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Memorandum

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CITY SECRETARY
DALLAS, TEXAS



CITY OF DALLAS

DATE: August 3, 2012

TO: Honorable Members of the Budget, Finance & Audit Committee: Tennell Atkins (Vice Chair), Monica R. Alonzo, Scott Griggs, Ann Margolin

SUBJECT: Budget, Finance, & Audit Committee Meeting

Monday, August 6, 2012, 1:00 p.m.

Dallas City Hall - 6ES, 1500 Marilla St., Dallas, TX 75201

The agenda for the meeting is as follows:

1. Approval of June 16, 2012 Minutes
2. Proposed Vehicle Title ID Rule by the Texas Department of Motor Vehicles
John Ames, Dallas County Tax Assessor
Dallas County Tax Office
3. Employees' Retirement Fund Plan Amendments
Cheryl Alston, Executive Director
Employees' Retirement Fund
4. October 2012 General Obligation Bond Refunding
Corrine Steeger, Assistant Director/Treasury Manager, City Controller's Office
5. Ethics Program Evaluation and Training Program
Michael Frosch, Director
Business Development & Procurement Services

FYI:

6. Dallas Arboretum Parking Revenue - Feasibility Study Contract

Public Notice

1 2 0 7 4 9

Please let me know if you have any questions.

Jerry R. Allen, Chair
Budget, Finance & Audit Committee

POSTED CITY SECRETARY
DALLAS, TX

c: Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Rosa A. Rios, City Secretary
Thomas P. Perkins, Jr., City Attorney
C. Victor Lander, Administrative Judge Municipal Court
Craig D. Kinton, City Auditor
A.C. Gonzalez, First Assistant City Manager

Ryan S. Evans, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Forest E. Turner, Assistant City Manager
Joey Zapata, Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Stephanie Pegues-Cooper, Assistant to the City Manager

A closed executive session may be held if the discussion of any of the above agenda items concerns one of the following:

1. Contemplated or pending litigation or matters where legal advice is requested of the City Attorney. Section 551.071 of the Texas Open Meetings Act.
2. The purchase, exchange, lease or value of real property, if the deliberation in an open meeting would have a detrimental effect on the position of the City in negotiations with a third person. Section 551.072 of the Texas Open Meetings Act.
3. A contract for a prospective gift or donation to the City, if the deliberation in an open meeting would have a detrimental effect on the position of the City in negotiations with a third person. Section 551.073 of the Texas Open Meetings Act.
4. Personnel matters involving the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee or to hear a complaint against an officer or employee. Section 551.074 of the Texas Open Meetings Act.
5. The deployment, or specific occasions for implementation of security personnel or devices. Section 551.076 of the Texas Open Meetings Act.

Budget, Finance & Audit Committee

Meeting Record

DRAFT

Meeting Date: 06-18-2012

Convened: 1:01 p.m.

Adjourned: 2:24 p.m.

Committee Members Present:

Jerry R. Allen, Chair
Tennell Atkins, Vice Chair
Monica Alonzo
Ann Margolin
Scott Griggs

Staff Present:

Jeanne Chipperfield, Forest Turner, Craig Kinton, Randall Hanks, Edward Scott, Lance Sehorn, Adelia Gonzalez, Donna Lowe, Wally Waits, Zaida Basora, Jesse Dillard, Pamela Mickens, Jack Ireland, Jing Xiao, Chan Williams, Rocky Vaz, Rosa Fleming, Bill Finch, Terry Lowery, Mike Frosch, Ben Collins, Gloria Lopez- Carter, Mary Lynn Morris, Keith Gary

AGENDA:

1. **Approval of the June 4, 2012 minutes**

Presenter(s):

Information Only: ____

Action Taken/Committee Recommendation(s):

A motion was made to approve the June 4, 2012 minutes. Motion passed unanimously.

Motion made by: Atkins

Motion seconded by: Margolin

2. **FY 2010-11 Comprehensive Annual Financial Report**

Presenter(s): Ben Kohnle, Audit Partner, Grant Thornton LLP

Information Only: X

3. **Dallas Water Utilities Revenue Bond Issuance**

Presenter(s): Corrine Steeger, Assistant Director/Treasury Manager, City Controller's Office

Information Only: ____

Action Taken/Committee Recommendation(s):

A motion was made to forward the item to full Council with a recommendation to approve the authorization of staff to proceed with preparations for the sale of up to \$435 million Waterworks and Sewer System Revenue Refunding Bond, Series 2012A/B on the June 27, 2012 addendum. Motion passed unanimously.

Motion made by: Atkins

Motion seconded by: Alonzo

Budget, Finance & Audit Committee

Meeting Record

DRAFT

4. **Behavioral Energy Conservation Program**

Presenter(s): Erick Thompson, Director, Equipment and Building Services

Information Only:

Action Taken/Committee Recommendation(s):

A motion was made to forward the item to full Council with a recommendation to approve the Behavioral Energy contract with Energy Education, Inc. on the June 27, 2012 addendum. Motion passed unanimously.

Motion made by: Atkins

Motion seconded by: Griggs

5. **Time Warner Cable Inc. Transition to a State Issues Franchise**

Presenter(s): Jack Ireland, Director, Office of Financial Services

Information Only:

Action Taken/Committee Recommendation(s):

A motion was made to forward the item to full Council with a recommendation to adopt the resolution removing a requirement that Time Warner Cable, Inc. provide free cable services to schools when operating under a State issued franchise on the June 27, 2012 addendum. Motion passed unanimously.

Motion made by: Atkins

Motion seconded by: Griggs

6. **Delinquent Citation Collection Contract Supplemental Agreement No. 2**

Presenter(s): Jeanne Chipperfield, Chief Financial Officer

Information Only:

Action Taken/Committee Recommendation(s):

A motion was made to forward the item to full Council with a recommendation to approve the authorization of Supplemental Agreement No. 2 to the City's contract with Linebarger Goggan Blair & Sampson to collect unresolved, delinquent fines on the City's behalf on the June 27, 2012 addendum. Motion passed unanimously.

Motion made by: Griggs

Motion seconded by: Alonzo

7. **Financial Forecast Report – April 2012**

Presenter(s): Jack Ireland, Director, Office of Financial Services

Information Only: X

Jerry R. Allen, Chair
Budget, Finance & Audit Committee

Memorandum



CITY OF DALLAS

DATE August 3, 2012

TO Honorable Members of the Budget, Finance, & Audit Committee: Jerry R. Allen (Chair), Tennell Atkins (Vice Chair), Monica R. Alonzo, Scott Griggs, Ann Margolin

SUBJECT Proposed Vehicle Title ID Rule by the Texas Department of Motor Vehicles

On Monday, August 6, 2012, at the Budget, Finance, and Audit Committee meeting, you will be briefed on Proposed Vehicle Title ID Rule by the Texas Department of Motor Vehicles. The briefing will be provided by Mr. John Ames, Dallas County Tax Assessor. The briefing material will be provided to you during the meeting.

Please contact me if you need additional information.

A handwritten signature in blue ink that reads "Jeanne Chipperfield".

Jeanne Chipperfield
Chief Financial Officer

C: Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
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SUBJECT Employees' Retirement Fund Plan Amendments

On Monday, August 6, 2012, at the Budget, Finance, and Audit Committee meeting, you will be briefed on the Employees' Retirement Fund Plan Amendments. The briefing will be provided by Ms. Cheryl Alston, Executive Director of the Employees' Retirement Fund. The briefing material is attached for your review.

Please contact me if you need additional information.

A handwritten signature in blue ink that reads "Jeanne Chipperfield".

Jeanne Chipperfield
Chief Financial Officer

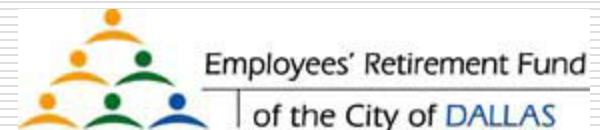
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Stephanie Pegues-Cooper, Assistant to the City Manager

Employees' Retirement Fund Plan Amendments

An ordinance amending Chapter 40A of the Dallas City Code to revise certain provisions of the City of Dallas employees' retirement fund plan to comply with federal law

August 2012



ERF Overview

As of 06/30/2012	ERF
Fund Net Assets	\$2.843 billion
Actives/Retirees	6,744 / 6,246
Benefits Paid (YTD)	\$104 million
Funded Status	86.0%
Investment Rate of Return 2012 YTD	6.08%
Investment Portfolio	Conservative global portfolio

Employees' Retirement Fund

	ERF
Authority*	Chapter 40-A of the Dallas City Code
History	First Established 1944
Type Plan	Qualified Plan, Section 401(a), Internal Revenue Code
IRS Determination Letter	Official document issued by IRS that recognizes organization's tax-exempt status. Organization must apply every five years.

*Public Sector Plans are not subject to Employees Retirement Income Security Act of 1974 ("ERISA")

Overview – Determination Letter Process

- Timeline
 - Jan. 2009 - ERF submitted application for Determination Letter.
 - Aug. 2010 – IRS suggested plan modifications.
 - Sept. 2010 – ERF submitted revised plan document with modifications.
 - May 24, 2012 – IRS issued favorable determination letter based on adoption of plan modification.

- In order to comply with federal law, Chapter 40A can be amended by ordinance of the City Council, without voter approval, upon recommendation by the ERF Board.

- All other changes require voter approval in addition to Board and Council approval.

Modifications do not impact benefits or costs

IRS Required Plan Changes

Modification	Ordinance Change	Comments
Definition of leased employee may not be incorporated by reference. Please amend definition.	Sec 40A-1 (21)	Leased employees do not receive benefits under the plan
Use mortality table prescribed by IRS for calculating 415 limits	Sec 40A-9 (4)	The Fund shall use the table and interest rate set by the US Sec of Treasury to calculate 415 limits
Eligible Rollover Distribution	Sec 40A-26	Allows member, former member, spouse or former spouse to rollover distribution to either an individual retirement account ("IRA"), individual retirement annuity, an employer sponsored eligible deferred compensation program (i.e. 457) or qualified trust. A designated beneficiary that is not a spouse or former spouse who is not listed as an alternate payee under a QDRO can only rollover to an IRA or individual retirement annuity.

IRS Required Plan Changes (Cont'd)

Modification	Ordinance Change	Comments
Mortality Tables	Sec 40A-9 (3)(B)	Eliminate gender specific references to certain actuarial tables to determine certain benefits
Section 415 Limits	Sec 40A-33 (a)	The Internal Revenue Code limits the amount of salary and subsequently, the amount of pension a qualified plan can accrue and pay a member. The IRS adjusts the limit annually. The revision states that ERF limits will follow the IRS limits.
Include statement about full vesting	Sec 40A-33 (g)	IRS is requesting every plan under IRC 401(a) needs to include the provision for 100% vesting upon normal retirement age.
Member death during military Service	Sec 40A-12(d)	If a member dies while performing qualified military service, the beneficiaries of the member are entitled to any additional benefits (other than benefits relating to the period of qualified military service) that would have been provided if the member had returned to service and then died.

Summary and Recommendation

- ❑ IRS issued favorable determination letter based on adoption of plan modifications.
- ❑ Modifications do not impact benefits or costs.
- ❑ In order to comply with federal law, Chapter 40A can be amended by ordinance of the City Council, without voter approval, upon recommendation by the ERF Board.
- ❑ ERF Board approved ordinance modifications to Chapter 40A on July 25, 2012

- ❑ **Recommendation** - Approve modifications to Chapter 40-A ordinance

ORDINANCE NO. _____

An ordinance amending Sections 40A-1, 40A-9, 40A-12, 40A-26, and 40A-33 of CHAPTER 40A, "RETIREMENT," of the Dallas City Code, as amended; revising the city of Dallas employees' retirement fund plan to comply with federal law, including changes relating to leased employees, actuarial assumptions, credited service for military active duty, direct rollovers, benefit limit adjustments, and vesting; providing a saving clause; providing a severability clause; and providing an effective date.

WHEREAS, on July 25, 2012, the board of trustees of the employees' retirement fund of the city of Dallas determined that the amendments to Chapter 40A, "Retirement," of the Dallas City Code contained in this ordinance are necessary to comply with federal law and recommended that the city council adopt such amendments, without voter approval, in accordance with and as authorized by Section 40A-35 of the Dallas City Code; Now, therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF DALLAS:

SECTION 1. That Paragraph (21) of Section 40A-1, "Definitions," of CHAPTER 40A, "RETIREMENT," of the Dallas City Code, as amended, is amended to read as follows:

"(21) LEASED EMPLOYEE means an individual who is not a common law employee of the city but who provides services to the city, if:

(A) such services are performed pursuant to an agreement between the city and another person;

(B) the individual has performed such services for the city or for the city and a related person or persons on a substantially full-time basis for at least one year; and

(C) such services are performed under the primary direction or control of the city [~~a person considered a leased employee under Section 414(n) or 414(o) of the Internal Revenue Code~~]."

SECTION 2. That Section 40A-9, "Actuarial Assumptions," of CHAPTER 40A, "RETIREMENT," of the Dallas City Code, as amended, is amended to read as follows:

"SEC. 40A-9. ACTUARIAL ASSUMPTIONS.

When an actuarial assumption is required under this chapter, the following will apply:

- (1) When determining the commuted value of future benefits under the fund, a 10 percent interest assumption must be used.
- (2) When calculating service retirement pension benefits for a person who retires before age 50, a five percent interest assumption must be used.
- (3) When calculating the cost of benefits under the fund, the following mortality tables must be used:
 - (A) 1965 Railroad Disabled Life Mortality Table, for disability retirement pension benefits; and
 - (B) 1984 Unisex Mortality Table, set back four years [~~for a female~~], for all benefits under the fund except disability retirement pension benefits.
- (4) When calculating the limits under Section 415 of the Internal Revenue Code, the applicable mortality table and applicable interest rate determined by the United States secretary of the treasury and in effect at the time of the calculation must be used.

SECTION 3. That Section 40A-12, "Credited Service for Military Active Duty," of CHAPTER 40A, "RETIREMENT," of the Dallas City Code, as amended, is amended to read as follows:

"SEC. 40A-12. CREDITED SERVICE FOR MILITARY ACTIVE DUTY.

- (a) A member with a break in service for military active duty is entitled to credited service for the period of military active duty not exceeding five years if the time is spent in the service of the armed forces of the United States, provided the member satisfactorily completes active service and returns to the service of the city after the member's discharge within the period described by law, if any.
- (b) Benefits of a member allowed under Subsection (a) for the period of the break in service for military active duty is computed at the appropriate rate of the average monthly earnings of the member on the date the break in service for military active duty was granted for each year the member is on military active duty.

(c) Notwithstanding any other provision to the contrary, contributions, benefits, and service with respect to qualified military service will be provided in accordance with Section 414(u) of the Internal Revenue Code.

(d) If a member dies while performing qualified military service (as defined in Section 414(u) of the Internal Revenue Code), the beneficiaries of the member are entitled to any additional benefits (other than benefits relating to the period of qualified military service) that would have been provided if the member had returned to service and then died."

SECTION 4. That Section 40A-26, "Direct Rollover," of CHAPTER 40A, "RETIREMENT," of the Dallas City Code, as amended, is amended to read as follows:

"SEC. 40A-26. DIRECT ROLLOVER.

(a) This section applies to distributions made on or after January 1, 1993. Notwithstanding any provision of the plan to the contrary that would otherwise limit a distributee's election under this section, a distributee may elect, at the time and in the manner prescribed by the plan administrator, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover.

(b) Definitions. In this section:

(1) ELIGIBLE ROLLOVER DISTRIBUTION means any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include:

(A) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life or life expectancy of the distributee or the joint lives or joint life expectancies of the distributee and the distributee's designated beneficiary, or for a specified period of 10 years or more;

(B) any distribution to the extent such distribution is required under Section 401(a)(9) of the Internal Revenue Code; or

(C) any distribution that is made upon hardship of the employee.

(2) ELIGIBLE RETIREMENT PLAN means an individual retirement account described in Section 408(a) of the Internal Revenue Code, an individual retirement annuity described in Section 408(b) of the Internal Revenue Code, an annuity plan described in Section 403(a) of the Internal Revenue Code, an eligible deferred compensation plan that is maintained by an eligible employer described in Section 457(e)(1) of the Internal Revenue Code, an annuity contract described in Section 403(b) of the Internal Revenue Code, or a qualified trust described in Section 401(a) of the Internal Revenue Code, that accepts the distributee's eligible rollover distribution. An eligible retirement plan means only an individual retirement account or individual retirement annuity in [H] the case of an eligible rollover distribution for a designated beneficiary that is not:

(A) ~~[tø]~~ the surviving spouse; or

(B) an alternate payee under a qualified domestic relations order who is a spouse or former spouse ~~[, an eligible retirement plan means an individual retirement account or individual retirement annuity].~~

(3) DISTRIBUTE means:

(A) an employee or former employee;

(B) ~~[, In addition,]~~ the employee or former employee's surviving spouse;

(C) an ~~[and the employee or former employee's spouse or former spouse who is the]~~ alternate payee under a qualified domestic relations order who is the employee or former employee's spouse or former spouse, but only ~~[, as defined in Section 414(p) of the Internal Revenue Code, are distributees]~~ with regard to the interest of the spouse or former spouse under the qualified domestic relations order; or

(D) the employee or former employee's designated beneficiary.

(4) DIRECT ROLLOVER means a payment by the plan to the eligible retirement plan specified by the distributee.

(5) DESIGNATED BENEFICIARY means an individual who is designated to receive an eligible rollover distribution."

SECTION 5. That Section 40A-33, "Compliance with Federal Tax Laws," of CHAPTER 40A, "RETIREMENT," of the Dallas City Code, as amended, is amended to read as follows:

"SEC. 40A-33. COMPLIANCE WITH FEDERAL TAX LAWS.

(a) A member or survivor of a member of the pension system may not accrue a retirement pension, or any other benefit under this chapter, in excess of the benefit limits applicable to the fund under Section 415 of the Internal Revenue Code. The board shall reduce the amount of any benefit that exceeds those limits by the amount of the excess. If total benefits under this fund and the benefits and contributions to which any member is entitled under any other qualified plans maintained by the city would otherwise exceed the applicable limits under Section 415 of the Internal Revenue Code, the benefits the member would otherwise receive from the fund shall be reduced to the extent necessary to enable the benefits to comply with Section 415. The limits shall be adjusted annually in accordance with Section 415(d) of the Internal Revenue Code. The annual adjustment shall apply to the benefits of both active and inactive members and shall apply without regard to whether retirement benefits are being received.

(b) The total salary taken into account for any purpose for any member of the pension system may not exceed the limit imposed pursuant to Section 401(a)(17) of the Internal Revenue Code [~~\$200,000~~] for any year (~~\$360,000~~ for an eligible participant and ~~\$245,000~~ [~~or \$150,000 a year~~ (~~\$200,000 for years beginning after 2001~~)] for an ineligible participant for 2009). These dollar limits shall be adjusted from time to time in accordance with guidelines provided by the United States secretary of the treasury. For purposes of this subsection, an eligible participant is a person who first became an active member before 1996, and an ineligible participant is a member who is not an eligible participant.

(c) Amounts representing forfeited nonvested benefits of terminated members may not be used to increase benefits payable from the fund.

(d) Distribution of benefits must begin not later than April 1 of the year following the calendar year during which the member entitled to the benefits becomes 70-1/2 years of age or terminates employment with the city, whichever is later, and must otherwise conform to Section 401(a)(9) of the Internal Revenue Code.

(e) Termination of the retirement fund and discontinuance of city contributions. If the retirement fund is fully terminated or partially terminated, as determined by the Internal Revenue Service, or if all city contributions to the retirement fund are discontinued, the rights of each member affected by the termination or discontinuance that have accrued at the date of termination or discontinuance will be fully vested to the extent funded.

(f) It is intended that the provisions of this chapter be construed and administered in such a manner that the fund's program of benefits will be considered a qualified plan under Section 401(a) of the Internal Revenue Code. In determining qualification status under Section 401(a), the fund's program of benefits will be considered the primary retirement plan for members of the fund.

(g) The right of each member to such member's interest accrued under this chapter shall become 100 percent vested, if not already vested, upon the member's attainment of normal retirement age, and the member shall have a right to terminate employment and commence to receive a pension at that time."

SECTION 6. That CHAPTER 40A of the Dallas City Code, as amended, will remain in full force and effect, save and except as amended by this ordinance.

SECTION 7. That the terms and provisions of this ordinance are severable and are governed by Section 1-4 of CHAPTER 1 of the Dallas City Code, as amended.

SECTION 8. That this ordinance will take effect immediately from and after its passage and publication in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so ordained.

APPROVED AS TO FORM:

THOMAS P. PERKINS, JR., City Attorney

By _____
Assistant City Attorney

Passed _____

LC/DCC/00526A

Memorandum



CITY OF DALLAS

DATE August 3, 2012

TO Honorable Members of the Budget, Finance & Audit Committee: Jerry R. Allen (Chair), Tennell Atkins (Vice Chair), Monica R. Alonzo, Scott Griggs, Ann Margolin

SUBJECT October 2012 General Obligation Bond Refunding

On Monday, August 6, 2012, at the Budget, Finance, and Audit Committee meeting, you will be briefed on the October 2012 General Obligation Bond Refunding. The briefing material is attached for your review.

Please contact me if you need additional information.

A handwritten signature in blue ink that reads "Jeanne Chipperfield".

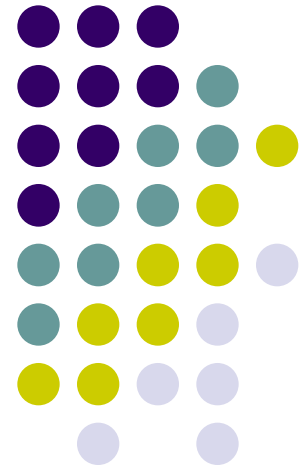
Jeanne Chipperfield
Chief Financial Officer

Attachment

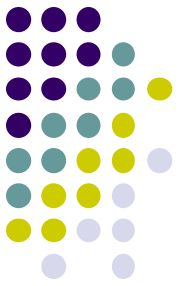
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October 2012 General Obligation Bond Refunding

Budget, Finance and Audit Committee
August 6, 2012

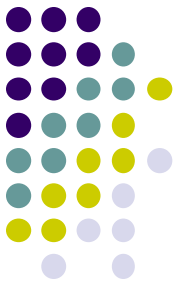


Purpose



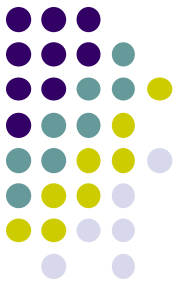
- Provide an overview of the bond sale
- Review general obligation bond refunding candidates
- Review the syndicate selection process and assignment for this transaction
- Seek committee recommendation on the August 22nd resolution authorizing staff to proceed with preparations for the sale of General Obligation Refunding Bonds, Series 2012

General Obligation Bond Refunding



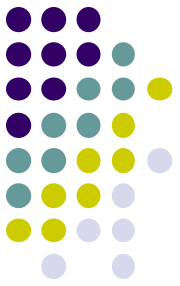
- Bond sale size currently estimated up to \$260 million based on current market conditions
 - Sale will be negotiated
 - Refunding does not extend or increase debt service in any year
 - Issuance costs of \$579,055 will be paid from bond proceeds
- Refunding candidates include specified maturities from the following bond issues:
 - General Obligation Bonds, Series 2004: \$ 25.665 million principal
 - General Obligation Bonds, Series 2005: \$ 85.160 million principal
 - General Obligation Bonds, Series 2006: \$128.425 million principal

General Obligation Bond Refunding



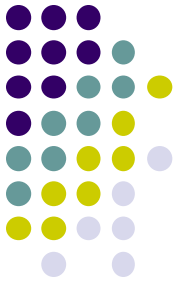
- Minimum total net present value (NPV) savings of \$21.7 million are estimated
 - 9.07% NPV savings as a percentage of the bonds being refunded
 - Meets the FMPC criterion of 4% NPV savings for advance refundings
- Co-Financial Advisors will continue to monitor the market to ensure feasibility of refunding
 - Refunding may be restructured or deleted based on market conditions prior to October pricing

Syndicate Selection



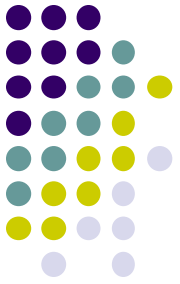
- In April 2010, City Council approved two underwriting syndicate teams for negotiated sales. Council approval provided that:
 - Bookrunning senior manager position would rotate between national and M/WBE firms
 - Co-senior manager would be the highest ranking national or regional firm if the bookrunning senior manager position is assigned to the M/WBE firm on a rotating basis
- Since April 2010, Team A has underwritten two negotiated sales, and Team B has underwritten one negotiated sale and will underwrite the August sale of up to \$435 million Dallas Water Utilities revenue refunding bonds

Syndicate Team A

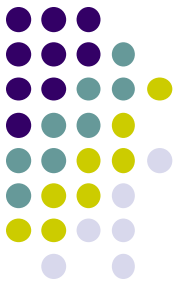


- Team A consists of the following firms:
 - **National**
 - JP Morgan
 - Bank of America Merrill Lynch
 - Morgan Stanley
 - **Regional**
 - Southwest Securities Group
 - RBC Capital Markets
 - Raymond James & Assoc.
 - **MWBE**
 - Siebert Brandford Shank & Co.
 - M. R. Beal & Co.
 - Cabrera Capital Markets

Syndicate Team B



- Team B consists of the following firms:
 - **National**
 - Citigroup Global Markets, Inc.
 - Wells Fargo Bank, N.A.
 - Goldman, Sachs & Co.
 - **Regional**
 - Piper Jaffray
 - Stifel Nicolaus & Co.
 - Frost Bank
 - **MWBE**
 - Loop Capital Markets, LLC
 - Samuel A. Ramirez & Co.
 - Jackson Securities, LLC



Syndicate Team A

- It is proposed that Team A underwrite the General Obligation Refunding bond sale:

Senior Managers

M.R. Beal & Co. (Bookrunning Senior Manager)

Bank of America Merrill Lynch (Co-Senior Manager)

Co-Managers

JP Morgan

Morgan Stanley

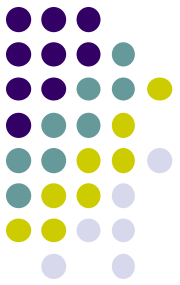
Southwest Securities Group

RBC Capital Markets

Raymond James & Assoc.

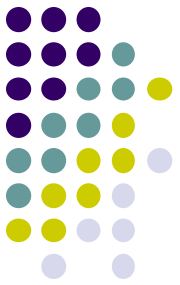
Siebert Brandford Shank & Co.

Cabrera Capital Markets



Timeline for Bond Sale

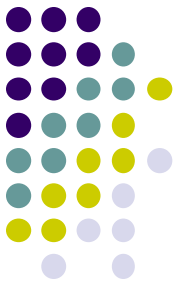
August 6	Budget, Finance and Audit Committee briefing
August 22	City Council authorization to proceed with sale
September 24	Receive ratings from rating agencies
September 26	Parameters ordinance authorized by City Council
October 9	Pricing of the bonds
October 31	Deliver bonds and receive proceeds



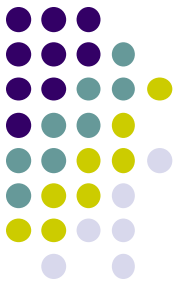
Recommendation

- Authorize staff to proceed with preparations for the sale of up to \$260 million General Obligation Refunding Bonds, Series 2012 on the August 22nd agenda

Appendix



Issuance Costs Schedule	Page 12
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Summary of Bonds to be Refunded	Page 16
Savings on Refunding	Page 17



Issuance Costs Schedule

Estimated Issuance Costs

Co-Bond Counsel	\$218,000
Co-Financial Advisors	162,200
Debt Analysis/Structuring	40,000
Official Statement Printing	10,000
Rating Agencies	131,855
Auditor – Grant Thornton	7,500
Attorney General Filing Fee	9,500

Total	\$579,055
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Bond Summary Statistics
City of Dallas, Texas
General Obligation Bond Refunding Bonds, Series 2012
Assumes 'Aa1/AA+' Uninsured Rates as of July 17, 2012
Refund Only Bonds Capturing 50% or more of Potential Savings
******* Preliminary - For Discussion Purposes Only *******

Dated Date	10/31/2012
Delivery Date	10/31/2012
First Coupon	2/15/2013
Last Maturity	2/15/2026
Arbitrage Yield	2.101736%
True Interest Cost (TIC)	2.404362%
Net Interest Cost (NIC)	2.695123%
All-In TIC	2.434152%
Average Coupon	5.000000%

Sources and Uses of Funds
City of Dallas, Texas
General Obligation Bond Refunding Bonds, Series 2012
Assumes 'Aa1/AA+' Uninsured Rates as of July 17, 2012
Refund Only Bonds Capturing 50% or more of Potential Savings
***** Preliminary - For Discussion Purposes Only *****

Dated Date 10/31/2012
Delivery
Date 10/31/2012

Sources:

Bond Proceeds:		
Par Amount		216,050,000.00
Premium		42,904,288.95
		<u>258,954,288.95</u>

Other Sources of Funds:

I&S Contribution		3,060,270.83
		<u>262,014,559.78</u>

Uses:

Refunding Escrow Deposits:		
Cash Deposit		1.99
SLGS Purchases		260,488,054.00
		<u>260,488,055.99</u>

Delivery Date Expenses:

Cost of Issuance		1,563,177.50
		<u>1,563,177.50</u>

Other Uses of Funds:

Additional Proceeds		2,256.29
		<u>262,014,559.78</u>

Bond Debt Service
City of Dallas, Texas
General Obligation Bond Refunding Bonds, Series 2012
Assumes 'Aa1/AA+' Uninsured Rates as of July 17, 2012
Refund Only Bonds Capturing 50% or more of Potential Savings
******* Preliminary - For Discussion Purposes Only *******

Period Ending	Principal	Coupon	Interest	Debt Service
9/30/2013			8,551,979.17	8,551,979.17
9/30/2014	7,325,000	5.000%	10,619,375.00	17,944,375.00
9/30/2015	4,325,000	5.000%	10,328,125.00	14,653,125.00
9/30/2016	16,300,000	5.000%	9,812,500.00	26,112,500.00
9/30/2017	15,500,000	5.000%	9,017,500.00	24,517,500.00
9/30/2018	6,610,000	5.000%	8,464,750.00	15,074,750.00
9/30/2019	11,380,000	5.000%	8,015,000.00	19,395,000.00
9/30/2020	20,860,000	5.000%	7,209,000.00	28,069,000.00
9/30/2021	20,900,000	5.000%	6,165,000.00	27,065,000.00
9/30/2022	20,945,000	5.000%	5,118,875.00	26,063,875.00
9/30/2023	29,550,000	5.000%	3,856,500.00	33,406,500.00
9/30/2024	29,605,000	5.000%	2,377,625.00	31,982,625.00
9/30/2025	21,090,000	5.000%	1,110,250.00	22,200,250.00
9/30/2026	11,660,000	5.000%	291,500.00	11,951,500.00
	216,050,000		90,937,979.17	306,987,979.17

Summary of Bonds Refunded
City of Dallas, Texas
General Obligation Bond Refunding Bonds, Series 2012
Assumes 'Aa1/AA+' Uninsured Rates as of July 17, 2012
Refund Only Bonds Capturing 50% or more of Potential Savings
******* Preliminary - For Discussion Purposes Only *******

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
\$162,580,000 General Obligation Bonds, Series 2004					
	2/15/2014	5.000%	8,555,000.00	2/15/2013	100.000
	2/15/2023	5.000%	8,555,000.00	2/15/2013	100.000
	2/15/2024	5.000%	8,555,000.00	2/15/2013	100.000
			25,665,000.00		
\$179,810,000 General Obligation Bonds, Series 2005					
	2/15/2015	5.000%	9,465,000.00	2/15/2014	100.000
	2/15/2016	5.000%	9,465,000.00	2/15/2014	100.000
	2/15/2017	5.000%	9,465,000.00	2/15/2014	100.000
	2/15/2020	5.000%	9,465,000.00	2/15/2014	100.000
	2/15/2021	5.000%	9,460,000.00	2/15/2014	100.000
	2/15/2022	5.000%	9,460,000.00	2/15/2014	100.000
	2/15/2023	5.000%	9,460,000.00	2/15/2014	100.000
	2/15/2024	5.000%	9,460,000.00	2/15/2014	100.000
	2/15/2025	5.000%	9,460,000.00	2/15/2014	100.000
			85,160,000.00		
\$221,830,000 General Obligation Bonds, Series 2006					
	2/15/2016	5.000%	11,675,000.00	2/15/2015	100.000
	2/15/2017	5.000%	11,675,000.00	2/15/2015	100.000
	2/15/2018	5.000%	11,675,000.00	2/15/2015	100.000
	2/15/2019	5.000%	11,675,000.00	2/15/2015	100.000
	2/15/2020	4.500%	11,675,000.00	2/15/2015	100.000
	2/15/2021	4.500%	11,675,000.00	2/15/2015	100.000
	2/15/2022	4.500%	11,675,000.00	2/15/2015	100.000
	2/15/2023	4.500%	11,675,000.00	2/15/2015	100.000
	2/15/2024	4.500%	11,675,000.00	2/15/2015	100.000
	2/15/2025	4.750%	11,675,000.00	2/15/2015	100.000
	2/15/2026	4.750%	11,675,000.00	2/15/2015	100.000
			128,425,000.00		
			239,250,000.00		

Savings
City of Dallas, Texas
General Obligation Bond Refunding Bonds, Series 2012
Assumes 'Aa1/AA+' Uninsured Rates as of July 17, 2012
Refund Only Bonds Capturing 50% or more of Potential Savings

***** Preliminary - For Discussion Purposes Only *****

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Savings
9/30/2013	11,612,250.00	3,060,270.83	8,551,979.17	8,551,979.17	
9/30/2014	19,953,375.00		19,953,375.00	17,944,375.00	2,009,000.00
9/30/2015	20,412,875.00		20,412,875.00	14,653,125.00	5,759,750.00
9/30/2016	31,322,750.00		31,322,750.00	26,112,500.00	5,210,250.00
9/30/2017	30,265,750.00		30,265,750.00	24,517,500.00	5,748,250.00
9/30/2018	19,980,375.00		19,980,375.00	15,074,750.00	4,905,625.00
9/30/2019	19,396,625.00		19,396,625.00	19,395,000.00	1,625.00
9/30/2020	28,070,437.50		28,070,437.50	28,069,000.00	1,437.50
9/30/2021	27,066,937.50		27,066,937.50	27,065,000.00	1,937.50
9/30/2022	26,068,562.50		26,068,562.50	26,063,875.00	4,687.50
9/30/2023	33,411,312.50		33,411,312.50	33,406,500.00	4,812.50
9/30/2024	31,985,187.50		31,985,187.50	31,982,625.00	2,562.50
9/30/2025	22,203,343.75		22,203,343.75	22,200,250.00	3,093.75
9/30/2026	11,952,281.25		11,952,281.25	11,951,500.00	781.25
	333,702,062.50	3,060,270.83	330,641,791.67	306,987,979.17	23,653,812.50

Savings Summary

PV Savings Date	10/31/2012
Savings PV rate	2.434152%
PV of savings from cash flow	21,693,932.97
Plus: Refunding funds on hand	2,256.29

Net PV Savings	21,696,189.26
Percentage Savings of Refunded Bonds	9.07%

Memorandum



CITY OF DALLAS

DATE August 3, 2012

TO Honorable Members of the Budget, Finance & Audit Committee: Jerry R. Allen (Chair), Tennell Atkins (Vice Chair), Monica R. Alonzo, Scott Griggs, Ann Margolin

SUBJECT Ethics Program Evaluation and Training Program

On Monday, August 6, 2012, at the Budget, Finance, and Audit Committee meeting, you will be briefed on the Ethics Program Evaluation and Training Program. The briefing material is attached for your review.

Please contact me if you need additional information.

A handwritten signature in blue ink that reads "Jeanne Chipperfield".

Jeanne Chipperfield
Chief Financial Officer

Attachment

C: Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Rosa A. Rios, City Secretary
Thomas P. Perkins, Jr., City Attorney
Craig D. Kinton, City Auditor
C. Victor Lander, Administrative Judge
A.C. Gonzalez, First Assistant City Manager
Ryan S. Evans, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Forest E. Turner, Assistant City Manager
Joey Zapata, Assistant City Manager
Edward Scott, City Controller
Stephanie Pegues-Cooper, Assistant to the City Manager

Ethics Program Evaluation and Training Program

Briefing to the Budget,
Finance and Audit
Committee

August 6, 2012



Purpose

- To review the procurement process and results of the proposal for ethics consulting services

Background

- On June 28, 2000 the Dallas City Council passed ordinance No. 24316 which established a code of ethics for all city officials and employees providing:
 - Regulations, restrictions and prohibitions relating to improper economic benefits, unfair advancement of private interests, gifts, confidential government information, outside employment, and use of public property and resources
 - Regulation of political activities of City officials and employees, restrictions on contracting with the City and representing private interests of others before the City, and requirements for certain City officials and employees to file financial disclosure reports and travel reports
 - Creation, membership, qualifications, jurisdiction and powers of the Ethics Advisory Commission, which is currently comprised of a seven-member panel

**A recent audit conducted by the City Auditor's Office found there are opportunities to improve the compliance and delivery of the program to the City's employees.*

Scope of the Request for Proposal

- The City issued a Requests for Proposals solicitation for the assessment of current ethics efforts and employee attitudes towards ethics, development and delivery of a comprehensive ethics training program, and to conduct post implementation evaluation of the success of the training program
- The recommended proposer will analyze the City's existing Ethics Program, by assessing the current efforts, identifying gaps and opportunities, offering recommendations for improvements, and providing training that can be delivered to City staff including labor and other field personnel, professional, office, sworn police and fire employees

City Identified Objectives for Program

- Emphasize the importance of honesty and integrity based on the City's ethics policies
- Augment existing efforts around compliance
- Be comprehensive and encourage employee compliance with ethics laws, regulations, policies, and/or procedures
- Reinforce the community's trust in the integrity of the City
- Incorporate ongoing efforts to promote and maintain an ethical culture within the City

Procurement Activity

- The Request For Proposal for an Ethics Evaluation Program and Training Program advertised on April 7 & 12, 2012
- As part of the City of Dallas vendor notification process
 - 1,104 Electronic notices were sent by the City's web-based procurement system
 - 14 Additional vendors were contacted directly by the Buyer
 - Electronic notifications were sent by BDPS' ResourceLINK Team to 28 chambers of commerce
 - Notifications were sent to the DFW Minority Supply Diversity Council, Women's Business Council-Southwest and Regional Hispanic Contracts Association advocacy groups

Procurement Activity (cont'd)

- A pre-proposal conference was held April 19, 2012 - 9 companies attended
- All questions asked during the pre-proposal meeting and City responses were posted on the City's bid website per standard business practices
- Proposal due date was extended one week to allow further clarification of City requirements
- May 9, 2012 – Proposal closed

Procurement Activity (cont'd)

- Evaluation process

- Nine proposals were received and distributed to a committee for evaluation
 - The evaluation committee was comprised of the following members:
 - City Controller's Office – Director
 - Street Services – Director
 - Human Resources – Assistant Director
 - Police – Lieutenant
 - Fire Rescue – Deputy Chief
 - City Manager's Office – Executive Assistant
 - *Business Development and Procurement Services
- * *Evaluated pricing only*

Procurement Activity (cont'd)

Evaluation Criteria

- Qualifications 20%
- Project understanding and scope 15%
- Past performance 10%
- Pricing 40%
- *Business Inclusion and Development 15%

*It is the City's Business Inclusion & Development policy to include 15 points in the evaluation criteria for all proposals estimated to exceed \$250k. The City received proposals from 2 nonprofits which are outside the BID program due to the ownership requirement (51% M/WBE owned and operated). The standard 15 points were not considered in an effort to equalize the evaluation criteria for profit and nonprofit organizations.

Evaluation Matrix Summary

Vendor	Qualifications 20%	Project Understanding/Scope 15%	Past Performance 10%	Pricing 40%	Total 85%
Navigant	18.17%	13.50%	9.00%	40.00%	80.67%
Josephson Institute	18.50%	13.33%	8.83%	38.62%	79.29%
Littler	17.83%	13.17%	8.17%	38.62%	77.79%
Ethics by Design	17.17%	12.17%	7.67%	14.65%	51.65%
ICMA	17.00%	11.33%	8.00%	13.78%	50.11%
NaSmith	8.83%	9.83%	4.50%	22.52%	45.69%
Ignite It Group	14.83%	10.33%	7.00%	6.68%	38.85%
Afful Consulting	10.33%	10.00%	5.33%	12.68%	38.35%

Recommended Proposer - Navigant Consulting

- Navigant was deemed the most advantageous proposer
 - \$435,495 three-year contract
- An international firm formed in 1999 with approx 1,800 employees
- Presence in Texas including over 30 employees in Dallas office

Recommended Proposer - Navigant Consulting

- Work with Fortune 1000 and Global 500 companies, public agencies in areas such as:
 - Assessing, enhancing, developing and implementing compliance policies, procedures and related controls
 - Developing and delivering customized employee training, including related communications and controls
 - Conducting compliance and risk analyses and assessments
 - Assessing, enhancing, developing and implementing anti-bribery risk scoring and investigative due diligence protocols

Recommended Proposer - Navigant Consulting (Cont.)

- Have contracted with public and private organizations such as:
 - American Airlines
 - H.E.B
 - Valero Energy
 - Texas Health Resources
 - Baylor Health
 - Pioneer Natural Resources
 - New York City Department of Education
 - Delaware Department of Justice
 - Little Rock School District
 - K&L Gates
 - JFK Airport

Navigant Consulting - Global Investigations and Compliance Division

- Director, Martin T. Biegelman, CCEP, CFE
 - Subject matter expert implementing the Federal Sentencing Guidelines best practices for effective ethics and compliance program
 - Founded Microsoft Corporation's Financial Integrity Unit
 - 35 years experience detecting, investigating and preventing fraud and corruption, designing and enhancing ethics and compliance programs
 - Adjunct instructor for Society of Corporate Compliance and Ethics
 - Appointed by Washington State Governor to serve on their Executive Ethics Board (2008-2011)

Navigant Consulting – Disputes and Investigations Division

- Director, Robert Lang, CFA, PI
 - Navigant's Dallas Office
 - Over 17 years of experience investigating fraud, corruption, and financial damages
 - Served as a court appointed investigator to review payment patterns and transactions in various alleged Ponzi schemes
 - Regular lecturer in the Fraud Detection and Analysis class in the Graduate Accounting program at Baylor University
 - Serves on the Advisory Board for Baylor's University Business Law Department

Navigant's Scope

Year 1

- Initial assessment of the City's ethics program and culture which will be utilized to develop specific training for City employees
 - Document review, facilitate focus groups and provide updated ethics program
- Instructor led training for approximately 13,000 City employees tailored to specific employee levels
 - Administrative/Clerical
 - Operations/Field
 - Professional/Technical
 - Supervisor/Manager
 - Executive
 - Public safety

Navigant's Scope

Years 2 & 3

- Provide post-assessment documentation of initial training
- Navigant will develop and provide materials designed for continued learning and renewed focus on ethics
 - Produce 5 videos for utilization via intranet and during department meetings/trainings
 - Prepare messages and training refreshers to be used as city-wide mass email communication
 - Post assessments to evaluate the effectiveness of the program
- Navigant will provide professional training to staff within the City's Human Resources Department to conduct future training post-contract

Recommendation

- Approve resolution on the Council's August 22, 2012 agenda authorizing a three-year consultant contract with Navigant Consulting in a total amount not to exceed \$435,495



Question

Memorandum



CITY OF DALLAS

DATE: August 3, 2012

TO: Honorable Members of the Budget, Finance & Audit Committee: Jerry R. Allen (Chair), Tennell Atkins (Vice Chair), Monica R. Alonzo, Scott Griggs, Ann Margolin

SUBJECT: Dallas Arboretum Parking Revenue - Feasibility Study Contract

This service contract will allow the City to obtain a financial feasibility study for parking revenue to determine the viability of using revenue bonds for the purpose of constructing a parking facility along Garland Road to accommodate visitors to the Dallas Arboretum and Botanical Society (DABS).

The Dallas Arboretum and Botanical Society (DABS) has been the managing partner of the facilities collectively known as the "Dallas Arboretum" since 1984. Under the management contract, the City supports DABS through an annual stipend and pays the utilities for the properties, totaling, on average, \$697,000 per year. DABS pays all of the other costs to manage and operate the facilities, retains all of the operating revenue plus raises funds and constructs capital improvements. DABS' annual operating costs average \$9,489,000.

The success of events at the Dallas Arboretum, coupled with the anticipated increase in attendance once the new Rorey Meyers Children's Garden is complete, necessitate the need for additional parking at the Arboretum. For the past several years, DABS has utilized a parking lot at Gaston Avenue and Garland Road. Utilizing that location for remote parking may not be an option in the near future. The availability of ample parking space is essential to the success of the Dallas Arboretum and the possibility of potentially experiencing a reduction in parking area has initiated a proactive approach in resolving this concern.

A financing alternative to construct additional parking facilities for Arboretum patrons is to utilize revenue bonds. The City solicited proposals to obtain a financial feasibility study to determine if parking revenue could support the use of revenue bonds for the purpose of constructing a parking facility to accommodate visitors to the Dallas Arboretum. The proposed contract will fund the study to determine the amount of parking revenue that can reasonably be generated by the Arboretum patrons, and will provide a recommendation whether that revenue stream is reliably consistent to support a revenue bond to fund the construction of the parking facility.

If you have any questions regarding this item, please contact me.

A handwritten signature in blue ink that reads "Paul D. Dyer".

Paul D. Dyer, Director
Park and Recreation Department

c: Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Rosa A. Rios, City Secretary
Thomas P. Perkins, Jr., City Attorney
C. Victor Lander, Administrative Judge Municipal Court
Craig D. Kinton, City Auditor
A.C. Gonzalez, First Assistant City Manager

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