

Memorandum



CITY OF DALLAS

DATE June 26, 2020

TO The Honorable Mayor and Members of the City Council

SUBJECT **Bond Sale Results - Equipment Acquisition Contractual Obligations, Series 2020 and Certificates of Obligation, Series 2020**

On Tuesday, June 23, the City received bids in a competitive sale for the Combination Tax and Revenue Certificates of Obligation, Series 2020 (the “Certificates”) and the Equipment Acquisition Contractual Obligations, Series 2020 (the “Contractual Obligations”).

As a result, the City issued \$16 million in Certificates of Obligation at a true interest cost (TIC) of 1.49 percent, in a bid submitted by Huntington Securities. In total, the City received 11 bids for the Certificates of Obligation, with TIC ranging from 1.49 percent to 3.64 percent.

Additionally, the City issued \$29.67 million in Contractual Obligations at a true interest cost of .44 percent, in a bid submitted by BNY Mellon Capital Markets. In total, the City received 16 bids for the Contractual Obligations, with TIC ranging from .44 percent to .69 percent.

On February 12, 2020, the City Council approved the sale of up to \$16 million in Certificates of Obligation for the purpose of financing the restoration of damages to City facilities following severe storms; and approved the sale of up to \$33 million in Contractual Obligations to finance the purchase of various City equipment. Prior to the sale, the City’s ratings were affirmed by S&P Global (‘AA-’ Stable) and Fitch Ratings (‘AA’ Stable).

Market conditions were favorable for a successful sale, reinforced by the credit strength of the City. Thank you for your continued support and commitment to strengthening the City’s financial position. 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
Chris Caso, City Attorney
Mark Swann, City Auditor
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizar 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
Nadia Chandler Hardy, Assistant City Manager
Dr. Eric A. Johnson, Chief of Economic Development & Neighborhood Services
Laila Aleqresh, Chief Innovation Officer
M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion
Directors and Assistant Directors

SOURCES AND USES OF FUNDS

City of Dallas, Texas
2020 - GO/EAN Sale

Sources:	Equipment Notes, Series 2020	Certificates of Obligation, Series 2020	Total
Bond Proceeds:			
Par Amount	29,665,000.00	16,000,000.00	45,665,000.00
Premium	3,569,214.65	228,816.00	3,798,030.65
	<u>33,234,214.65</u>	<u>16,228,816.00</u>	<u>49,463,030.65</u>
Uses:			
Project Fund Deposits:			
Project Fund	33,000,000.00	16,000,000.00	49,000,000.00
Delivery Date Expenses:			
Cost of Issuance	170,000.00	160,000.00	330,000.00
Underwriter's Discount	<u>58,918.90</u>	<u>67,982.53</u>	<u>126,901.43</u>
	<u>228,918.90</u>	<u>227,982.53</u>	<u>456,901.43</u>
Other Uses of Funds:			
Additional Proceeds	5,295.75	833.47	6,129.22
	<u>33,234,214.65</u>	<u>16,228,816.00</u>	<u>49,463,030.65</u>

BOND SUMMARY STATISTICS

City of Dallas, Texas
Equipment Notes, Series 2020

Dated Date	07/02/2020
Delivery Date	07/02/2020
Last Maturity	02/15/2025
Arbitrage Yield	0.529323%
True Interest Cost (TIC)	0.442521%
Net Interest Cost (NIC)	0.481711%
All-In TIC	0.646023%
Average Coupon	5.000000%
Average Life (years)	2.619
Duration of Issue (years)	2.533
Par Amount	29,665,000.00
Bond Proceeds	33,234,214.65
Total Interest	3,884,540.97
Net Interest	374,245.22
Total Debt Service	33,549,540.97
Maximum Annual Debt Service	7,447,040.97
Average Annual Debt Service	7,262,678.74
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	1.986142
Total Underwriter's Discount	1.986142
Bid Price	111.833122

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Bond Component	29,665,000.00	112.032	5.000%	2.619	8,363.85
	29,665,000.00			2.619	8,363.85

	TIC	All-In TIC	Arbitrage Yield
Par Value	29,665,000.00	29,665,000.00	29,665,000.00
+ Accrued Interest			
+ Premium (Discount)	3,569,214.65	3,569,214.65	3,569,214.65
- Underwriter's Discount	-58,918.90	-58,918.90	
- Cost of Issuance Expense		-170,000.00	
- Other Amounts			
Target Value	33,175,295.75	33,005,295.75	33,234,214.65
Target Date	07/02/2020	07/02/2020	07/02/2020
Yield	0.442521%	0.646023%	0.529323%

BOND SUMMARY STATISTICS

City of Dallas, Texas
Certificates of Obligation, Series 2020

Dated Date	07/02/2020
Delivery Date	07/02/2020
Last Maturity	02/15/2030
Arbitrage Yield	0.529323%
True Interest Cost (TIC)	1.492736%
Net Interest Cost (NIC)	1.499498%
All-In TIC	1.699281%
Average Coupon	1.695849%
Average Life (years)	5.119
Duration of Issue (years)	4.864
Par Amount	16,000,000.00
Bond Proceeds	16,228,816.00
Total Interest	1,389,088.89
Net Interest	1,228,255.42
Total Debt Service	17,389,088.89
Maximum Annual Debt Service	1,952,088.89
Average Annual Debt Service	1,807,701.99
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	4.248908
Total Underwriter's Discount	4.248908
Bid Price	101.005209

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Bond Component	16,000,000.00	101.430	1.696%	5.119	6,848.00
	16,000,000.00			5.119	6,848.00

	TIC	All-In TIC	Arbitrage Yield
Par Value	16,000,000.00	16,000,000.00	16,000,000.00
+ Accrued Interest			
+ Premium (Discount)	228,816.00	228,816.00	228,816.00
- Underwriter's Discount	-67,982.53	-67,982.53	
- Cost of Issuance Expense		-160,000.00	
- Other Amounts			
Target Value	16,160,833.47	16,000,833.47	16,228,816.00
Target Date	07/02/2020	07/02/2020	07/02/2020
Yield	1.492736%	1.699281%	0.529323%