

City of Wilmington, DE

*Refunding for the General Obligation Bonds, Series
of 2010A & 2011A*

February 3, 2020



Office of City Treasurer
Velda Jones-Potter

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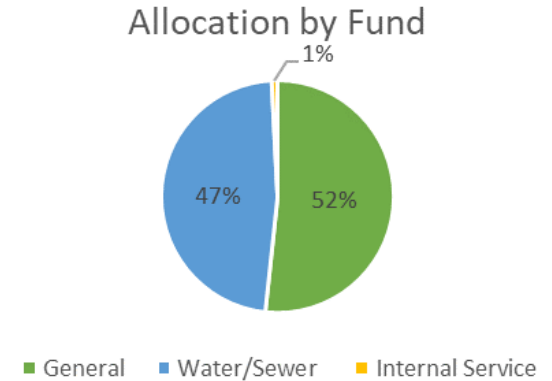
HISTORY OF BONDS REFUNDED



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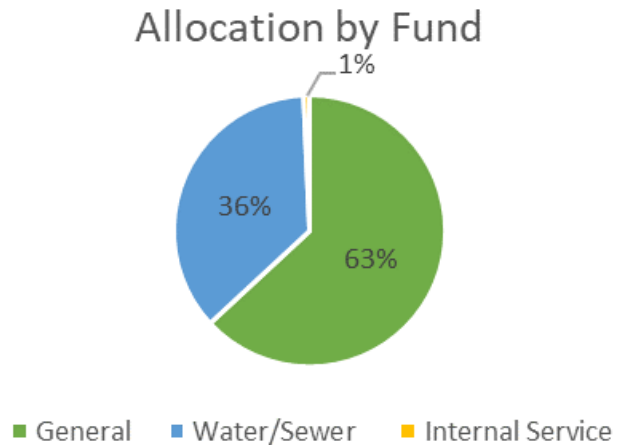
Series of 2010A – Overview

- \$43.5 Million issued – \$22.9 Million remain outstanding
- Final maturity: December 1, 2025
- Average Coupon of Bonds Refunded: 5.00%; Arbitrage Yield: 3.38%
- Refinanced certain of the City's GOB Series 1993B (Port – Legacy Debt); 2002, 2004B, 2005, 2006-1, 2007 and 2008A
- A portion of 1993B Bond financed Port development. Port made prepayment to the City in 2019 as part of *Gulftainer* transaction, roughly \$2 Million can be applied to bond redemption, reducing amount of refunding bonds.



Series of 2011A – Overview

- \$26.5 Million issued – \$24.9 Million remain outstanding
- Final maturity: December 1, 2031
- Average Coupon of Bonds Refunded: 4.45%; Arbitrage Yield: 3.88%
- Financed various projects as specified in the City's capital budget for its fiscal year ending June 30, 2012
- Issued along with Series 2011B and 2011CREB – bulk maturity between 2028-2031: roughly \$7-8 Million per year



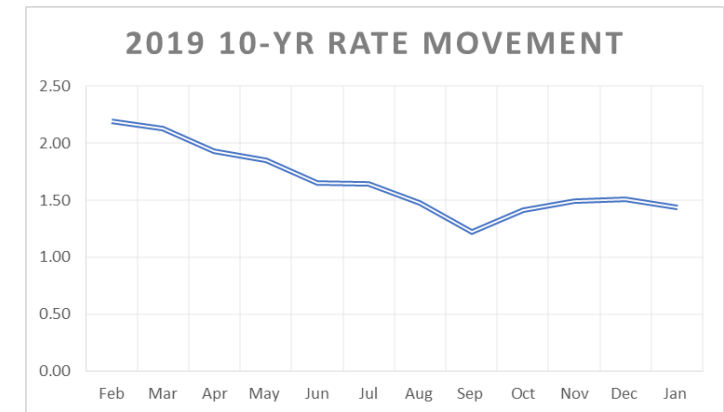
MARKET ENVIRONMENT



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Look-back and Outlook

- Real GDP increased 2.1 percent in fourth quarter of 2019 according to advance estimates from BEA. Three consecutive rate cuts by Fed in 2019. Conference Board LEI decreases 0.3% in December; projects economic growth continue around 2%
- Strong supply in market; issuers taking advantage of low rates both in tax-exempt and taxable space
- Coronavirus shocks market. US 10-Year Treasury experienced nearly 15 bps drop between Jan 28 – Jan 31. Trade and election uncertainty two key political risks for 2020
- Feds sticking to stand-still for the near-term according to their Jan announcement, markets are predicting a rate cut
- Outlook prepared by City's municipal advisors show rates keeping steady
- NPV savings projected at approx. \$7 Million. \$43 Million Gross Proceeds; COI – \$350,000



Economic Calendar				
Date	Category	Statistic (JAN unless otherwise noted)	Forecast	Previous
02/03/2020	GDP	ISM Manufacturing PMI	48.5	47.2
02/05/2020	Employment	ADP Nonfarm Employment Change	159K	202K
02/05/2020	Inflation	ISM Non-Manufacturing PMI	55.1	55
02/07/2020	Employment	Nonfarm Payrolls	161K	145K
02/07/2020	Employment	Unemployment Rate	3.50%	3.50%
02/11/2020	Employment	JOLTs Job Openings (DEC)	7.223M	6.800M
02/13/2020	Inflation	Core CPI (MoM)	0.20%	0.10%
02/14/2020	GDP	Core Retail Sales (MoM)	0.40%	0.70%
02/14/2020	GDP	Retail Sales (MoM)	0.30%	0.30%
02/17/2020	Holiday			
02/19/2020	GDP	Building Permits	1.468M	1.420M
02/19/2020	Inflation	PPI (MoM)	0.20%	0.10%
02/20/2020	GDP	Philadelphia Fed Manufacturing Index (FEB)	3.8	17
02/21/2020	GDP	Existing Home Sales	5.43M	5.54M

FOMC Meeting Dates	March 17-18	April 28-29	June 9-10
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Sources: Bloomberg, Thomas Reuters



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CREDIT REPORT & STATISTICS



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City's Credit Report

Agency scorecard framework: Economy/Revenue;
Operating/Expenditure; Management/Policy; Long-Term Obligations.
Emphasis on ESG risks.

- City ended FY'19 with net direct debt of 126.6 Million, nearly \$2 Million decrease from FY'18 end*
- Also ended FY'19 with a fund balance (General) of \$46.6 Million, or 27.46% of revenues, above benchmark target of 25%
- Cash available for general operating expenditures as of June 30, 2019: \$27.8 Million (Cash Ratio: 2.11)
- Total available for general capital expenditures as of June 30, 2019: roughly \$20 Million
- FY'20 Budget: \$2.56 Million original surplus revised to \$6.25 Million (Q2 projections as provided by WEFAC and the Expenditure Review Board. Favorable variances in both revenue and expenditure projections)

Moody's	Aaa	Aa1	Aa2	Aa3
S&P	AAA	AA+	AA	AA-
Fitch	AAA	AA+	AA	AA-

*Based on numbers in the City's FY'2019 CAFR



Bond Summary Statistics

- Gross Proceeds of Refunding Bonds: ~\$43 Million
- Last Maturity: November 01, 2031
- Rates of Bonds Refunded: 3.38-3.88%
- COI & Underwriter's Discount: ~\$515,000
- Average Annual Debt Service: ~\$4.3 Million
- Rate of 10-YR bond as of Jan. 31, 2020: 1.48%*

**2020 rate based on non-callable, 10-YR, tax exempt as of Jan. 31, 2020 +33 bps. All others series are actual arbitrage yields.*





CITY DEBT PORTFOLIO



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GO Bonds Outstanding – Public Offering

Issue	Date of Issue/Maturity	Rate
• 2010A	2010/2025	3.38%
• 2011	2011/2031	3.88%
• 2013A	2013/2025	2.09%
• 2015	2015/2035	2.59%
• 2017	2017/2028	2.28%
• 2018	2018/2038	2.99%
• 2020	2020/2031	1.48%*

**2020 rate based on non-callable, 10-YR, tax exempt as of Jan. 31, 2020 +.33 bps. All others series are actual arbitrage yields.*



THANK YOU



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