

Memorandum



CITY OF DALLAS

DATE September 23, 2005

TO Members of the Finance, Audit & Accountability Committee:
Chair Mitchell Rasansky, Vice-Chair Gary Griffith, Bill
Blaydes, Don Hill, Linda Koop, Ron Natinsky, Ed Oakley,
Steve Salazar

SUBJECT Debt Issuance

On September 26 you will be briefed on a proposal to issue \$187,235,000 General Obligation Bonds, \$6,320,000 Combination Tax and Revenue Certificates of Obligation and \$54,560,000 Equipment Acquisition Contractual Obligations.

This debt issuance:

- Is consistent with the FY 2005-06 budget
- Will consist of three competitive sales on November 9 with bonds, certificates and obligations each being awarded to the lowest respective bidder
- Meets all Financial Management Performance Criteria for debt
- Includes the third sale, in the amount of \$138,825,000, of General Obligation Bonds authorized by voters in May 2003. Voters authorized the issuance of bonds totaling \$579,290,000.
- Includes the fifth sale, in the amount of \$48,410,000, of General Obligation Bonds authorized by voters in May 1998 for the Trinity River Corridor Project. The May 1998 capital bond program included \$246 million for the Trinity River project. After this sale, \$107,525,000 would remain to be issued.
- Includes the sale of Equipment Acquisition Contractual Obligations, as permitted by the Texas Local Government Code, which will be used to finance replacement vehicles, fire apparatus, police helicopters, operational equipment and computer software
- Includes the sale of Certificates of Obligation, as permitted by the Texas Local Government Code, which will be used to finance improvements to City facilities to comply with the Municipal Separate Storm Sewer System (MS4) Permit issued to the City by the Environmental Protection Agency.

Memorandum

DATE September 23, 2005

TO Chair and Members of the Finance, Audit & Accountability Committee

SUBJECT Debt Issuance

The total estimated cost of the three debt issues is \$571,251. Itemized costs for each issue are attached.

On October 12, City Council will be asked to authorize preparation and planning for the sale of these debt issues. A proposed schedule of events is attached.

Staff and outside advisors will follow the same procedures, including due diligence, as for all bond issues. This will include a detailed review of the Official Statement, verification against source documents and written attestations from City executives, co-financial advisors, co-bond counsel and external auditors to the Council as to the completeness and accuracy of the Official Statement. City staff and external advisors will work together to prepare and review legal documents, materials for rating agency presentations and solicitation and evaluation of bids from underwriters. The City's financial advisors are not permitted to bid or participate in an underwriting group. The lowest bid for each issue is selected; therefore, there are likely to be three different underwriting groups. The lead underwriter which submits the bid on behalf of an underwriting group submits a workforce report and each underwriting group generally includes one or more M/WBE firms.

Please see the attachments for additional details concerning these debt issues:

- Attachment 1 - Bond Programs
- Attachment 2 - Use of Proceeds
- Attachment 3 - Estimated Issuance Costs
- Attachment 4 - Proposed Schedule of Events

Recommendation

It is recommended that the Finance and Audit Committee recommend approval of the Council's October 12 agenda item to authorize preparation and planning for the sale of these debt issues.

Attachment 2
2005-06
Capital Budget

2003 General Obligation Bond Program

1. Street & Transportation Improvements

Alley Petitions	\$ 1,321,288
Alley Reconstruction	4,327,273
Intergovernmental Partnership Projects	14,606,359
Public Art	149,791
Public Private Partnership	2,436,278
Sidewalk Improvements	519,898
Sidewalk Safety	1,091,543
Street Lighting	180,225
Street Modifications and Bottleneck Removal	84,062
Street Petitions	3,667,833
Street Reconstruction	9,642,200
Street Resurfacing	12,151,441
Streetscape/Urban Design	416,850
Thoroughfares	1,077,698
Traffic Signal Upgrades	689,094
Warranted Signals, School Flashers & Whistle-Banned RR Crossings	304,406
Total Street & Transportation Improvements	<u>\$ 52,666,239</u>

2. Neighborhood and Community Park, Playground & Recreational Facilities

Citywide Parks	\$ 1,383,447
Community Parks	8,742,231
Conservancy Areas	13,800
Linear/Linkage Areas	1,012,526
Metropolitan Parks	2,666,733
Mini Parks	10,268
Neighborhood Park Facilities	2,147,305
Recreation Centers	749,692
Regional Parks	75,051
Special Use Areas	176,160
Total Neighborhood Park, Playground & Recreational Facilities	<u>\$ 16,977,213</u>

3. Library Facilities

Library Facilities	\$ 14,447,741
Public Art	152,773
Total Library Facilities	<u>\$ 14,600,514</u>

**Attachment 2
2005-06
Capital Budget**

2003 General Obligation Bond Program cont'd

4. Flood Protection & Storm Drainage Improvements

Erosion Control	\$ 284,138
Flood Management	1,758,458
Public Art	12,220
Storm Drainage Relief	65,639
Total Flood Protection and Storm Drainage Improvements	\$ 2,120,455

5. Downtown Arts District Theater

\$ 1,800,930

6. City Service & Maintenance Facilities

\$ -

7. Animal Control Facilities

\$ -

8. Land Acquisition for Low/Mod Income Single Family Homes

\$ -

9. McCommas Bluff Landfill Flood Protection & Storm Drainage

\$ -

10. Specified Street Projects

Housing Infrastructure Improvements	\$ 1,211,877
Intergovernmental Partnership Projects	3,000,000
Public Art	43,392
Street Reconstruction	1,762,334
Street Resurfacing	3,266,298
Streetscape/Urban Design	2,104,101
Thoroughfares	2,334,728
Target Neighborhood	91,608
Total Specified Street Projects	\$ 13,814,338

11. Major and Citywide Park & Recreational Facilities

Citywide Parks	\$ 1,377,817
Community Parks	750,000
Regional Parks	2,401,564
Special Use Areas	3,538,936
Total Major and Citywide Park & Recreational Facilities	\$ 8,068,317

**Attachment 2
2005-06
Capital Budget**

2003 General Obligation Bond Program cont'd

12. Cultural Arts Facilities

Cultural Facilities	\$ 3,846,060
Public Art	<u>32,916</u>
Total Cultural Arts Facilities	\$ 3,878,976

<u>13. Street & Infrastructure for South Dallas</u>	\$ 2,200,000
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14. Fire Station Facilities

Fire Station Facilities	\$ 7,244,361
Public Art	<u>76,643</u>
Total Fire Station Facilities	\$ 7,321,004

<u>15. Farmers Market Improvements</u>	\$ 1,200,000
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<u>16. Police Facilities</u>	\$ 14,177,014
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<u>17. Homeless Assistance Facilities</u>	<u>\$ -</u>
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<u>Total 2003 General Obligation Bond Program</u>	\$ 138,825,000
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<u>1998 General Obligation Bond Program - Trinity River Project</u>	<u>48,410,000</u>
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Total General Obligation Bond Programs	<u><u>\$ 187,235,000</u></u>
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Attachment 2 2005-06 Capital Budget

Equipment Notes

Fire & Rescue Department	
Apparatus and Fleet Replacement (21 units)	3,334,123
Siren Warning System (10 units)	250,000
9-1-1 CAD Initiative	3,300,000
	\$ 6,884,123
Police Department	
Non-squad Fleet Replacement (43 units)	843,000
Marked Squad Replacement (282 units)	5,922,000
Helicopters (3 units)	4,800,000
MDT Replacements	1,724,300
New Fleet (28 units)	728,000
	\$ 14,017,300
Water Utilities	
Fleet Replacement (51 units)	2,222,713
Automated Meter Reading System	5,000,000
Billing System Replacement	17,380,000
	\$ 24,602,713
General Fleet (120 units)	\$ 4,062,454
Street Services - Asphalt Paver	\$ 320,000
Sanitation - Fleet Replacement (32 units)	\$ 3,148,410
CIS - Security Directory and Email Systems	\$ 1,525,000
Total Equipment Notes	\$ 54,560,000

Certificates of Obligation

Improvements to various City facilities to comply with the Municipal Separate Storm Sewer System (MS4) Permit issued by the EPA.

Service Centers	\$ 1,000,000
Fire Stations	1,600,000
Park and Recreation Facilities	670,000
Dallas Zoo	3,050,000
	\$ 6,320,000
Total Certificates of Obligation	\$ 6,320,000

Attachment 3 Estimated Bond Issuance Costs

	General Obligation Bonds	Certificates of Obligation	Equipment Acquisition Notes	Total Issuance Costs
<u>Co-Bond Counsel</u>				
Vinson and Elkins L.L.P.	\$ 125,426	\$ 19,740	\$ 40,920	\$ 186,086
West & Gooden - BMMB24470Y1005	46,809	1,580	13,640	62,029
<u>Co-Financial Advisors</u>				
First Southwest Company	80,605	15,000	32,842	128,447
Estrada Hinojosa - HMMB24797Y1105	53,736	10,000	21,895	85,631
<u>Out-of-Pocket Expenses</u>				
First Southwest Company	9,056	305	2,639	12,000
<u>Official Statement Typing</u>				
First Southwest Company	1,132	38	330	1,500
<u>Official Statement Printing</u>				
Munoz Printing Co. - HMMB27269N0506	6,037	204	1,759	8,000
<u>Rating Agencies</u>				
Moody's Investors Service	36,511	1,233	10,639	48,383
Standard & Poor's	25,110	848	7,317	33,275
<u>Auditor</u>				
KPMG LLP	3,773	127	1,100	5,000
<u>Legal Notice</u>				
Dallas Morning News	-	900	-	900
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Total Issuance Costs	\$ 388,195	\$ 49,975	\$ 133,081	\$ 571,251

M/WBE Participation as % of Total Costs: 27.2%

(Note: The low bid underwriting group for each issue generally includes M/WBE firms. Therefore, total M/WBE participation will not be known until the day the obligations are sold.)

Attachment 4 Proposed Schedule of Events

September 26	Finance, Audit & Accountability Committee Briefing
October 12	City Council Authorization to Prepare for Bond Sale
October 28	City staff and financial advisors' meetings with Rating Agencies
November 1	Distribute Official Statements and Notices of Sale to Bidders
November 9	Receive and Accept Bids for Bond Sales
December 13	Deliver Bonds and Receive Proceeds