

General Obligation
Debt Issuance
October 2006

Finance, Audit & Accountability
September 25, 2006

Purpose

- The purpose of this briefing is to provide information regarding the sale of \$230.1m in general obligation bonds and \$14.4m in equipment acquisition notes
- Seek approval of the September 27, 2006 resolutions authorizing staff to proceed with the preparations for the bond and equipment note sales

Background

- Bond Issue - \$230.1m (detail in appendix)
 - \$67.5m 1998 Bond Program Trinity River Corridor Proposition (6th of 7 sales)
 - \$138.8m 2003 Bond Program (4th and final sale)
 - \$23.8m 2005 Homeless Assistance Facilities Proposition (1st and final sale)
- Equipment Acquisition Notes - \$14.4m
 - \$11.5m General Fleet Replacement
 - \$2.9m Fire Apparatus & Fleet Replacement

Bond Sale Overview

- Both sales will be competitive with bids taken on October 25
- Issuance costs of \$529,003 will be paid from interest earnings on proceeds (schedule attached)
- Twenty year bonds will be callable on February 15, 2016
- Five year equipment notes are not callable
- Consistent with FY2006-07 Budget

Schedule of Events

September 25	Finance, Audit & Accountability briefing
September 27	Council authorization to prepare for bond and equipment acquisition note sales
October 18	Receive bond ratings
October 19	Distribute Official Statements and Notices of Sale to Bidders
October 20	Distribute Preliminary Official Statement and Representation Letters to Council
October 25	Receive and accept bids for bond sale
November 20	Deliver bonds and receive proceeds

Recommendation

- Recommend approval of the September 27 Council resolutions authorizing staff to proceed with the preparations for the bond sale

Appendix

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Bond Authorization Summary

	<u>Total Amount Authorized</u>	<u>Amount Previously Issued</u>	<u>Amount Being Issued FY 2006-2007</u>	<u>Unissued Balance</u>
<u>2003 Four-Year Capital Bond Program:</u>				
Prop No.	Purpose			
1				
	\$ 198,960,000	\$ 159,772,837	\$39,187,163	\$ -
2				
	57,290,000	43,810,071	13,479,929	-
3				
	55,525,000	39,646,630	15,878,370	-
4				
	16,435,000	9,474,797	6,960,203	-
5				
	11,255,000	2,250,930	9,004,070	-
6				
	16,825,000	16,825,000	-	-
7				
	11,755,000	11,755,000	-	-
8				
	3,030,000	3,030,000	-	-
9				
	24,000,000	24,000,000	-	-
10				
	67,900,000	46,696,634	21,203,366	-
11				
	43,230,000	32,038,497	11,191,503	-
12				
	17,665,000	7,043,474	10,621,526	-
13				
	6,000,000	5,200,000	800,000	-
14				
	19,750,000	14,081,788	5,668,212	-
15				
	3,200,000	3,200,000	-	-
16				
	23,470,000	18,639,342	4,830,658	-
17				
	3,000,000	3,000,000	-	-
	<u>\$ 579,290,000</u>	<u>\$ 440,465,000</u>	<u>\$ 138,825,000</u>	<u>\$ -</u>
<u>2005 Homeless Assistance Facilities Proposition</u>				
	<u>\$ 23,800,000</u>	<u>\$ -</u>	<u>\$ 23,800,000</u>	<u>\$ -</u>
<u>1998 Ten-Year Trinity River Program</u>				
	246,000,000	138,240,000	67,520,000	40,240,000
Total Authorization	\$ 849,090,000	\$ 578,705,000	\$ 230,145,000	\$ 40,240,000

FY 2006-07 Uses of Proceeds

2003 General Obligation Bond Program

1. Street & Transportation Improvements

Alley Petitions	\$ 970,252
Alley Reconstruction	5,785,187
Intelligent Transportation Systems	570,000
Intergovernmental Partnership Projects	5,566,735
Public Art	118,134
Public Private Partnership	2,319,007
Sidewalk Improvements	781,491
Sidewalk Safety	1,532,507
Street Lighting	275,826
Street Modifications and Bottleneck Removal	336,247
Street Petitions	3,980,922
Street Reconstruction	8,883,623
Street Resurfacing	5,274,299
Thoroughfares	2,160,709
Traffic Signal Upgrades	327,818
Warranted Signals, School Flashers and Whistle-Banned RR Crossings	304,406
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	\$ 39,187,163

2. Neighborhood and Community Park, Playground & Recreational Facilities

Citywide Parks	\$ 1,782,562
Community Parks	7,357,935
Linear/Linkage Areas	1,390,674
Metropolitan Parks	100,000
Mini Parks	17,579
Neighborhood Park Facilities	2,786,878
Special Use Areas	44,301
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	\$ 13,479,929

3. Library Facilities

Library Facilities	\$ 15,729,144
Public Art	149,226
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	\$ 15,878,370

4. Flood Protection & Storm Drainage Improvements

Erosion Control	\$ 291,556
Flood Management	5,988,846
Public Art	15,991
Storm Drainage Relief System	663,810
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	\$ 6,960,203

5. Downtown Arts District Theater

Performing Arts Theater	\$ 8,936,539
Public Art	67,531
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	\$ 9,004,070

6. City Service & Maintenance Facilities

\$ -

7. Animal Control Facilities

\$ -

FY 2006-07 Uses of Proceeds

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	\$	2,540,072
	Public Art		78,669
	Street Reconstruction		3,102,584
	Street Resurfacing		8,095,595
	Streetscape/Urban Design		4,409,037
	Target Neighborhood		613,067
	Thoroughfares		2,364,342
		\$	21,203,366
11.	Major and Citywide Park & Recreational Facilities		
	Citywide Parks	\$	8,604,003
	Regional Parks		1,792,500
	Special Use Areas		795,000
		\$	11,191,503
12.	Cultural Arts Facilities		
	Cultural Facilities	\$	10,489,650
	Public Art		131,876
		\$	10,621,526
13.	Street & Infrastructure for South Dallas		
	Economic and Business Development	\$	794,000
	Public Art		6,000
		\$	800,000
14.	Fire Station Facilities		
	Fire Protection Facilities	\$	5,590,158
	Public Art		78,054
		\$	5,668,212
15.	Farmers Market Improvements	\$	-
16.	Police Facilities		
	Police Facilities	\$	4,788,483
	Public Art		42,175
		\$	4,830,658
17.	Homeless Assistance Facilities	\$	-
	<u>Total 2003 General Obligation Bond Program</u>	\$	138,825,000
	<u>1998 General Obligation Bond Program - Trinity River Project</u>	\$	67,520,000
	<u>2005 Homeless Assistance Facilities Proposition</u>	\$	23,800,000
	Total General Obligation Bond Programs	\$	230,145,000

FY 2006-07 Uses of Proceeds

Equipment Acquisition Notes

Fire & Rescue Department

Aerial Ladder (1 unit)	\$ 761,176
Engines (4 units)	1,351,584
Fleet Replacement (6 units)	198,990
Booster Pumpers (5 units)	608,250
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	\$ 2,920,000

Police Department

Fleet Replacement (52 units)	\$ 1,135,402
Motorcycle Replacement (7 units)	123,727
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	\$ 1,259,129

Court and Detention Services

Fleet Replacement (2 units)	\$ 46,126
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Purchasing

Fleet Replacement (1 unit)	\$ 26,659
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Park and Recreation

Fleet Replacement (36 units)	\$ 1,188,925
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Water Utilities

Fleet Replacement (27 units)	\$ 1,380,000
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Street Services

Fleet Replacement (30 units)	\$ 1,874,161
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Sanitation

Fleet Replacement (58 units)	\$ 5,750,000
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Total Equipment Notes

\$ 14,445,000

Preliminary

CITY OF DALLAS, TEXAS

\$230,145,000 General Obligation Bonds, Series 2006

Par Rates as of September 6, 2006

Sources & Uses

Dated 10/15/2006 | Delivered 11/20/2006

Sources Of Funds

Par Amount of Bonds	\$230,145,000.00
Reoffering Premium	833,390.85
Accrued Interest from 10/15/2006 to 11/20/2006	937,688.40

Total Sources **\$231,916,079.25**

Uses Of Funds

Original Issue Discount (OID)	368,564.95
Total Underwriter's Discount (0.200%)	460,290.00
Deposit to Debt Service Fund	937,688.40
Deposit to Project Construction Fund	230,145,000.00
Rounding Amount	4,535.90

Total Uses **\$231,916,079.25**

Preliminary

CITY OF DALLAS, TEXAS

\$230,145,000 General Obligation Bonds, Series 2006

Par Rates as of September 6, 2006

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
02/15/2007	-	-	3,214,931.67	3,214,931.67
02/15/2008	12,115,000.00	4.000%	9,644,795.00	21,759,795.00
02/15/2009	12,115,000.00	4.000%	9,160,195.00	21,275,195.00
02/15/2010	12,115,000.00	4.000%	8,675,595.00	20,790,595.00
02/15/2011	12,115,000.00	4.000%	8,190,995.00	20,305,995.00
02/15/2012	12,115,000.00	4.000%	7,706,395.00	19,821,395.00
02/15/2013	12,115,000.00	4.000%	7,221,795.00	19,336,795.00
02/15/2014	12,115,000.00	4.000%	6,737,195.00	18,852,195.00
02/15/2015	12,115,000.00	3.875%	6,252,595.00	18,367,595.00
02/15/2016	12,115,000.00	3.850%	5,783,138.76	17,898,138.76
02/15/2017	12,115,000.00	4.125%	5,316,711.26	17,431,711.26
02/15/2018	12,115,000.00	4.300%	4,816,967.50	16,931,967.50
02/15/2019	12,110,000.00	4.300%	4,296,022.50	16,406,022.50
02/15/2020	12,110,000.00	4.375%	3,775,292.50	15,885,292.50
02/15/2021	12,110,000.00	4.400%	3,245,480.00	15,355,480.00
02/15/2022	12,110,000.00	4.450%	2,712,640.00	14,822,640.00
02/15/2023	12,110,000.00	4.450%	2,173,745.00	14,283,745.00
02/15/2024	12,110,000.00	4.500%	1,634,850.00	13,744,850.00
02/15/2025	12,110,000.00	4.500%	1,089,900.00	13,199,900.00
02/15/2026	12,110,000.00	4.500%	544,950.00	12,654,950.00
Total	\$230,145,000.00	-	\$102,194,189.19	\$332,339,189.19

Yield Statistics

Accrued Interest from 10/15/2006 to 11/20/2006	937,688.40
Bond Year Dollars	\$2,355,569.79
Average Life	10.235 Years
Average Coupon	4.3384063%
Net Interest Cost (NIC)	4.3382138%
True Interest Cost (TIC)	4.2795622%
Bond Yield for Arbitrage Purposes	4.2414022%
All Inclusive Cost (AIC)	4.2802132%

IRS Form 8038

Net Interest Cost	4.2810770%
Weighted Average Maturity	10.209 Years

Preliminary

CITY OF DALLAS, TEXAS

\$14,445,000 Equipment Notes, Series 2006

Par Rates as of September 6, 2006

Sources & Uses

Dated 10/15/2006 | Delivered 11/20/2006

Sources Of Funds

Par Amount of Bonds	\$14,445,000.00
Reoffering Premium	73,900.40
Accrued Interest from 10/15/2006 to 11/20/2006	53,752.71

Total Sources **\$14,572,653.11**

Uses Of Funds

Total Underwriter's Discount (0.500%)	72,225.00
Deposit to Debt Service Fund	53,752.71
Deposit to Project Construction Fund	14,445,000.00
Rounding Amount	1,675.40

Total Uses **\$14,572,653.11**

Preliminary

CITY OF DALLAS, TEXAS

\$14,445,000 Equipment Notes, Series 2006

Par Rates as of September 6, 2006

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
08/15/2007	1,450,000.00	3.850%	460,737.50	1,910,737.50
08/15/2008	3,250,000.00	3.850%	497,060.00	3,747,060.00
08/15/2009	3,250,000.00	3.850%	371,935.00	3,621,935.00
08/15/2010	3,250,000.00	3.800%	246,810.00	3,496,810.00
08/15/2011	3,245,000.00	3.800%	123,310.00	3,368,310.00
Total	\$14,445,000.00	-	\$1,699,852.50	\$16,144,852.50

Yield Statistics

Accrued Interest from 10/15/2006 to 11/20/2006	53,752.71
Bond Year Dollars	\$43,113.13
Average Life	2.985 Years
Average Coupon	3.9427726%
Net Interest Cost (NIC)	3.9388866%
True Interest Cost (TIC)	3.8161670%
Bond Yield for Arbitrage Purposes	4.2414022%
All Inclusive Cost (AIC)	3.8147648%

IRS Form 8038

Net Interest Cost	3.6274287%
Weighted Average Maturity	2.985 Years

Estimated Issuance Costs

	General Obligation Bonds	Equipment Acquisition Notes	Total Issuance Costs
<u>Co-Bond Counsel</u>			
Vinson and Elkins L.L.P.	\$ 115,000	\$ 10,000	\$ 125,000
West & Gooden - BMMB28865Y1006	43,000	5,000	48,000
 <u>Co-Financial Advisors</u>			
First Southwest Company	111,052	15,000	126,052
Estrada Hinojosa - HMMB291173Y1106	74,035	10,000	84,035
 <u>Out-of-Pocket Expenses</u>			
First Southwest Company	25,405	1,595	27,000
 <u>Official Statement Typing</u>			
First Southwest Company	1,411	89	1,500
 <u>Official Statement Printing</u>			
Munoz Printing Co. - HMMB27269N0506	7,528	472	8,000
 <u>Rating Agencies</u>			
Moody's Investors Service	44,878	2,817	47,695
Standard & Poor's	35,756	1,965	37,721
 <u>Auditor</u>			
KPMG LLP	4,705	295	5,000
 <u>Filing Fee</u>			
Attorney General	9,500	9,500	19,000
	\$ 472,270	\$ 56,733	\$ 529,003
 Total Issuance Costs			

M/WBE Participation as % of Total Costs: 26.5%

(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.)