

Memorandum



CITY OF DALLAS

DATE October 20, 2021

TO Honorable Mayor and Members of the City Council

SUBJECT Hotel Occupancy Tax Revenue Refunding Bonds, Series 2021 – Bond Sale Results

On October 19, 2021, the City held a negotiated sale of the Hotel Occupancy Tax Revenue Refunding Bonds, Series 2021 (the “Bonds”). The market was particularly competitive and opened with a weak tone. However, the sale was received with overwhelming demand and the transaction received orders for more than ten times the par amount of the transaction for a total of \$2.5 billion in priority orders. Specifically, 50 total accounts placed orders with seven accounts placing over \$100 million in orders each, including Vanguard who submitted orders for the entire deal, a rare feat in pricing. The substantial volume of orders allowed the underwriters to reduce yields on the Bonds from four to fifteen basis points across the maturity structure of the deal. Final pricing resulted in a par amount of \$232.9 million and bond premium of \$27.7 million. The final true interest cost was 2.68 percent, down from the original estimate of 2.75 percent in August. Overall, total savings are \$70.5 million with net present value savings of \$53.2 million, or approximately \$4.1 million savings annually.

On September 9, City Council approved a resolution authorizing the issuance of Civic Center Convention Complex Revenue Refunding and Improvement Bonds, Series 2021, sold as Hotel Occupancy Tax Revenue Refunding Bonds, Series 2021 to reflect the pledge on the bonds, in an amount not to exceed \$270,000,000 to refund outstanding Civic Center Convention Complex Revenue Refunding and Improvement Bonds, Series 2009 to leverage current market savings. Prior to the issuance of the bonds, the City received a rating of ‘A (Stable)’ from S&P Global Ratings and ‘A+ (Stable)’ in a new rating from Fitch Ratings.

This transaction was a success for the City and the Kay Bailey Hutchison Convention Center Dallas. The positive ratings of the Bonds credit and the market’s strong response to the sale speaks to the confidence in the hotel and tourism industry in the City of Dallas. The outcome of this sale is yet another example of the City’s resiliency in areas particularly vulnerable to the pandemic. Thank you for your continued support.

Please let me know if you need additional information.

A handwritten signature in blue ink, appearing to read 'M. Reich'.

for M. Elizabeth Reich
Chief Financial Officer

c: T.C. Broadnax, City Manager
Chris Caso, City Attorney
Mark Swann, City Auditor
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizzor Tolbert, Chief of Staff to the City Manager

Majed A. Al-Ghafry, Assistant City Manager
Jon Fortune, Assistant City Manager
Joey Zapata, Assistant City Manager
Dr. Eric A. Johnson, Chief of Economic Development & Neighborhood Services
M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion
Directors and Assistant Directors