

Memorandum



CITY OF DALLAS

DATE June 10, 2020

TO Honorable Mayor and Council Members

SUBJECT **Water and Wastewater Revenue Refunding Bonds, Series 2020C/D – Sale Results**

On May 27, 2020, City Council approved ordinances authorizing the issuance of up to \$726,000,000 in City of Dallas Waterworks and Sewer System Revenue Refunding Bonds, Series 2020C and Taxable Series 2020D (“the Bonds”), to refund outstanding water and wastewater bonds and commercial paper notes. The bond sale, held on June 9, 2020, resulted in purchase orders that were more than ten times the supply of available bonds by over 200 unique bond sale participants. The true interest cost for the bond sale was 2.32 percent, which is a decrease from the 3.21 percent originally estimated in May. Overall, the sale resulted in a net present value savings of \$92.6 million in savings.

Market conditions were favorable, generating high demand for the sale of the tax-exempt \$281.8 million Water and Wastewater Revenue Refunding Bonds, Series 2020C, which included the retirement of \$259.1 million currently outstanding Waterworks and Sewer System commercial paper notes. The sale garnered interest and demand from both domestic and international buyers resulting in three new purchasers of our bonds and a single buyer who wanted to purchase the entire \$363.7 million of taxable bonds.

The success of the bond sale is a testament to the City and Water Systems’ 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 black ink that reads "M. Elizabeth Reich".

M. Elizabeth Reich
Chief Financial Officer

[Attachment]

c:	T.C. Broadnax, City Manager	Jon Fortune, Assistant City Manager
	Chris Caso, City Attorney	Joey Zapata, Assistant City Manager
	Mark Swann, City Auditor	Nadia Chandler Hardy, Assistant City Manager
	Biliera Johnson, City Secretary	Dr. Eric A. Johnson, Chief of Economic Development and Neighborhood Services
	Preston Robinson, Administrative Judge	Laila Aleqresh, Chief Innovation Officer
	Kimberly Bizer Tolbert, Chief of Staff to the City Manager	M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion
	Majed A. Al-Ghafry, Assistant City Manager	Directors and Assistant Directors

SOURCES AND USES OF FUNDS

**City of Dallas, Texas
Water and Wastewater Revenue Refunding Bonds, Series 2020CD
FINAL PRICING CASHFLOWS - JUNE 9, 2020 1:55PM CT**

Dated Date 07/07/2020
Delivery Date 07/07/2020

Sources:	Series C	Series D (Taxable)	Total
Bond Proceeds:			
Par Amount	281,825,000.00	363,665,000.00	645,490,000.00
Premium	71,596,565.70		71,596,565.70
	<u>353,421,565.70</u>	<u>363,665,000.00</u>	<u>717,086,565.70</u>
Other Sources of Funds:			
DSF Contribution	1,206,728.99	4,116,370.45	5,323,099.44
	<u>354,628,294.69</u>	<u>367,781,370.45</u>	<u>722,409,665.14</u>
Uses:			
Project Fund Deposits:			
CP Refunding	259,100,000.00		259,100,000.00
Refunding Escrow Deposits:			
Cash Deposit	0.56	1.33	1.89
SLGS Purchases	94,774,934.00	366,808,789.00	461,583,723.00
	<u>94,774,934.56</u>	<u>366,808,790.33</u>	<u>461,583,724.89</u>
Delivery Date Expenses:			
Underwriter's Discount	753,212.97	968,595.59	1,721,808.56
Other Uses of Funds:			
Additional Proceeds	147.16	3,984.53	4,131.69
	<u>354,628,294.69</u>	<u>367,781,370.45</u>	<u>722,409,665.14</u>

SAVINGS

City of Dallas, Texas
Water and Wastewater Revenue Refunding Bonds, Series 2020CD
FINAL PRICING CASHFLOWS - JUNE 9, 2020 1:55PM CT

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Savings
09/30/2021	19,961,622.90	5,323,099.44	14,638,523.46	10,158,189.64	4,480,333.82
09/30/2022	28,012,301.65		28,012,301.65	22,556,126.30	5,456,175.35
09/30/2023	28,010,636.92		28,010,636.92	22,553,824.30	5,456,812.62
09/30/2024	34,638,534.44		34,638,534.44	29,184,331.70	5,454,202.74
09/30/2025	29,355,570.07		29,355,570.07	23,902,755.00	5,452,815.07
09/30/2026	29,357,790.35		29,357,790.35	23,906,525.55	5,451,264.80
09/30/2027	26,642,219.90		26,642,219.90	21,427,650.03	5,214,569.87
09/30/2028	26,643,267.70		26,643,267.70	21,428,226.08	5,215,041.62
09/30/2029	37,990,780.80		37,990,780.80	32,769,993.50	5,220,787.30
09/30/2030	33,783,375.00		33,783,375.00	28,333,787.75	5,449,587.25
09/30/2031	27,737,000.00		27,737,000.00	22,282,644.00	5,454,356.00
09/30/2032	30,749,875.00		30,749,875.00	25,298,088.50	5,451,786.50
09/30/2033	35,580,125.00		35,580,125.00	30,126,550.25	5,453,574.75
09/30/2034	41,535,125.00		41,535,125.00	36,080,454.75	5,454,670.25
09/30/2035	29,997,875.00		29,997,875.00	24,542,637.75	5,455,237.25
09/30/2036	33,675,750.00		33,675,750.00	28,218,477.50	5,457,272.50
09/30/2037	33,684,875.00		33,684,875.00	28,227,605.00	5,457,270.00
09/30/2038	43,015,787.50		43,015,787.50	37,553,650.00	5,462,137.50
09/30/2039	43,013,646.88		43,013,646.88	37,549,170.90	5,464,475.98
09/30/2040	43,013,700.01		43,013,700.01	37,554,549.00	5,459,151.01
09/30/2041	28,698,215.63		28,698,215.63	25,010,784.10	3,687,431.53
09/30/2042	19,542,000.00		19,542,000.00	15,854,242.45	3,687,757.55
09/30/2043	10,198,750.00		10,198,750.00	6,510,586.20	3,688,163.80
	714,838,824.75	5,323,099.44	709,515,725.31	591,030,850.25	118,484,875.06

Savings Summary

PV of savings from cash flow	92,557,569.36
Plus: Refunding funds on hand	696.30
Net PV Savings	92,558,265.66

SUMMARY OF REFUNDING RESULTS

City of Dallas, Texas
Water and Wastewater Revenue Refunding Bonds, Series 2020CD
FINAL PRICING CASHFLOWS - JUNE 9, 2020 1:55PM CT

	Series C	Series D (Taxable)	Total
Dated Date	07/07/2020	07/07/2020	07/07/2020
Delivery Date	07/07/2020	07/07/2020	07/07/2020
Arbitrage Yield	1.591892%	2.298267%	1.591892%
Escrow Yield	0.149432%	0.239493%	0.149432%
Value of Negative Arbitrage	306,013.35	14,062,076.42	14,368,089.77
Bond Par Amount	73,870,000.00	363,665,000.00	437,535,000.00
True Interest Cost	2.284307%	2.323237%	2.315223%
Net Interest Cost	2.650872%	2.346585%	2.402546%
All-In TIC	2.284307%	2.323237%	2.315223%
Average Coupon	4.559986%	2.325426%	2.736381%
Average Life	13.965	12.588	12.821
Par amount of refunded bonds	92,565,000.00	331,588,000.00	424,153,000.00
Average coupon of refunded bonds	4.960889%	4.877187%	4.895168%
Average life of refunded bonds	13.528	13.804	13.744
PV of prior debt	121,793,218.52	432,348,772.03	
Net PV Savings	27,018,283.96	65,539,981.70	92,558,265.66
Percentage savings of refunded bonds	29.188445%	19.765487%	21.821905%