,347,972	1,279,236	68,736	1,347,972
General Fleet & Equipment		1,255,115	92,857	1,347,972	1,279,236	68,736	1,347,972
Schedule A No. 48	4/16/2020	181,225	4,267	185,492	183,110	2,383	185,492
911 Backup System Upgrade		33,052	778	33,830	33,395	435	33,830
Citywide Technology		92,314	2,174	94,488	93,274	1,214	94,488
EFM Shop Technology		55,859	1,315	57,175	56,440	734	57,175
Schedule A No. 49	4/16/2020	252,772	12,812	265,584	255,730	9,854	265,584
Ambulance & Fire Equipment		13,610	690	14,300	13,770	531	14,300
General Fleet & Equipment		239,161	12,123	251,284	241,960	9,324	251,284
Schedule A No. 50	4/16/2020	57,930	9,115	67,045	58,853	8,193	67,045
EFM Shop Equipment		57,930	9,115	67,045	58,853	8,193	67,045
Schedule A No. 51	4/16/2020	1,187,567	60,195	1,247,762	1,201,465	46,297	1,247,762
Sanitation Fleet & Equipment		1,187,567	60,195	1,247,762	1,201,465	46,297	1,247,762
Total Completed Draws		26,113,415	2,508,674	28,622,089	21,534,864	1,929,526	23,464,391
Schedule A No. 52 Estimate	7/25/2020	605,073	97,715	702,787	614,642	88,146	702,787
P25 Radio System		605,073	97,715	702,787	614,642	88,146	702,787
Schedule A No. 53 Estimate	8/25/2020	687,343	111,001	798,344	698,213	100,131	798,344
Fire Apparatus		672,985	108,682	781,667	683,628	98,039	781,667
Shop Equipment		14,359	2,319	16,678	14,586	2,092	16,678
Schedule A No. 54 Estimate	8/25/2020	564,778	31,569	596,346	571,583	24,764	596,346
General Fleet & Equipment		564,778	31,569	596,346	571,583	24,764	596,346

DEBT SERVICE

Lease Schedule	Date of Issue	FY 2020-21			FY 2021-22		
		Principal	Interest	Total	Principal	Interest	Total
<i>Schedule A No. 55 Estimate</i>	8/25/2020	2,114,255	59,917	2,174,172	2,137,634	36,539	2,174,172
911 Backup System Upgrade		79,791	2,261	82,053	80,674	1,379	82,053
Citywide Technology		1,576,186	44,669	1,620,854	1,593,614	27,240	1,620,854
DPD Technology		148,242	4,201	152,443	149,881	2,562	152,443
Public Safety MDC Replacement		310,036	8,786	318,823	313,465	5,358	318,823
<i>Schedule A No. 56 Estimate</i>	8/25/2020	308,633	17,251	325,885	312,352	13,533	325,885
Sanitation Fleet & Equipment		308,633	17,251	325,885	312,352	13,533	325,885
<i>Schedule A No. 57 Estimate</i>	4/25/2021	126,036	20,354	146,390	254,065	38,715	292,780
Fire Apparatus		123,354	19,921	143,275	248,659	37,891	286,550
Shop Equipment		2,682	433	3,115	5,406	824	6,230
<i>Schedule A No. 58 Estimate</i>	4/25/2021	1,724,088	96,370	1,820,458	3,468,950	171,966	3,640,916
Ambulance & Fire Equipment		1,115,979	62,379	1,178,357	2,245,404	111,311	2,356,715
General Fleet & Equipment		608,110	33,991	642,100	1,223,546	60,655	1,284,201
<i>Schedule A No. 59 Estimate</i>	4/25/2021	812,654	23,030	835,684	1,634,294	37,075	1,671,369
911 Backup System Upgrade		94,910	2,690	97,599	190,869	4,330	195,199
Citywide Technology		241,828	6,853	248,682	486,331	11,033	497,364
DPD Technology		452,443	12,822	465,265	909,889	20,641	930,530
Public Safety MDC Replacement		23,473	665	24,138	47,205	1,071	48,276
<i>Schedule A No. 60 Estimate</i>	4/25/2021	345,458	19,310	364,768	695,078	34,457	729,535
Sanitation Fleet & Equipment		345,458	19,310	364,768	695,078	34,457	729,535
<i>Schedule A No. 61 Estimate</i>	12/25/2021	-	-	-	465,441	75,165	540,606
Fire Apparatus		-	-	-	465,441	75,165	540,606
<i>Schedule A No. 62 Estimate</i>	12/25/2021	-	-	-	976,191	54,565	1,030,756
General Fleet & Equipment		-	-	-	976,191	54,565	1,030,756
<i>Schedule A No. 63 Estimate</i>	12/25/2021	-	-	-	2,197,830	62,286	2,260,116
Citywide Technology		-	-	-	1,353,621	38,361	1,391,983
DPD Technology		-	-	-	734,317	20,810	755,127
Public Safety MDC Replacement		-	-	-	109,891	3,114	113,006
<i>Schedule A No. 64 Estimate</i>	3/25/2022	-	-	-	116,360	18,791	135,151
Fire Apparatus		-	-	-	116,360	18,791	135,151
<i>Schedule A No. 65 Estimate</i>	3/25/2022	-	-	-	244,048	13,641	257,689
General Fleet & Equipment		-	-	-	244,048	13,641	257,689
<i>Schedule A No. 66 Estimate</i>	3/25/2022	-	-	-	549,457	15,571	565,029
Citywide Technology		-	-	-	338,405	9,590	347,996
DPD Technology		-	-	-	183,579	5,203	188,782
Public Safety MDC Replacement		-	-	-	27,473	779	28,251
Total Anticipated Draws		7,288,318	476,516	7,764,835	14,936,137	785,344	15,721,481

DEBT SERVICE

CONVENTION CENTER

Introduction

The Convention Center Debt Service Fund provides for the payment of principal and interest on the Convention Center's outstanding revenue bonded indebtedness. In February 2009, the Convention Center Complex issued \$324.94 million in refunding and improvement revenue bonds. This issue included the refunding of all the Convention Center's \$261.36 million outstanding debt and \$63.58 million of new money. Of the new money issuance, \$60.80 million has been used for planned improvements to the Convention Center.

The seven percent Hotel Occupancy Tax, non-operating revenue of the Convention Center complex, and interest earned on cash balances in the bond reserve fund transferred to the Debt Service Fund are pledged for repayment of the debt. Operating revenues from the Convention Center complex are transferred to the Debt Service Fund to meet annual principal and interest payments. Additionally, the City has covenanted to provide for the payment of operating and maintenance expenses of the Convention Center complex, should a shortfall in Convention Center revenues occur.

Credit Ratings

The Convention Center complex currently holds A1 and A ratings from Moody's Investors Service and Standard & Poor's, respectively.

FY 2020-21 Debt Service Budget

The FY 2020-21 budget includes \$9.55 million in principal payments and \$13.93 million in interest payments on existing debt.

DEBT SERVICE

Convention Center Statement of Revenue Bonded Indebtedness As of 09/30/2020

Unit Number	Issue Name	Issue Date	Original Issue Amount	True Interest Cost	Outstanding Principal
623	Civic Center Convention Complex Revenue Refunding and Improvement Bonds, Series 2009	02/01/2009	324,940,000	5.2%	270,380,000
Total Convention Center Debt			<u>\$ 324,940,000</u>		<u>\$ 270,380,000</u>

Convention Center Debt Service Requirements As of 09/30/2020

Fiscal Year	Outstanding Debt		
	Principal	Interest	Total
2021	9,550,000	13,931,663	23,481,663
2022	10,030,000	13,454,163	23,484,163
2023	10,530,000	12,952,663	23,482,663
2024	11,055,000	12,426,163	23,481,163
2025	11,610,000	11,873,413	23,483,413
2026	12,190,000	11,292,913	23,482,913
2027	12,800,000	10,683,413	23,483,413
2028	13,440,000	10,043,413	23,483,413
2029	14,110,000	9,371,413	23,481,413
2030	14,815,000	8,665,913	23,480,913
2031	15,595,000	7,888,125	23,483,125
2032	16,415,000	7,069,388	23,484,388
2033	17,275,000	6,207,600	23,482,600
2034	18,180,000	5,300,663	23,480,663
2035	19,135,000	4,346,213	23,481,213
2036	20,140,000	3,341,625	23,481,625
2037	21,200,000	2,284,275	23,484,275
2038	22,310,000	1,171,275	23,481,275
	<u>\$ 270,380,000</u>	<u>\$ 152,304,294</u>	<u>\$ 422,684,294</u>

DEBT SERVICE

Convention Center Statement of Debt Service Revenues and Expenditures

	FY 2018-19 Actual	FY 2019-20 Budget	FY 2019-20 Forecast	FY 2020-21 Budget	FY 2021-22 Planned
Beginning Balance	\$ 4,304,515	\$ 4,345,015	\$ 4,409,075	\$ 4,426,015	\$ 4,466,515
Revenues					
Transfers	23,484,663	23,481,413	23,481,413	23,481,663	23,484,163
Interest/Other	104,560	40,500	40,500	40,500	40,500
Total Revenues	\$ 23,589,223	\$ 23,521,913	\$ 23,521,913	\$ 23,522,163	\$ 23,524,663
Total Available Resources	\$ 27,893,738	\$ 27,866,928	\$ 27,930,988	\$ 27,948,178	\$ 27,991,178
Expenses					
Principal Payments	\$ 8,665,000	\$ 9,095,000	\$ 9,095,000	\$ 9,550,000	\$ 10,030,000
Interest Payments	\$ 14,819,663	\$ 14,386,413	\$ 14,386,413	\$ 13,931,663	\$ 13,454,163
Total Expenses	\$ 23,484,663	\$ 23,481,413	\$ 23,481,413	\$ 23,481,663	\$ 23,484,163
Ending Balance	\$ 4,409,075	\$ 4,385,515	\$ 4,449,575	\$ 4,466,515	\$ 4,507,015



DEBT SERVICE

DALLAS WATER UTILITIES

Introduction

The debt service component of the operating budget for Dallas Water Utilities (DWU) provides for payment of principal and interest on DWU’s indebtedness. The budget for these payments is prescribed by the following standards:

- The Dallas City Charter provides in Chapter XI, Section 14 that all water and wastewater costs (including debt requirements) shall be paid for from customer service revenues.
- Revenue bond ordinances provide that customer service revenues solely secure water and wastewater bonds.
- Financial Management Performance Criteria (FMPC) for DWU provide for financing of capital improvements (effectively defined as capital projects with useful life of 20 years or longer) either from debt or directly from revenues, to maintain system equity levels.

In addition to revenue bonds, debt sources include tax-exempt commercial paper notes, which are used for interim financing of capital construction projects. On at least a biannual basis, commercial paper is refinanced and retired with revenue bonds. This process lowers overall interest costs and provides greater financing flexibility. Debt sources also include certain contractual obligations whereby DWU will reimburse other agencies for debt incurred to construct joint-use facilities. Under these contractual agreements, DWU makes payments in proportion to its allocated share of the joint-use facilities.

Credit Ratings

The City of Dallas Waterworks and Sewer System Revenue Bonds are judged to be of high quality by all standards. These credit ratings reflect the sound management of DWU financial resources and allow issuance of bonds with relatively low interest costs. The City of Dallas Waterworks and Sewer System Commercial Paper Notes hold similarly high credit ratings. Ratings as of July 2018 of DWU’s debt instruments are shown in the table below.

<u>Credit Rating Service</u>	<u>Revenue Bonds</u>	<u>Commercial Paper Notes</u>
Standard & Poor’s	AAA	A-1+
Fitch Ratings	AA+	Not Rated
Moody’s Investors Service	Aa2	P-1

DEBT SERVICE

Revenue Bond and Commercial Paper Note Coverage

The following standards have been established for DWU net revenue in relation to future debt service payments:

- Revenue bond ordinances require net revenues equal to at least 1.25 times bond principal and interest requirements of the future year when those requirements are highest.
- DWU financial criteria state that net revenues should be 1.5 times maximum annual bond requirements at the end of each fiscal year.
- Commercial paper coverage requirements state that net revenues should be 1.10 times the maximum annual principal and interest payments required on all debt outstanding in the future year when those requirements are highest.

The latest available audited financial statements coverage from September 30, 2019, are summarized in the table below.

*Debt Service Coverage Requirements
As of 9/30/20
(000 omitted)*

Coverage Net Revenue (CNR) = \$347,532.

<u>Authority</u>	<u>Ratio</u>	<u>Requirement</u>	<u>Denominator \$</u>	<u>Actual</u>
Bond Ordinance	CNR/Max Year	1.25	199,561	1.66
DWU Criteria	CNR/Max Year	1.50	199,561	1.66
DWU Criteria	CNR/Max CP	1.10	199,561	1.66
Rating Agencies	CNR/Average Annual Debt	N/A	113,473	3.06

DWU FAs: 1.74 is Max DSCR for FYE19. 1.66 is for FYE20, using FYE19 revenues, which includes the 2020 debt issuances.

Max Year = Maximum amount of debt service required in a single fiscal year for principal and interest payments on outstanding revenue bond indebtedness.

Max CP = Maximum amount of debt service required in a single fiscal year for principal and interest payments on all outstanding debt.

DEBT SERVICE

FY 2020-21 and FY 2021-22 Debt Service Budget

The FY 2020-21 budget provides principal and interest on existing debt of \$ 119.18 million and \$81.97 million, respectively. Commercial paper issues in FY 2020-21 are forecast at \$236.0 and \$197.0 million with an estimated interest cost and fees of \$3.95 million, which are paid from the Water Utilities Operating Fund. The FY 2021-22 budget provides estimated principal and interest on proposed debt of \$125.64 million and \$83.40 million.

DWU Financial Criteria for Debt Management

Financial criteria have been established to ensure sound management of DWU's financial resources. Financial criteria that apply to DWU indebtedness are listed below. Compliance with each of the criteria is projected for FY 2020-21 unless otherwise noted.

1. Current revenues will be sufficient to support current expenditures, including debt service and other obligations of the system.
2. Long-term debt will be used only for capital expansion, replacement, and improvement of plant, not for current expenses.
3. Short-term debt, including tax-exempt commercial paper, will be used as authorized for interim financing of projects that will result in capital improvements.
4. Capital projects financed through the issuance of debt will be financed for a period not to exceed the expected useful lives of the projects.
5. An equity target will be maintained for each fiscal year-end of at least 20 percent of the total capital structure, excluding current liabilities.
6. Net revenues available for debt service should be at least 1.50 times the maximum annual principal and interest requirements of relevant outstanding revenue bonds at the end of the same fiscal year, and at least 1.25 times maximum-year requirements at all times, measured during a fiscal year using the previous year net revenues available for debt service.
7. Capital financing will be provided through revenue bonds, current revenues, contributed capital, and short-term debt.
8. Revenue bonds will be issued with serial maturities not to exceed 30 years.
9. Debt refinancing will only be considered when the current refunding has an overall net present value savings of at least three percent of the principal amount to be refunded, and the advance refund has an overall net present value savings at four percent of the principal amount to be refunded.
10. Fully funded debt service reserves shall be maintained. A surety bond (or other type of credit facility such as a letter of credit) may be used in lieu of funding the reserve if the former is economically advantageous.

DEBT SERVICE

Dallas Water Utilities Statement of Indebtedness as of 9/30/2020

Unit Number	Issue Name	Issue Date	Original Issue Amount	True Interest Cost	Outstanding Principal
625	Waterworks & Sewer Revenue Refunding, Series 2009B	2/1/2009	8,280,000	2.5%	500,000
626	Waterworks & Sewer Revenue Refunding, Series 2009C	2/1/2009	94,723,000	2.1%	5,380,000
630	Waterworks & Sewer Revenue Refunding, Series 2010	6/15/2010	295,850,000	4.2%	8,525,000
634	Waterworks & Sewer Revenue Refunding, Series 2011	7/26/2011	239,425,000	2.8%	34,625,000
636	Waterworks & Sewer Revenue Refunding, Series 2012A	9/19/2012	259,420,000	2.7%	97,600,000
636	Waterworks & Sewer Revenue Refunding, Taxable Series 2012B	9/19/2012	106,720,000	2.7%	63,225,000
1530	Waterworks & Sewer Revenue Refunding, Series 2013	9/17/2013	156,540,000	4.5%	31,760,000
9712	Waterworks & Sewer Revenue Refunding, Series 2015A	3/25/2015	453,630,000	3.4%	437,455,000
9712	Waterworks & Sewer Revenue Refunding, Taxable Series 2015B	3/25/2015	150,630,000	2.5%	138,145,000
1727	Waterworks & Sewer Revenue Refunding, Series 2016A	7/7/2016	370,100,000	3.0%	360,705,000
1727	Waterworks & Sewer Revenue Refunding, Taxable Series 2016B	7/7/2016	170,245,000	2.2%	94,350,000
W208	Waterworks & Sewer Revenue Refunding, Series 2017	8/17/2017	171,540,000	3.6%	165,820,000
W309	Waterworks & Sewer Revenue Bond, Series 2018A	5/14/2018	22,000,000	1.2%	21,325,000
W309	Waterworks & Sewer Revenue Bond, Series 2018B	5/14/2018	44,000,000	1.5%	42,705,000
W339	Waterworks & Sewer Revenue Refunding, Series 2018C	9/26/2018	152,965,000	3.6%	150,385,000
FS40	Waterworks & Sewer Revenue Bond, Series 2019A	5/13/2019	22,000,000	0.9%	22,000,000
FW40	Waterworks & Sewer Revenue Bond, Series 2019B	5/13/2019	44,000,000	1.2%	44,000,000
FS40	Waterworks & Sewer Revenue Bond, Series 2020A	5/12/2020	22,000,000	0.3%	22,000,000
FW40	Waterworks & Sewer Revenue Bond, Series 2020B	5/12/2020	44,000,000	0.5%	44,000,000
637	Waterworks & Sewer Revenue Refunding, Series 2020C	7/7/2020	281,825,000	2.6%	281,825,000
637	Waterworks & Sewer Revenue Refunding, Taxable Series 2020D	7/7/2020	363,665,000	2.3%	363,665,000
Total Dallas Water Utilities Revenue Bonds			\$ 3,473,558,000		\$ 2,429,995,000
Total Dallas Water Utilities Debt			\$ 3,473,558,000		\$ 2,429,995,000

DEBT SERVICE

Dallas Water Utilities
Debt Service Requirements as of 9/30/2020

Fiscal Year	Outstanding Debt		
	Principal	Interest	Total
2021	119,175,000	81,965,596	201,140,596
2022	125,635,000	83,399,102	209,034,102
2023	119,975,000	79,526,586	199,501,586
2024	109,360,000	75,671,827	185,031,827
2025	101,020,000	71,778,575	172,798,575
2026	90,580,000	68,079,392	158,659,392
2027	94,370,000	64,523,355	158,893,355
2028	97,950,000	60,925,737	158,875,737
2029	101,375,000	57,495,220	158,870,220
2030	97,425,000	53,836,013	151,261,013
2031	86,540,000	50,087,942	136,627,942
2032	90,055,000	46,579,610	136,634,610
2033	94,285,000	42,882,234	137,167,234
2034	98,055,000	39,101,822	137,156,822
2035	101,885,000	35,288,673	137,173,673
2036	105,745,000	31,417,919	137,162,919
2037	94,680,000	27,739,546	122,419,546
2038	85,965,000	24,459,468	110,424,468
2039	79,595,000	21,490,308	101,085,308
2040	82,475,000	18,613,100	101,088,100
2041	72,580,000	15,976,282	88,556,282
2042	65,910,000	13,480,522	79,390,522
2043	59,025,000	11,026,922	70,051,922
2044	54,825,000	8,713,401	63,538,401
2045	57,155,000	6,385,469	63,540,469
2046	47,450,000	4,251,486	51,701,486
2047	37,555,000	2,613,315	40,168,315
2048	27,900,000	1,470,021	29,370,021
2049	16,780,000	763,059	17,543,059
2050	14,670,000	252,219	14,922,219
	\$ 2,429,995,000	\$ 1,099,794,723	\$ 3,529,789,723

DEBT SERVICE

Dallas Water Utilities Statement of Debt Service Revenues and Expenditures

	FY 2018-19 Actual	FY 2019-20 Budget	FY 2019-20 Forecast	FY 2020-21 Budget	FY 2021-22 Planned
Beginning Balance	\$ 146,306,243	\$ 147,742,400	\$ 151,900,426	\$ 155,994,396	\$ 171,259,087
Revenues					
Transfers	194,062,814	205,020,093	200,213,091	216,405,287	217,240,309
Total Revenues	\$ 194,062,814	\$ 205,020,093	\$ 200,213,091	\$ 216,405,287	\$ 217,240,309
Total Available Resources	\$ 340,369,057	\$ 352,762,493	\$ 352,113,517	\$ 372,399,683	\$ 388,499,396
Expenses					
Principal Payments	\$ 101,803,000	\$ 105,560,000	\$ 105,560,000	\$ 119,175,000	\$ 125,635,000
Interest Payments	\$ 86,665,631	\$ 90,559,121	\$ 90,559,121	\$ 81,965,596	\$ 83,399,102
Total Revenues	\$ 188,468,631	\$ 196,119,121	\$ 196,119,121	\$ 201,140,596	\$ 209,034,102
Ending Balance	\$ 151,900,426	\$ 156,643,372	\$ 155,994,396	\$ 171,259,087	\$ 179,465,294

Note: Commercial paper costs, debt fees, and smaller debt expenses are paid directly from Water Utilities Operating Funds. These payments are made to bond holders and reservoir debt holders and do not include any additional fees or commercial paper interest.