



CITY OF ALBUQUERQUE
Albuquerque, New Mexico
Office of the Mayor

EC-20-19

Mayor Tim Keller

INTER-OFFICE MEMORANDUM

December 16, 2019

TO: Klarissa J. Peña, President - City Council

FROM: Tim Keller, Mayor 

SUBJECT: Executive Communication (EC) - \$33,830,000 Gross Receipts Tax/Lodger's Tax (GRT/LT) Refunding and Improvement Revenue Bonds, Series 2019A & \$8,745,000 Gross Receipts Tax (GRT) Refunding Revenue Bonds, Series 2019B

This memo is to report the results of the City's GRT/LT and GRT Bonds, Series 2019 A & B. The bond sale was approved by Council (Ordinance No. F/S O-19-77, Enactment No. O-2019-029) on October 7, 2019.

On Wednesday, October 16, 2019, the City issued two (2) series of bonds in the primary market. The interest rates and present value debt service savings were as follows: (1) GRT/LT Refunding and Improvement Bonds, Series 2019A received a true-interest cost of 2.609% with debt service present value savings of \$700,474 or 8.805% percent savings of refunded bonds and (2) GRT Refunding Bonds, Series 2019B received a true-interest cost of 1.500% with debt service present value savings of \$288,255 or 3.255% percentage savings of refunded bonds. A bond pricing book is attached for your review.

This Executive Communication is forwarded to the Council for its consideration and action.

Cover Analysis

1. What is it?

An Executive Communication (EC) regarding the Gross Receipts Tax/Lodger's Tax (GRT/LT) Refunding & Improvement Revenue Bonds, Series 2019A & the Gross Receipts Tax (GRT) Refunding Revenue Bonds, Series 2019B.

2. What will this piece of legislation do?

The attached EC provides the Council with interest rate results for the GRT/LT Refunding & Improvement Revenue Bonds, Series 2019A & GRT Refunding Revenue Bonds, Series 2019B.

3. Why is the project needed?

As per bond ordinance F/S O-19-77, Enactment No. O-2019-029, it is required that bond sale results be reported back to Council.

4. How much will it cost and what is the funding source?

There is no cost to implementing this EC.

5. Is there a revenue source associated with this contract? If so, what level of income is projected?

No.

FISCAL IMPACT ANALYSIS

TITLE: **EXECUTIVE COMMUNICATION: CITY OF ALBUQUERQUE, NM** EC: O:
GRT/LT REFUNDING & IMPROVEMENT REVENUE BONDS, SERIES 2019A FUND: 405
& GRT REFUNDING REVENUE BONDS, SERIES 2019B DEPT: Various

- No measurable fiscal impact is anticipated, i.e., no impact on fund balance over and above existing appropriations.
- (If Applicable) The estimated fiscal impact (defined as impact over and above existing appropriations) of this legislation is as follows:

		2020	Fiscal Years 2021	2022	Total
Base Salary/Wages					-
Fringe Benefits at	35.54%	-	-	-	-
Subtotal Personnel		-	-	-	-
Operating Expenses			-		-
Debt Service					-
Property			-		-
Indirect Costs	2.50%	-	-	-	-
Total Expenses		\$ -	\$ -	\$ -	\$ -
<input checked="" type="checkbox"/> Estimated revenues not affected					
<input type="checkbox"/> Estimated revenue impact					
Revenue from Fund 415 - P		0	-	\$ -	-
Amount of Grant					
City Cash Match -Fund 415					
City Inkind Match					
City IDOH		-	-	-	-
Total Revenue		\$ -	\$ -	\$ -	\$ -

These estimates do not include any adjustment for inflation.
 * Range if not easily quantifiable.

Number of Positions created

COMMENTS: There is no fiscal impact associated with this Executive Communication (EC). This EC reports the results of the bond sale for GRT/LT Refunding & Improvement Revenue Bonds, Series 2019A & GRT Refunding Revenue Bonds, Series 2019B. The bond sale was approved by Council (Ordinance No. F/S O-19-77, Enactment No. O-2019-029) on October 7, 2019 prior to the bond sale. Please see attached pricing book for debt service schedules and interest rates received on both series of bonds.

COMMENTS ON NON-MONETARY IMPACTS TO COMMUNITY/CITY GOVERNMENT:

[Handwritten signature]
1/6/20

PREPARED BY:
[Signature]
 FISCAL ANALYST *treasurer*

APPROVED:
[Signature] 1/31/2020
 DIRECTOR (date)

REVIEWED BY:
[Signature] EXECUTIVE BUDGET ANALYST
[Signature] 1/3/20 BUDGET OFFICER (date)
[Signature] 1/2/20 CITY ECONOMIST

City of Albuquerque, New Mexico
Gross Receipts Tax/Lodger's Tax Refunding and Improvement Revenue Bonds,
Series 2019A and 2019B

Pricing Book

October 23, 2019

STRICTLY PRIVATE AND CONFIDENTIAL



Capital
Markets

Series 2019A&B Transaction Summary

	GRT/ Lodger's Tax Bonds Series 2019A	GRT Refunding Bonds Series 2019B
Par Amount:	\$33,830,000	\$8,745,000
Sale Date:	10/16/2019	10/16/2019
Closing Date:	11/13/2019	11/13/2019
Maturity:	2020-2038	2020-2022
Refunding Savings (\$):	\$700,474	\$288,255
Refunding Savings (%):	8.805%	3.255%
TIC:	2.609%	1.500%
Combined TIC:	2.578%	
All-In Cost:	2.690%	2.235%
S&P's Rating:	AAA	AAA

Participants	
Issuer	City of Albuquerque
Bond Counsel and Disclosure Counsel	Modrall Law Firm
Financial Advisor	RBC Capital Markets
Senior Manager	Baird
Co-Manager	Wells Fargo
Underwriter's Counsel	McCall, Parkhurst & Horton

Order Monitor

Series 2019A							
Maturity	Amount	Retail	Institutional	Stock	Total	Balance	Subscription
07/01/2020	1,280	0	2,760	1,280	4,040	(2,760)	3.20x
07/01/2021	1,375	200	4,175	1,375	5,750	(4,375)	4.20x
07/01/2022	1,395	500	2,565	1,395	4,460	(3,065)	3.20x
07/01/2023	190	0	240	0	240	(50)	1.30x
07/01/2024	1,685	0	3,185	0	3,185	(1,500)	1.90x
07/01/2025	1,855	1,050	7,785	1,855	10,690	(8,835)	5.80x
07/01/2026	140	0	85	0	85	55	0.60x
07/01/2027	290	10	0	0	10	280	0.00x
07/01/2028	465	50	0	0	50	415	0.10x
07/01/2029	645	100	300	0	400	245	0.60x
07/01/2030	845	0	200	0	200	645	0.20x
07/01/2031	1,055	0	100	0	100	955	0.10x
07/01/2032	1,280	0	1,270	0	1,270	10	1.00x
07/01/2033	1,520	0	1,520	0	1,520	0	1.00x
07/01/2034	1,785	100	1,785	0	1,885	(100)	1.10x
07/01/2035	2,070	0	2,060	0	2,060	10	1.00x
07/01/2036	2,490	0	2,490	2,490	4,980	(2,490)	2.00x
07/01/2037	2,825	0	3,825	2,825	6,650	(3,825)	2.40x
07/01/2038	10,640	0	12,125	0	12,125	(1,485)	1.10x
Total: (\$M)	33,830	2,010	46,470	11,220	59,700	(25,870)	1.6x

Series 2019B							
Maturity	Amount	Retail	Institutional	Stock	Total	Balance	Subscription
07/01/2020	4,035	0	8,110	0	8,110	(4,055)	2.00x
07/01/2021	3,965	0	4,170	0	4,170	(205)	1.10x
07/01/2022	725	0	750	0	750	(25)	1.00x
Total: (\$M)	8,725		13,030		13,030	(4,285)	1.4x

Pricing Summary

Series 2019A Bonds		10/16/2019 Initial		10/16/2019 Final		Change in Yield	10/16/2019 AAA MMD	Spread to AAA MMD
Maturity Date	Amount	Coupon	Yield	Coupon	Yield			
07/01/2020	\$1,280,000	4.000%	1.200%	4.000%	1.180%	-0.020%	1.120%	6
07/01/2021	1,375,000	5.000%	1.220%	5.000%	1.200%	-0.020%	1.110%	9
07/01/2022	1,395,000	5.000%	1.240%	5.000%	1.220%	-0.020%	1.110%	11
07/01/2023	190,000	5.000%	1.270%	5.000%	1.270%	0.000%	1.120%	15
07/01/2024	1,685,000	2.000%	1.300%	2.000%	1.300%	0.000%	1.130%	17
07/01/2025	1,855,000	5.000%	1.340%	5.000%	1.320%	-0.020%	1.170%	15
07/01/2026	140,000	5.000%	1.410%	5.000%	1.410%	0.000%	1.230%	18
07/01/2027	290,000	5.000%	1.470%	5.000%	1.470%	0.000%	1.290%	18
07/01/2028	465,000	5.000%	1.550%	5.000%	1.550%	0.000%	1.350%	20
07/01/2029	645,000	5.000%	1.630%	5.000%	1.630%	0.000%	1.420%	21
07/01/2030	845,000	4.000%	1.800%	4.000%	1.800%	0.000%	1.480%	32
07/01/2031	1,055,000	4.000%	1.900%	4.000%	1.900%	0.000%	1.520%	38
07/01/2032	1,280,000	4.000%	1.940%	4.000%	1.940%	0.000%	1.560%	38
07/01/2033	1,520,000	4.000%	2.000%	4.000%	2.000%	0.000%	1.600%	40
07/01/2034	1,785,000	4.000%	2.070%	4.000%	2.090%	0.020%	1.640%	45
07/01/2035	2,070,000	4.000%	2.140%	4.000%	2.170%	0.030%	1.690%	48
07/01/2036	2,490,000	4.000%	2.210%	4.000%	2.210%	0.000%	1.730%	48
07/01/2037	2,825,000	4.000%	2.250%	4.000%	2.250%	0.000%	1.770%	48
07/01/2038	10,640,000	3.000%	2.540%	3.000%	2.620%	0.080%	1.810%	81
\$33,830,000								

Series 2019B Bonds		10/16/2019 Initial		10/16/2019 Final		Change in Yield	10/16/2019 AAA MMD	Spread to AAA MMD
Maturity Date	Amount	Coupon	Yield	Coupon	Yield			
07/01/2020	\$4,055,000	4.000%	1.200%	4.000%	1.180%	-0.020%	1.120%	6
07/01/2021	3,965,000	5.000%	1.220%	5.000%	1.200%	-0.020%	1.110%	9
07/01/2022	725,000	5.000%	1.240%	5.000%	1.220%	-0.020%	1.110%	11
\$8,745,000								

Bond Sale Time Schedule

Date	Action
Wednesday, September 18, 2019	
3:00PM MT	Rating Call with S&P
Wednesday, October 02, 2019	
2:30PM MT	Pre-Pricing Call with underwriting group
Wednesday, October 16, 2019	
8:00AM MT	Institutional Order Period - Open
9:00AM MT	Institutional Order Period - Close
10:00AM MT	Post Pricing Call
Before 5:00PM MT	Pricing Certificate is signed by an Authorized Officer
Monday, November 04, 2019	
10:00AM MT*	City Council update on sale results (informational item only)
Wednesday, November 13, 2019	
9:30AM MT*	Bond Closing

* Actual times subject to change

Series 2019A Refunding Summary (Lodgers)

Summary of Refunding Results	
Dated Date	11/13/19
Arbitrage yield	2.176%
Escrow yield	0.000%
Value of Negative Arbitrage	\$ -
Bond Par Amount	\$7,530,000
True Interest Cost	1.40%
Net Interest Cost	1.48%
Average Coupon	4.022%
Average Life (yrs)	3.29
Par amount of refunded bonds	\$7,955,000
Average coupon of refunded bonds	4.45%
Average life of refunded bonds	3.35
PV of prior debt to 11/13/2019 @ 2.175847%	\$8,663,745
Net PV Savings	\$ 700,474
Percentage savings of refunded bonds	8.81%
Refunding Efficiency	100.00%

Savings				
Date	Prior Debt Service	Unrefunded Debt Service	Savings	Present Value
7/1/20	\$ 1,562,169	\$ 1,478,328	\$ 83,840	\$ 84,194
7/1/21	1,642,169	1,506,950	135,219	130,734
7/1/22	1,725,169	1,594,700	130,469	123,424
7/1/23	453,706	319,950	133,756	123,862
7/1/24	1,936,806	1,805,450	131,356	119,027
7/1/25	1,954,150	1,821,750	132,400	117,192
	\$ 9,274,169	\$ 8,527,128	\$ 747,040	\$ 698,433

PV of savings from cash flow	\$ 698,433.06
Plus: Refunding funds on hand	2,040.76
Net PV Savings	\$ 700,473.82
Net PV Savings %	8.805%

Summary of Bonds Refunded (Series 2019A)					
Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Serial	7/1/20	5.00%	\$ 1,200,000	11/13/19	100
Serial	7/1/21	5.00%	1,340,000	11/13/19	100
Serial	7/1/22	4.13%	1,490,000	11/13/19	100
Serial	7/1/23	4.25%	280,000	11/13/19	100
Serial	7/1/24	4.38%	1,775,000	11/13/19	100
Serial	7/1/25	4.50%	1,870,000	11/13/19	100
			\$ 7,955,000		

Series 2019A Debt Service

	Principal	Coupon	Interest	Debt Service	Annual Debt Service
1/1/20	\$ -		\$ 170,220	\$ 170,220	\$ -
7/1/20	1,280,000	4.00%	638,325	1,918,325	2,088,545
1/1/21			612,725	612,725	
7/1/21	1,375,000	5.00%	612,725	1,987,725	2,600,450
1/1/22			578,350	578,350	
7/1/22	1,395,000	5.00%	578,350	1,973,350	2,551,700
1/1/23			543,475	543,475	
7/1/23	190,000	5.00%	543,475	733,475	1,276,950
1/1/24			538,725	538,725	
7/1/24	1,685,000	2.00%	538,725	2,223,725	2,762,450
1/1/25			521,875	521,875	
7/1/25	1,855,000	5.00%	521,875	2,376,875	2,898,750
1/1/26			475,500	475,500	
7/1/26	140,000	5.00%	475,500	615,500	1,091,000
1/1/27			472,000	472,000	
7/1/27	290,000	5.00%	472,000	762,000	1,234,000
1/1/28			464,750	464,750	
7/1/28	465,000	5.00%	464,750	929,750	1,394,500
1/1/29			453,125	453,125	
7/1/29	645,000	5.00%	453,125	1,098,125	1,551,250
1/1/30			437,000	437,000	
7/1/30	845,000	4.00%	437,000	1,282,000	1,719,000
1/1/31			420,100	420,100	
7/1/31	1,055,000	4.00%	420,100	1,475,100	1,895,200
1/1/32			399,000	399,000	
7/1/32	1,280,000	4.00%	399,000	1,679,000	2,078,000
1/1/33			373,400	373,400	
7/1/33	1,520,000	4.00%	373,400	1,893,400	2,266,800
1/1/34			343,000	343,000	
7/1/34	1,785,000	4.00%	343,000	2,128,000	2,471,000
1/1/35			307,300	307,300	
7/1/35	2,070,000	4.00%	307,300	2,377,300	2,684,600
1/1/36			265,900	265,900	
7/1/36	2,490,000	4.00%	265,900	2,755,900	3,021,800
1/1/37			216,100	216,100	
7/1/37	2,825,000	4.00%	216,100	3,041,100	3,257,200
1/1/38			159,600	159,600	
7/1/38	10,640,000	3.00%	159,600	10,799,600	10959200
Total	\$ 33,830,000		\$ 15,972,395	\$ 49,802,395	\$ 49,802,395

Series 2019B Refunding Summary (SSGRT)

Summary of Refunding Results	
Dated Date	11/13/19
Arbitrage yield	1.202%
Escrow yield	0.000%
Value of Negative Arbitrage	\$ -
Bond Par Amount	\$ 8,745,000
True Interest Cost	1.50%
Net Interest Cost	1.55%
Average Coupon	4.766%
Average Life (yrs)	1.25
Par amount of refunded bonds	\$ 8,855,000
Average coupon of refunded bonds	4.83%
Average life of refunded bonds	1.28
PV of prior debt to 11/13/2019 @ 2.175847%	\$ 9,309,403
Net PV Savings	\$ 288,255
Percentage savings of refunded bonds	3.26%
Refunding Efficiency	100.00%

Savings				
Date	Prior Debt Service	Unrefunded Debt Service	Savings	Present Value
7/1/20	\$ 4,375,400	\$ 4,306,243	\$ 69,157	\$ 69,984
7/1/21	4,313,400	4,199,500	113,900	109,965
7/1/22	874,650	761,250	113,400	107,110
	\$ 9,563,450	\$ 9,266,993	\$ 296,457	\$ 287,059
			PV of savings from cash flow	\$ 287,058.67
			Plus: Refunding funds on hand	1,196.57
			Net PV Savings	\$ 288,255.24
			Net PV Savings %	3.255%

Summary of Bonds Refunded (Series 2019B)					
Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Serial	7/1/20	5.00%	\$ 3,940,000	11/13/19	100
Serial	7/1/21	5.00%	4,075,000	11/13/19	100
Serial	7/1/22	4.13%	840,000	11/13/19	100
			\$ 8,855,000		

Series 2019B Debt Service

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
1/1/20			\$ 52,893	\$ 52,893	
7/1/20	\$ 4,055,000	4.00%	\$ 198,350	\$ 4,253,350	\$ 4,306,243
1/1/21			\$ 117,250	\$ 117,250	
7/1/21	\$ 3,965,000	5.00%	\$ 117,250	\$ 4,082,250	\$ 4,199,500
1/1/22			\$ 18,125	\$ 18,125	
7/1/22	\$ 725,000	5.00%	\$ 18,125	\$ 743,125	\$ 761,250
Total	\$ 8,745,000		\$ 521,993	\$ 9,266,993	\$ 9,266,993

Market Update



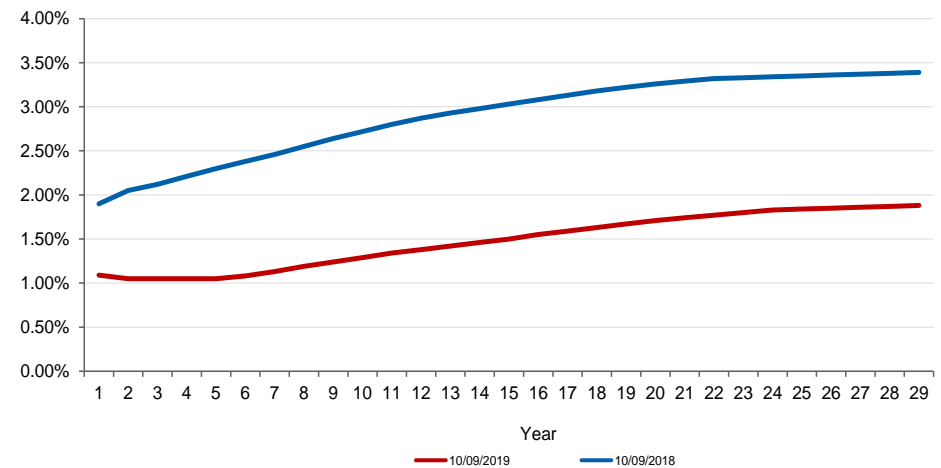
Capital
Markets

Long-Term Market

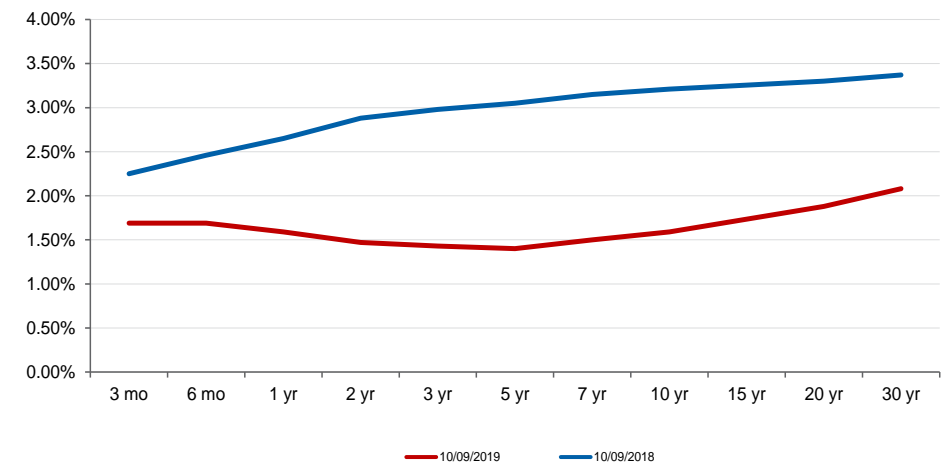
Market Overview

- Fixed income markets reversed trend and moved sharply higher last week as optimism on both the trade and Brexit fronts combined to foster a risk-on environment. Municipal rates followed the lead of Treasuries but outperformed across the maturity spectrum, especially in the shorter maturity ranges. By the close of the week, US Treasuries were 21 basis points higher in the five year range, 20 basis points higher in the ten year range, and 18 basis points higher in thirty year range. The Municipal Market Data AAA yield closed one basis point lower in the two year range, but one basis point higher in the five year range, eight basis points higher in the ten year range and nine basis points higher in the thirty year range. Municipal/Treasury yield ratios closed the week significantly lower across the maturity spectrum, dropping over ten percentage points in the five year range, five in the ten year range and three in the thirty year range.

Municipal GO “AAA” MMD Yield Curve Changes



U.S. Treasury Yield Curve Changes



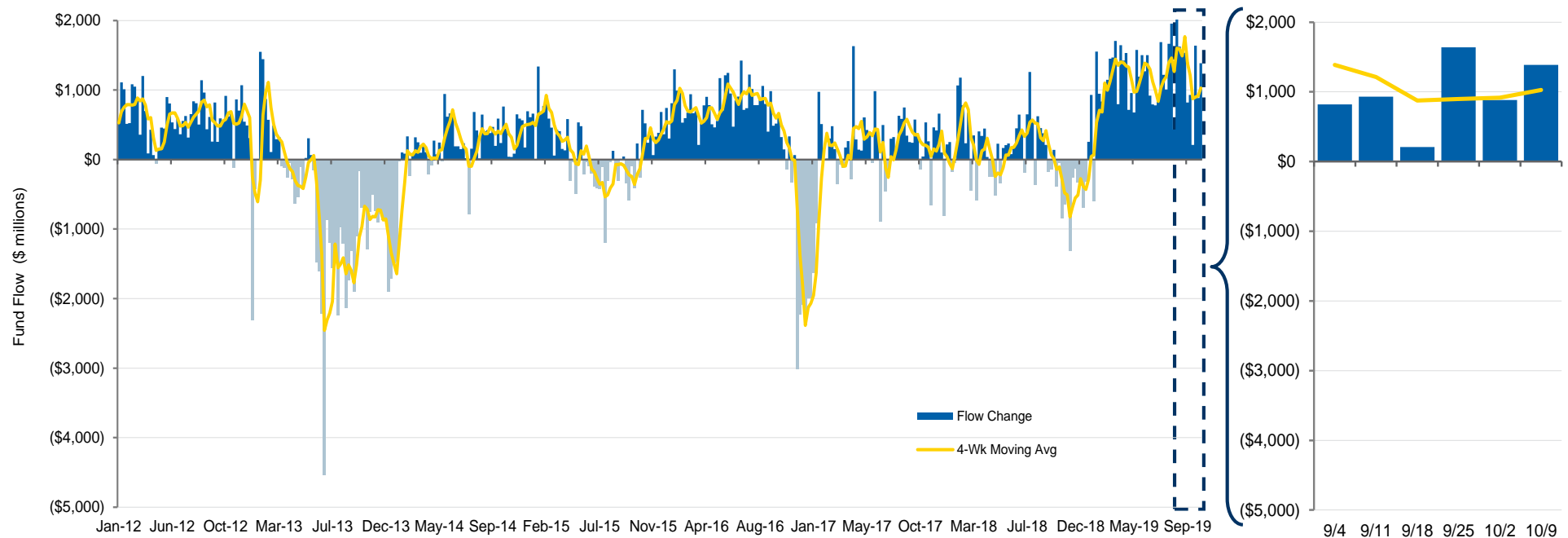
Municipal Market Fund Flows

Municipal bond funds see inflows

According to data from Lipper, for the week ended October 9, 2019, weekly municipal bond funds reported \$1.385 billion of inflows, after the previous week's \$883.952 million of inflows

- Long-term muni bond funds experienced inflows, gaining \$1.002 billion in the latest week, after inflows of \$558.384 million in the previous week
- Four week moving average remained positive at \$1.029 billion, up from last week's number of \$915.232 million

Lipper Municipal Fund Flows

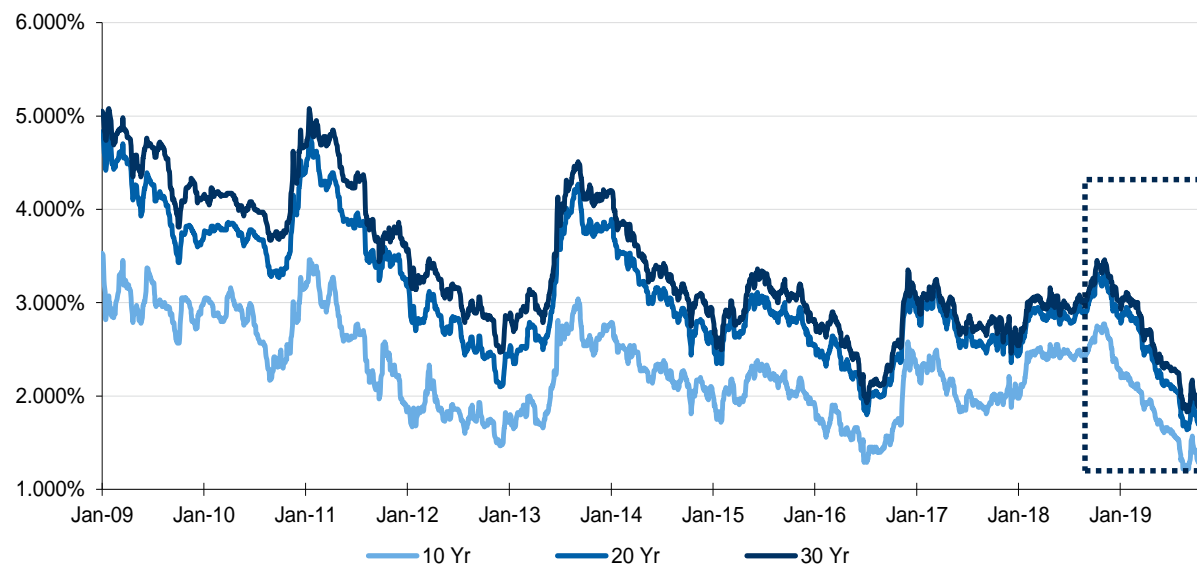


Period ended October 9, 2019

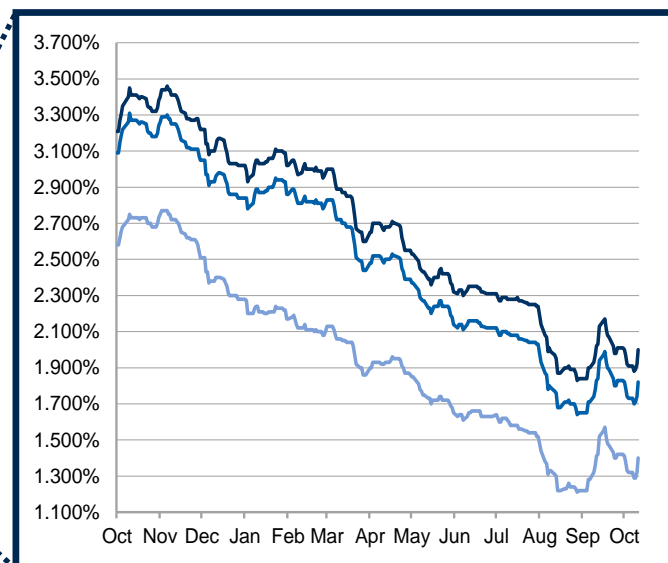
Current Municipal Market Conditions: “AAA” MMD

After closing at 1.91% the previous week, the 30-year “AAA” MMD increased 9 bps from October 4 – October 11, closing at the current rate of 2.00%

“AAA” MMD January 1, 2009 to Present



Shift in “AAA” MMD Since October 2018



January 1, 2009 to Present

	10 Year	20 Year	30 Year
Maximum	3.530%	4.890%	5.080%
Minimum	1.210%	1.640%	1.830%
Current	1.400%	1.820%	2.000%

Shift in 30-year “AAA” MMD

	2012	2013	2014	2015	2016	2017	2018
	-0.740%	1.330%	-1.340%	-0.010%	0.270%	-0.510%	0.470%

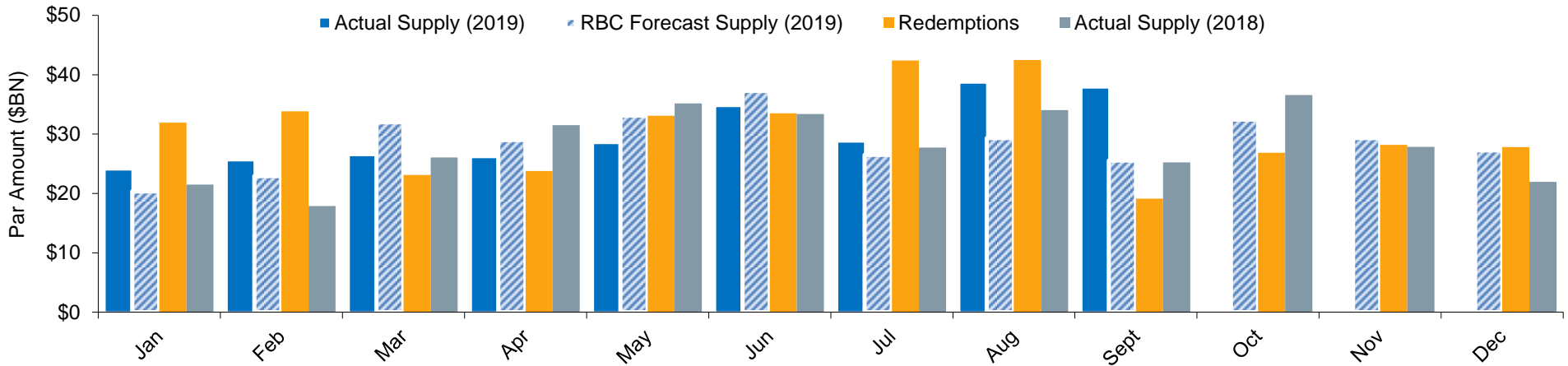
October 1, 2018 to Present

	10 Year	20 Year	30 Year
Maximum	2.770%	3.310%	3.460%
Minimum	1.210%	1.640%	1.830%
Average	1.949%	2.490%	2.664%

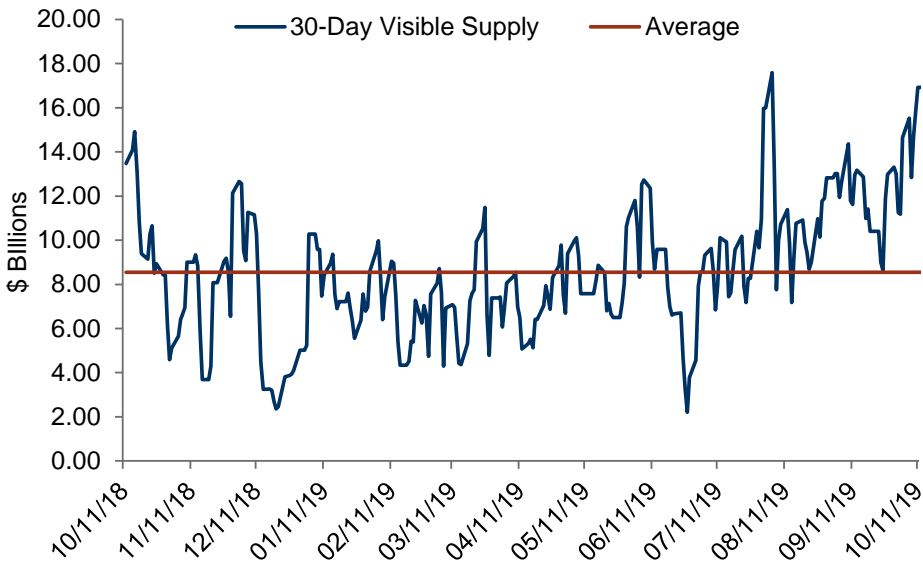
Source: TM3, Thomson Reuters
10, 20, and 30 year “AAA” MMD shown to represent different average lives of municipal transactions
Rates as of October 11, 2019

Overview of Municipal Supply

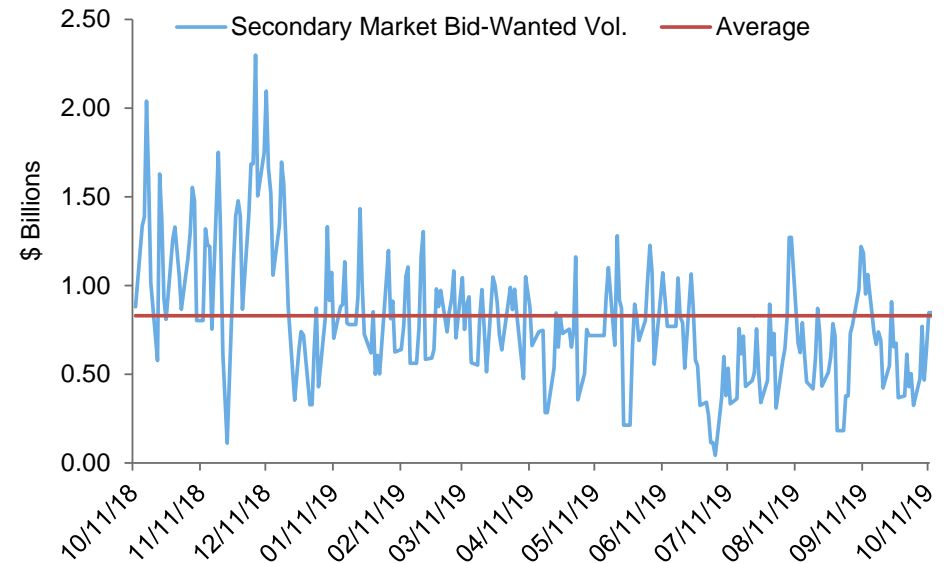
Monthly Projected Supply and Redemptions



30-Day Visible Supply



Secondary Market Bid-Wanted Volume



Summary Statistics (Billions)

Max \$17.59 Min \$2.21 Avg. \$8.55 Curr. \$16.92

Summary Statistics (Billions)

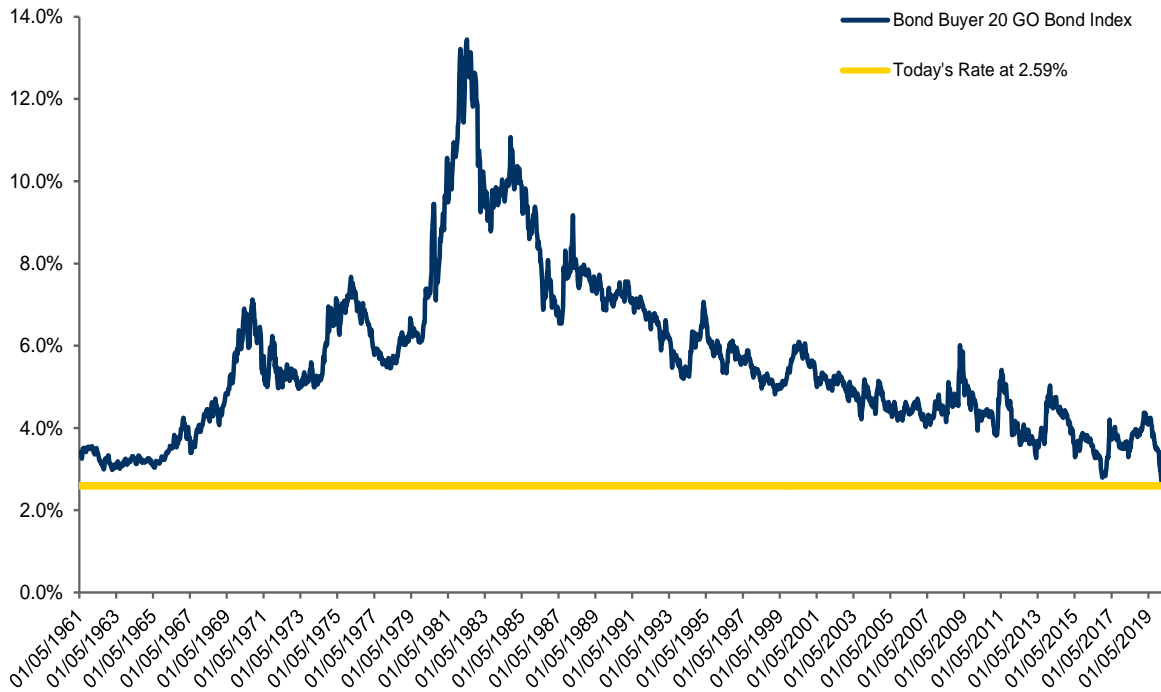
Max \$2.30 Min \$0.04 Avg. \$0.83 Curr. \$0.85

Source: Bloomberg

Bond Buyer 20 General Obligation Bond Index

57 Year Historical Perspective

Bond Buyer 20 GO Index since January 1961



% of Time in Each Range Since 1961

Yield Range		
Less than 3.50%	10.40%	
3.50% - 4.00%	10.99%	
4.01% - 4.50%	11.44%	
4.51% - 5.00%	9.85%	
5.01% - 5.50%	13.73%	
5.51% - 6.00%	9.55%	
6.01% - 6.50%	7.40%	
6.51% - 7.00%	6.75%	
7.01% - 7.50%	6.10%	
7.51% - 8.00%	3.59%	
Greater than 8.00%	10.21%	
Total	100.00%	

Source: Bloomberg as of October 10, 2019
 Weekly yields and indexes released by the Bond Buyer. Updated every Thursday at approximately 6:00pm EST. 20 Bond General Obligation Yield with 20 year maturity, rated Aa2 by Moody's Arithmetic Average of 20 bonds' yield to maturity.

Today's 2.59% level is lower than 100.00% of historical rates since January 1961

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