

**To the Mayor and Members of the City Council****August 4, 2015****Page 1 of 4****SUBJECT: FINAL RESULTS OF 2015 BOND ISSUES AND REFUNDINGS**

This informal report is intended to provide the Mayor and City Council with a summary of the results from our 2015 bond sales, which were completed on Tuesday, July 28, 2015. The details of the General Purpose Debt Issuance and Refunding as well as the Water and Sewer Revenue Bond Issuance and Refunding are presented below.

Background

At a Pre-Council briefing on June 9th, staff presented the proposed 2015 debt financings for both the general purpose and revenue bond transactions. Both transactions recommended refunding existing debt to take advantage of current market conditions to produce savings and the issuance of new funds in alignment with our capital improvement plan. New funds for the general obligation portion of the debt issuance related to the implementation of 2014 Bond Program, approved by voters in May of 2014.

On June 16th, the Mayor and Council approved a bond ordinance authorization the sale of General Purpose Refunding and Improvement bonds, Series 2015A. In addition, at the same meeting approval was provided on the Series 2015A Water and Sewer System Revenue Refunding and Improvement Bonds. Both ordinances included certain parameters delegating final approval of the terms to the City Manager and/or the Chief Financial Officer.

The City issued the debt utilizing a competitive sale process on July 28th with the assistance of our financial advisors, First SouthWest and Estrada & Hinojosa. Results of the bond pricings are highlighted on the following pages.

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General Obligation Debt

A summary of the transaction is as follows: the City sold a total of \$127,725,000 in bonds for three purposes:

- 1.) To fund voter authorized projects from the 2014 Bond Program in the amount of \$40,000,000;
- 2.) To restructure the 2016-2021 payments on the City’s existing Culture and Tourism obligations; and
- 3.) To refinance portions of the City’s existing tax supported bonds for debt service savings.

Bids with True Interest Costs were received as follows:

| | |
|--------------------------------|-----------|
| Citigroup Global Markets, Inc. | 2.448720% |
| Barclays Capital, Inc. | 2.458584% |
| Morgan Stanley & Co, LLC | 2.472256% |
| J.P. Morgan Securities LLC | 2.480962% |
| Bank of America Merrill Lynch | 2.508736% |
| Wells Fargo Bank, NA | 2.515954% |
| Goldman, Sachs & Co. | 2.606712% |

Citigroup Global Markets, Inc. was the winning bid.

A summary of the final results compared to the original estimates is provided below:

| Summary of Financing Results | June 9th Work Session | Final Results | Parameters |
|---------------------------------------|---|----------------------|--------------------------|
| Total Issue Size | \$128,425,000 | \$127,725,000 | Less Than: \$150,000,000 |
| Voted Amount | \$40,000,000 | \$40,000,000 | Equal To: \$40,000,000 |
| True Interest Cost | 2.76% | 2.45% | |
| Total Debt Service Savings | \$7,509,544 | \$9,839,312 | |
| Net Present Value (PV) Savings | \$6,755,486 | \$8,848,893 | |
| PV Savings as % of Refunded Principal | 6.74% | 8.83% | More Than: 3.50% |
| Culture & Tourism Total Savings | (\$68,168) | \$57,839 | |
| Culture & Tourism PV Savings | \$405,061 | \$465,458 | |

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Water & Sewer Debt

A summary of the transaction is as follows: the City sold a total of \$126,615,000 in bonds for two purposes:

1. To fund \$50,000,000 in System improvements; and
2. To refinance portions of the System's outstanding debt for restructuring and debt service savings.

Bids with True Interest Costs were received as follows:

| | |
|-------------------------------|-----------|
| Barclays Capital, Inc. | 2.687892% |
| J.P. Morgan Securities LLC | 2.727562% |
| Bank of America Merrill Lynch | 2.734697% |
| Citigroup Global Markets Inc. | 2.745214% |
| Wells Fargo Bank, NA | 2.762116 |
| Goldman, Sachs & Co. | 2.793894% |
| Raymond James & Associates | 2.797351% |

Barclays Capital, Inc. was the winning bid.

A summary of the final results compared to the original estimates is provided below:

| Summary of Financing Results | June 9th Work Session | Final Results | Parameters |
|---------------------------------------|---|----------------------|--------------------------|
| Total Issue Size | \$127,510,000 | \$126,615,000 | Less Than: \$145,000,000 |
| New Money Amount | \$50,000,000 | \$50,000,000 | Equal To: \$50,000,000 |
| True Interest Cost | 3.19% | 2.69% | |
| Total Debt Service Savings | \$485,400 | \$4,662,062 | |
| Net Present Value (PV) Savings | \$5,103,429 | \$7,227,026 | |
| PV Savings as % of Refunded Principal | 5.65% | 8.02% | More Than: 3.50% |

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As a comparison, the City of San Antonio, Texas also issued debt on July 28th. Different from the City of Fort Worth, San Antonio issued a AAA negotiated deal and had the following results:

| | \$275,275,000 City of San Antonio, TX GO Ref & Imp Negotiated Aaa/AAA/AAA | | | \$127,725,000 City of Fort Worth, TX GP Ref & Imp Competitive Aa1/AA+/AA+ | | | \$126,615,000 City of Fort Worth, TX W & S Rev Ref & Imp Competitive Aa1/AA/AA | | |
|-----------------|---|--------------|------------|---|--------------|------------|--|--------------|------------|
| | <u>Coupon</u> | <u>Yield</u> | <u>YTM</u> | <u>Coupon</u> | <u>Yield</u> | <u>YTM</u> | <u>Coupon</u> | <u>Yield</u> | <u>YTM</u> |
| 2016 | 5.00% | 0.170% | | 4.000% | 0.200% | | | | |
| 2017 | 4.00% | 0.519% | | 4.000% | 0.600% | | 5.000% | 0.520% | |
| 2018 | 5.00% | 0.820% | | 4.000% | 0.091% | | 5.000% | 0.800% | |
| 2019 | 5.00% | 1.120% | | 5.000% | 1.140% | | 5.000% | 1.050% | |
| 2020 | 5.00% | 1.340% | | 5.000% | 1.390% | | 5.000% | 1.270% | |
| 2021 | 5.00% | 1.620% | | 5.000% | 1.670% | | 5.000% | 1.550% | |
| 2022 | 5.00% | 1.900% | | 5.000% | 1.960% | | 5.000% | 1.840% | |
| 2023 | 5.00% | 2.120% | | 5.000% | 2.100% | | 5.000% | 2.050% | |
| 2024 | 5.00% | 2.270% | | 5.000% | 2.260% | | 5.000% | 2.210% | |
| 2025 | 5.00% | 2.390% | | 5.000% | 2.400% | | 5.000% | 2.360% | |
| 2026 | 5.00% | 2.530% | 2.718% | 5.000% | 2.540% | 2.725% | 5.000% | 2.500% | 2.689% |
| 2027 | 5.00% | 2.630% | 2.958% | 5.000% | 2.630% | 2.955% | 5.000% | 2.600% | 2.931% |
| 2028 | 5.00% | 2.700% | 3.139% | 4.000% | 2.900% | 3.117% | 5.000% | 2.720% | 3.153% |
| 2029 | 5.00% | 2.780% | 3.301% | 4.000% | 3.090% | 3.312% | 3.125% | 3.300% | |
| 2030 | 5.00% | 2.850% | 3.436% | 4.000% | 3.200% | 3.426% | 3.250% | 3.370% | |
| 2031 | 5.00% | 2.910% | 3.549% | 4.000% | 3.310% | 3.529% | 3.250% | 3.417% | |
| 2032 | 5.00% | 2.960% | 3.642% | 3.250% | 3.360% | | 3.375% | 3.480% | |
| 2033 | 5.00% | 3.000% | 3.719% | 3.250% | 3.400% | | 3.375% | 3.520% | |
| 2034 | 4.00% | 3.490% | 3.694% | 3.375% | 3.440% | | 3.375% | 3.523% | |
| 2035 | 4.00% | 3.530% | 3.728% | 3.375% | 3.480% | | 3.500% | 3.600% | |
| Principal pays: | 1-Feb | | | 1-Mar | | | 15-Feb | | |
| Call date: | 2/1/2025 | | | 3/1/2025 | | | 2/15/2025 | | |

Red indicates premium bonds priced to the call date. The Yield to Maturity is more appropriate for comparison purposes.

If you have any questions, please call Aaron Bovos, Chief Financial Officer, at 817-392-8517.

David Cooke
City Manager