



**To the Mayor and Members of the City Council**

**June 25, 2019**

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**SUBJECT: FINAL RESULTS OF BONDS ISSUED UNDER THE 2019 DEBT PLAN**

This informal report is intended to provide a summary of the results from the bond sales issued under the 2019 Debt Plan including: Series 2019 Water and Sewer Revenue Bonds, Series 2019 General Purpose Bonds, and Series 2019 Tax Notes.

**Background**

On May 7th, 2019 the Mayor and Council approved items relating to three debt transactions as follows:

1. The 34<sup>th</sup> supplemental bond ordinance authorizing the sale of Water and Sewer System Revenue Bonds, Series 2019 to provide funding for capital improvements in alignment with the water and sewer system capital improvement plan;
2. An ordinance authorizing the sale of General Purpose Bonds, Series 2019 to fund various capital projects authorized under the 2014 and 2018 Bond Programs; and
3. An ordinance authorizing the sale of Tax notes, Series 2019 to fund the purchase or replacement fire apparatus and TPW equipment.

The bonds were offered utilizing a competitive sale process with the assistance of our co-financial advisors, FirstSouthwest, a Division of Hilltop Securities Inc., and Estrada Hinojosa & Co. Results of the bond pricings are highlighted on the following pages.

**Overview of Pricing**

***Series 2019 Water & Sewer Revenue Bonds –***

The City's Water and Sewer System issue (AA+/Aa1/AA) priced with an average life of 18.262 years and a true interest cost (TIC) of 3.05%. To summarize the transaction, the City sold a total of \$93,340,000 in bonds to fund various improvements to the water and sewer system totaling \$100,000,000. The Series 2019 bonds were sold with a premium such that the total proceeds generated was \$100,407,272.

Bids were received from nine firms. The chart below depicts the firm and the associated true interest cost:

<u>Bidder</u>	<u>TIC</u>
Wells Fargo Bank, National Association	3.0358%
Robert W. Baird & Co., Inc.	3.0462%
Bank of America Merrill Lynch	3.0655%
Barclays Capital Inc.	3.0698%
Citigroup Global Markets Inc.	3.0739%
Mesirow Financial, Inc.	3.0803%
Morgan Stanley & Co, LLC	3.0853%
RBC Capital Markets	3.0865%
J.P. Morgan Securities LLC	3.1144%



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

<b>Summary of Financing Results</b>	<b>Projection</b>	<b>Parameters</b>	<b>Final Results</b>
New Money Proceeds	\$100,000,000	Not to Exceed \$101,040,000	\$100,407,273
True Interest Cost	3.34%		3.05%
Average Life (years)	18.075		18.112

**Wells Fargo Bank, National Association was the winning bid.**

***Series 2019 General Purpose Bonds –***

The City's General Purpose (GO) issue (AA+/AA+/Aa3/AA) priced with an average life of 7.506 years and a TIC of 2.56%. To summarize the transaction, the City sold a total of \$106,595,000 in bonds to fund projects authorized under the 2014 and 2018 Bond Programs totaling \$114,725,000. The Series 2019 bonds were sold with a premium such that the total proceeds generated was \$115,206,117.

Bids were received from four firms. The chart below depicts the firm and the associated true interest cost:

<b>Bidder</b>	<b>TIC</b>
Morgan Stanley & Co, LLC	2.5584%
Bank of America Merrill Lynch	2.6036%
Citigroup Global Markets Inc.	2.6385%
Barclays Capital Inc.	2.6478%
Wells Fargo Bank, National Association	2.6491%

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

<b>Summary of Financing Results</b>	<b>Projection</b>	<b>Parameters</b>	<b>Final Results</b>
New Money Proceeds	\$115,696,803	Principal Not to Exceed \$114,725,000	\$115,490,851
True Interest Cost	2.97%		2.56%
Average Life (years)	8.73		8.68

**Morgan Stanley & Co, LLC was the winning bid.**



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***Series 2019 Tax Notes –***

The City's Tax Note (GO) issue (AA+/AA+/Aa3/AA) priced with an average life of 3.84 years and a TIC of 1.54%. To summarize the transaction, the City sold a total of \$8,565,000 in bonds to fund improvements related to the purchase of replacement fire apparatus and TPW equipment totaling \$9,560,000. The Series 2019 tax notes were sold with a premium such that the total proceeds generated was \$9,645,340.

Bids were received from four firms. The chart below depicts the firm and the associated true interest cost:

<u>Bidder</u>	<u>TIC</u>
Morgan Stanley & Co, LLC	1.5382%
J.P. Morgan Securities LLC	1.5708%
Wells Fargo Bank, National Association	1.5744%
Robert W. Baird & Co., Inc.	1.6631%
SWBC Investment Services, LLC	1.6987%

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

<b>Summary of Financing Results</b>	<b>Projection</b>	<b>Parameters</b>	<b>Final Results</b>
New Money Proceeds	\$9,667,598	Principal Not to Exceed \$9,725,000	\$9,645,340
True Interest Cost	2.08%		1.54%
Average Life (years)	3.842		3.840

**Morgan Stanley & Co, LLC was the winning bid.**

If you have any questions, please call Kevin Gunn, Interim Chief Financial Officer, at 817-392-8517.

**David Cooke**  
**City Manager**