

Memorandum



CITY OF DALLAS

DATE March 29, 2019

Honorable Members of the Government Performance and 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 **Texas Water Development Board – Low Cost Financial Assistance Programs**

The purpose of this memorandum is to provide you additional information regarding Draft Item No. 48 on the April 10, 2019 Agenda – Ordinances authorizing the issuance and sale of Waterworks and Sewer System Revenue Bonds in the amount of \$66,000,000 to the Texas Water Development Board (TWDB) to finance Dallas Water Utilities' pipeline replacement program.

On May 31, 2017 Dallas Water Utilities (DWU) received a 5-year low-interest loan commitment totaling \$330M (\$66M annually) from the TWDB to help facilitate DWU's water and wastewater main replacement programs. On April 2, 2018, the Government Performance and Financial Management Committee was briefed on the program, and on April 11, 2018, the City Council authorized bond ordinances for the first year of the 5-year commitment from the TWDB.

This item represents the second year of the five-year funding commitment from the TWDB. Through the purchase of our bonds, the TWDB will in turn provide Dallas with interest rates 165 basis points below (Clean Water State Revolving Fund) and 135 basis points below (Drinking Water State Revolving Fund) current market rates. This will result in an average annual debt service payment reduction of approximately \$879,000 when compared to a public offering.

Subsequent items will be presented to the City Council for approval, annually over the next three years. Participation in these programs will benefit DWU and its customers by providing lower overall costs for financing its water and wastewater main replacement programs.

Should you need additional information, please contact Terry S. Lowery, Director of Dallas Water Utilities, at terry.lowery@dallascityhall.com.

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Majed Al-Ghafry, P.E.
Assistant City Manager

- 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
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Chief of Staff to the City Manager
- Jon Fortune, Assistant City Manager
Joey Zapata, Assistant City Manager
Nadia Chandler Hardy, Assistant City Manager and Chief Resilience Officer
M. Elizabeth Reich, Chief Financial Officer
Laila Alequresh, Chief Innovation Officer
Directors and Assistant Directors