

Memorandum



CITY OF DALLAS

DATE February 5, 2021

TO Honorable Mayor and Members of the City Council

SUBJECT **Tarrant Regional Water District Water Transmission Facilities Contract Revenue Refunding Bonds (City of Dallas Project) – Bond Sale Results**

On February 2, 2021, Tarrant Regional Water District (the "District") issued Water Transmission Facilities Contract Revenue Refunding Bonds (City of Dallas Project), Series 2021A in the amount of \$240,025,000 and Taxable Series 2021B in the amount of \$298,395,000 on behalf of Dallas Water Utilities (DWU) for the purpose of financing the "Dallas Project Component" of the integrated pipeline to serve the City and District and to refund outstanding City of Dallas Project District debt. The City of Dallas Project bonds are a special obligation of the District and are secured by and payable from payments from the City's Combined Waterworks and Sewer System.

The City of Dallas Project bonds were previously rated 'AAA' by S&P Global Ratings and 'AA+' by Fitch Ratings, and with favorable market conditions, generated high demand with competitive bids. The City of Dallas Project, Series 2021A sale, for the design, acquisition, and construction of the "Dallas Project Component" of the integrated pipeline to serve the City, resulted in 5 bids with True Interest Cost (TIC) ranging from 1.81 to 1.87 percent, with the winning bid to Bank of America Merrill Lynch at 1.81 percent.

The City of Dallas Project, Taxable Series 2021B sale, to refund a portion of the District's debt for debt service savings and cost of issuance, resulted in 7 bids with TIC ranging from 2.03 to 2.13 percent, with the winning bid to Morgan Stanley & Co. LLC at 2.03 percent. This generated a net present value savings of City of Dallas Project debt held by the district in an amount of \$49.8 million, or 18.73 percent of savings of the refunded bonds.

The success of the bond sale is a testament to the City and Water Systems' continued standing and strength in the market. Attached are details of the bond sale results. 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:	T.C. Broadnax, City Manager	Majed A. Al-Ghafry, Assistant City Manager
	Chris Caso, City Attorney	Jon Fortune, Assistant City Manager
	Mark Swann, City Auditor	Joey Zapata, Assistant City Manager
	Biliera Johnson, City Secretary	Dr. Eric A. Johnson, Chief of Economic Development and Neighborhood Services
	Preston Robinson, Administrative Judge	M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion
	Kimberly Bizer Tolbert, Chief of Staff to the City Manager	Directors and Assistant Directors

Sources and Uses of Funds

Tarrant Regional Water District
Dallas Water Utility Project
\$240,025,000 Water Transmission Facility Contract Revenue Bonds, Series 2021A
(Funding: \$250 mm plus COI & DSRF)
Tax-Exempt Rates as of 02/02/2021 (AA+/AAA)
*** Winning Bid From Bank of America Merrill Lynch ***

Dated Date 3/9/2021
Delivery
Date 3/9/2021

Sources:

Bond Proceeds:

Par Amount	240,025,000.00
Net Premium	13,992,014.67
	<u>254,017,014.67</u>

Uses:

Project Fund Deposits:

Project Fund	250,000,000.00
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Other Fund Deposits:

Debt Service Reserve Fund	3,272,782.77
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Delivery Date Expenses:

Cost of Issuance	744,231.90
	<u>254,017,014.67</u>

Note:
FINAL

BOND SUMMARY STATISTICS

**Tarrant Regional Water District
Dallas Water Utility Project
\$240,025,000 Water Transmission Facility Contract Revenue Bonds, Series 2021A
(Funding: \$250 mm plus COI & DSRF)
Tax-Exempt Rates as of 02/02/2021 (AA+/AAA)
*** Winning Bid From Bank of America Merrill Lynch *****

Dated Date	03/09/2021
Delivery Date	03/09/2021
First Coupon	09/01/2021
Last Maturity	09/01/2051
Arbitrage Yield	1.759683%
True Interest Cost (TIC)	1.803150%
Net Interest Cost (NIC)	1.849657%
All-In TIC	1.823720%
Average Coupon	2.177211%
Average Life (years)	17.797
Weighted Average Maturity (years)	17.215
Duration of Issue (years)	14.401
Par Amount	240,025,000.00
Bond Proceeds	254,416,828.40
Total Interest	93,003,122.23
Net Interest	79,011,107.56
Bond Years from Dated Date	4,271,663,611.11
Bond Years from Delivery Date	4,271,663,611.11
Total Debt Service	333,028,122.23
Maximum Annual Debt Service	11,007,800.00
Average Annual Debt Service	10,926,916.15
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	1.665717
Total Underwriter's Discount	1.665717
Bid Price	105.829399

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Serial Bond	178,380,000.00	108.669	2.298%	14.258	150,120.65
Term Bond 2048	29,905,000.00	98.538	2.000%	26.491	61,903.35
Term Bond 2051	31,740,000.00	98.000	2.000%	29.491	70,145.40
	240,025,000.00			17.797	282,169.40

Sources and Uses of Funds

Tarrant Regional Water District (City of Dallas Project)
\$298,395,000 Water Transmission Facilities Contract Revenue Refunding Bonds, Taxable Series 2021B
Taxable Rates as of 02/02/2021 (AAA/AA+)
*** Winning Bid From Morgan Stanley & Co., LLC ***

Dated Date 3/9/2021
Delivery
Date 3/9/2021

Sources:

Bond Proceeds:

Par Amount	298,395,000.00
Original Issue Discount	-1,078,680.05
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	297,316,319.95

Other Sources of Funds:

Transfer from Debt Service Fund	1,534,860.79
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	298,851,180.74

Uses:

Refunding Escrow Deposits:

Cash Deposit	379.21
Open Market Purchases	298,055,838.11
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	298,056,217.32

Delivery Date Expenses:

Cost of Issuance	794,963.42
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	298,851,180.74

Note:
FINAL

SAVINGS

Tarrant Regional Water District (City of Dallas Project)
\$298,395,000 Water Transmission Facilities Contract Revenue Refunding Bonds, Taxable Series 2021B
Taxable Rates as of 02/02/2021 (AAA/AA+)
*** Winning Bid From Morgan Stanley & Co., LLC ***

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Savings
09/30/2021	5,930,003.13	1,534,860.79	4,395,142.34	4,395,142.34	
09/30/2022	11,860,006.26		11,860,006.26	9,115,760.00	2,744,246.26
09/30/2023	15,205,006.26		15,205,006.26	12,457,800.00	2,747,206.26
09/30/2024	15,207,756.26		15,207,756.26	12,459,475.00	2,748,281.26
09/30/2025	20,162,306.26		20,162,306.26	17,413,750.00	2,748,556.26
09/30/2026	20,115,206.26		20,115,206.26	17,368,605.00	2,746,601.26
09/30/2027	20,171,406.26		20,171,406.26	17,425,867.50	2,745,538.76
09/30/2028	20,260,206.26		20,260,206.26	17,514,460.00	2,745,746.26
09/30/2029	20,363,556.26		20,363,556.26	17,618,007.50	2,745,548.76
09/30/2030	20,410,106.26		20,410,106.26	17,664,725.00	2,745,381.26
09/30/2031	20,456,406.26		20,456,406.26	17,709,815.00	2,746,591.26
09/30/2032	20,500,812.50		20,500,812.50	17,756,030.00	2,744,782.50
09/30/2033	20,495,862.50		20,495,862.50	17,751,430.00	2,744,432.50
09/30/2034	20,556,062.50		20,556,062.50	17,809,450.00	2,746,612.50
09/30/2035	20,607,562.50		20,607,562.50	17,863,220.00	2,744,342.50
09/30/2036	20,664,412.50		20,664,412.50	17,919,592.50	2,744,820.00
09/30/2037	20,725,062.50		20,725,062.50	17,976,892.50	2,748,170.00
09/30/2038	20,787,862.50		20,787,862.50	18,039,232.50	2,748,630.00
09/30/2039	20,776,212.50		20,776,212.50	18,032,557.50	2,743,655.00
09/30/2040	20,761,512.50		20,761,512.50	18,015,132.50	2,746,380.00
09/30/2041	20,747,312.50		20,747,312.50	18,003,332.50	2,743,980.00
09/30/2042	20,736,962.50		20,736,962.50	17,990,765.00	2,746,197.50
09/30/2043	13,053,562.50		13,053,562.50	10,307,182.50	2,746,380.00
09/30/2044	13,057,312.50		13,057,312.50	10,311,592.50	2,745,720.00
	443,612,478.23	1,534,860.79	442,077,617.44	378,919,817.34	63,157,800.10

Savings Summary

Savings PV date	03/09/2021
Savings PV rate	2.047258%
PV of savings from cash flow	49,817,365.03
Net PV Savings	49,817,365.03

Note: FINAL

SUMMARY OF REFUNDING RESULTS

Tarrant Regional Water District (City of Dallas Project)
\$298,395,000 Water Transmission Facilities Contract Revenue Refunding Bonds, Taxable Series 2021B
Taxable Rates as of 02/02/2021 (AAA/AA+)
***** Winning Bid From Morgan Stanley & Co., LLC *****

Dated Date	03/09/2021
Delivery Date	03/09/2021
Arbitrage yield	1.990650%
Escrow yield	0.213551%
Value of Negative Arbitrage	13,343,486.87
Bond Par Amount	298,395,000.00
True Interest Cost	2.024018%
Net Interest Cost	2.043098%
All-In TIC	2.047258%
Average Coupon	2.016091%
Average Life	13.385
Weighted Average Maturity	13.373
Par amount of refunded bonds	265,955,000.00
Average coupon of refunded bonds	4.527628%
Average life of refunded bonds	14.732
Remaining weighted average maturity of refunded bonds	14.622
PV of prior debt to 03/09/2021 @ 2.047258%	347,873,582.35
Net PV Savings	49,817,365.03
Percentage savings of refunded bonds	18.731502%

Note: FINAL

BOND SUMMARY STATISTICS

Tarrant Regional Water District (City of Dallas Project)
\$298,395,000 Water Transmission Facilities Contract Revenue Refunding Bonds, Taxable Series 2021B
Taxable Rates as of 02/02/2021 (AAA/AA+)
***** Winning Bid From Morgan Stanley & Co., LLC *****

Dated Date	03/09/2021
Delivery Date	03/09/2021
First Coupon	09/01/2021
Last Maturity	09/01/2044
Arbitrage Yield	1.990650%
True Interest Cost (TIC)	2.024018%
Net Interest Cost (NIC)	2.043098%
All-In TIC	2.047258%
Average Coupon	2.016091%
Average Life (years)	13.385
Weighted Average Maturity (years)	13.373
Duration of Issue (years)	11.642
Par Amount	298,395,000.00
Bond Proceeds	298,462,714.45
Total Interest	80,524,817.34
Net Interest	81,603,497.39
Bond Years from Dated Date	3,994,106,500.00
Bond Years from Delivery Date	3,994,106,500.00
Total Debt Service	378,919,817.34
Maximum Annual Debt Service	18,039,232.50
Average Annual Debt Service	16,139,509.49
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	3.841869
Total Underwriter's Discount	3.841869
Bid Price	99.638506

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Serial Bond	261,425,000.00	100.151	1.903%	12.126	203,960.55
Term Bond 2044	36,970,000.00	99.115	2.450%	22.288	64,697.50
	298,395,000.00			13.385	268,658.05

	TIC	All-In TIC	Arbitrage Yield
Par Value	298,395,000.00	298,395,000.00	298,395,000.00
+ Accrued Interest			
+ Premium (Discount)	67,714.45	67,714.45	67,714.45
- Underwriter's Discount	-1,146,394.50	-1,146,394.50	
- Cost of Issuance Expense		-794,963.42	
- Other Amounts			
Target Value	297,316,319.95	296,521,356.53	298,462,714.45
Target Date	03/09/2021	03/09/2021	03/09/2021
Yield	2.024018%	2.047258%	1.990650%

Note: FINAL