

# Memorandum



CITY OF DALLAS

DATE February 17, 2023

TO Honorable Mayor and Members of the City Council

SUBJECT **Waterworks and Sewer System Revenue Refunding Bonds, Series 2023A – Bond Sale Results**

Earlier this week, the City successfully held a negotiated sale of the Dallas Water Utilities (DWU) Waterworks and Sewer System Revenue Refunding Bonds, Series 2023A (the “Bonds”). Following anticipation of the Consumer Price Index (CPI) report released ahead of the sale, the market reaction was cautious and ended particularly rocky for Treasuries on an inverted yield curve. However, response to the City’s Bonds was exceptionally positive and the transaction received orders for more than five times the par amount of the sale for a total of over \$900 million in priority orders. The substantial volume of orders allowed the underwriters to hold and decrease spreads on the offering in a turbulent market that was becoming increasingly difficult, with yields ranging from 2.73% to 4.16%. Final pricing resulted in a par amount of \$166.3 million and bond premium of \$12.9 million, with a true interest cost of 3.87%, down from the original estimate of 4.15% in January.

As a reminder, on January 25, the City Council approved an ordinance authorizing the issuance of up to \$200,000,000 in Dallas Water Utilities Waterworks and Sewer System Revenue Refunding Bonds, Series 2023A. Prior to the issuance of the Bonds, Dallas Water Utilities received affirmed ratings of AAA (Stable) from S&P Global Ratings and AA (Stable) from Fitch Ratings.

The outcome of the City’s bond sale was paramount and reinforces the City’s significance in the market and the strength of the Dallas Water Utilities’ credit profile. The Bonds are scheduled to close on March 23, 2023.

Thank you for your continued support. Please let me know if you need additional information.

A handwritten signature in blue ink that reads "Jack Ireland".

Jack Ireland  
Chief Financial Officer

c: T.C. Broadnax, City Manager  
Tammy Palomino, Interim City Attorney  
Mark Swann, City Auditor  
Billerae Johnson, City Secretary  
Preston Robinson, Administrative Judge  
Kimberly Bizzor Tolbert, Deputy City Manager

Jon Fortune, Deputy City Manager  
Majed A. Al-Ghafry, Assistant City Manager  
M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager  
Robert Perez, Assistant City Manager  
Carl Simpson, Assistant City Manager  
Genesis D. Gavino, Chief of Staff to the City Manager  
Directors and Assistant Directors