



## Legislation Text

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File #: 24-2057, Version: 1

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**STRATEGIC PRIORITY:** Government Performance & Financial Management

**AGENDA DATE:** June 26, 2024

**COUNCIL DISTRICT(S):** N/A

**DEPARTMENT:** City Controller's Office

**EXECUTIVE:** Jack Ireland

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### **SUBJECT**

An ordinance authorizing **(1)** the issuance by the City of Dallas of its Waterworks and Sewer System Commercial Paper Notes, Series F, in an aggregate principal amount at any one time outstanding not to exceed \$300,000,000, to provide interim financing to pay Project Costs for Eligible Projects and to refund obligations issued in connection with Eligible Projects; authorizing the issuance and delivery of promissory notes in connection with the issuance, sale and delivery of Commercial Paper Notes, and prescribing the terms, features and characteristics of such instruments; approving and authorizing certain authorized officers and employees to act on behalf of the City in the selling and delivery of such Commercial Paper Notes, within the limitations and procedures specified herein; making certain covenants and agreements in connection therewith; resolving other matters incident and related to the issuance, sale, security and delivery of such Commercial Paper Notes, including **(2)** the approval and authorizing the execution of a Credit Agreement with JPMorgan Chase Bank, National Association; **(3)** approving a Dealer Agreement and a related Issuing and Paying Agent Agreement in the manner herein provided; **(4)** approving the use of an Offering Memorandum in connection with the sale from time to time of such Commercial Paper Notes; and **(5)** providing an effective date - Not to exceed \$6,230,579 - Financing: Dallas Water Utilities Fund (\$683,300 upfront closing costs, plus three-year cost of \$5,547,279) (subject to annual appropriations)

### **BACKGROUND**

Commercial paper provides interim financing for Dallas Water Utilities (DWU) capital projects. The use of commercial paper permits more cost-efficient use of capital as short-term debt is issued to closely match the amount and timing of the award of capital project contracts. Commercial paper notes are normally sold at rates of interest that are lower than rates available at the same time on long-term debt. Commercial paper issuance is supported by lines of credit from highly rated banks. These lines of credit assure investors that the notes will be paid in the unlikely event that a note cannot be sold to another investor at maturity. Outstanding commercial paper is periodically reduced by refinancing it with long-term debt.

In 1987, City Council authorized an ordinance establishing a commercial paper program as interim financing for DWU capital improvements for a period of 10 years, ending in September 1997, with a maximum issuance amount of \$100 million. Since 1987, DWU's initial commercial paper program has been reauthorized several times and increased in total size to \$600 million. The current \$600 million program was authorized in June 2021 to be issued as Series F notes, supported by lines of credit from JPMorgan (Sub-Series F-1) and Bank of America, N.A. (Sub-Series F-2); and Series G notes supported by a line of credit from State Street Bank and Trust Company.

JPMorgan has agreed to absorb the entirety of the \$300 million Series F notes in an amended agreement to extend the agreement from expiring on July 8, 2024 to July 8, 2027. On June 12, 2024, the City Council approved a resolution authorizing the execution of the Amended and Restated Revolving Credit Agreement and Amended and Restated Fee Letter Agreement with JPMorgan in support Series F notes to extend the agreement for three years with JPMorgan under the same terms and conditions and a modified fee structure. This item authorizes the issuance of the Series F notes via an updated ordinance, as required by the Attorney General's Office. The extension of the program is necessary to provide liquidity for the Waterworks and Sewer System Commercial Paper Notes, Series F.

### **PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)**

On June 9, 2021, the City Council approved an ordinance authorizing the issuance by the City of Dallas of its Waterworks and Sewer System Commercial Paper Notes, Series F, in an aggregate principal amount at any one time outstanding not to exceed \$300,000,000, to provide interim financing to pay Project Costs for Eligible Projects and to refund obligations issued in connection with Eligible Projects; authorizing the issuance of the Commercial Paper Notes in one or more sub-series; authorizing the issuance and delivery of promissory notes in connection with the issuance, sale and delivery of Commercial Paper Notes, and prescribing the terms, features and characteristics of such instruments; approving and authorizing certain authorized officers and employees to act on behalf of the City in the selling and delivery of such Commercial Paper Notes, within the limitations and procedures specified herein; making certain covenants and agreements in connection therewith; resolving other matters incident and related to the issuance, sale, security and delivery of such Commercial Paper Notes, including (1) the approval and authorizing the execution of Credit Agreements with Bank of America, N.A. and JPMorgan Chase Bank, National Association; (2) approving a Dealer Agreement with J.P. Morgan Securities LLC; and (3) a related Issuing and Paying Agent Agreement with U.S. Bank National Association in the manner herein provided; approving the use of an Offering Memorandum in connection with the sale from time to time of such Commercial Paper Notes; and providing an effective date by Ordinance No. 31887.

[The City Council was briefed by memorandum regarding this matter on June 7, 2024.  
<https://dallascityhall.com/government/citymanager/Documents/Council%20Materials/UAI%206.12.24%2024-1752.pdf>](https://dallascityhall.com/government/citymanager/Documents/Council%20Materials/UAI%206.12.24%2024-1752.pdf)

On June 12, 2024, the City Council approved a resolution authorizing the execution of the Amended and Restated Revolving Credit Agreement with JPMorgan Chase Bank, National Association ("JPMorgan") in support of the City of Dallas, Texas Waterworks and Sewer System Commercial Paper Notes, Series F; and execution of the Amended and Restated Fee Letter Agreement with JPMorgan; and the execution of agreements pertaining thereto and resolving other matters related thereto for a three-year extension from July 8, 2024 to July 8, 2027 by Resolution No. 24-0841.

**FISCAL INFORMATION**

Fund	FY 2024	FY 2025	Future Years
Dallas Water Utilities Fund	\$1,175,458.00	\$1,835,967.00	\$3,219,154.00

**OWNER**

**JPMorgan Chase Bank, N.A., a wholly owned subsidiary of JPMorgan Chase & Co.**

Jamie Dimon, Jr., Chairman of the Board