



City of Dallas
Finance Audit & Accountability Committee
Meeting

Issuance of Joint Revenue Refunding Bonds
Amendment to Outstanding Joint Revenue
Auction Rate Bonds

January 23, 2006



Issuance of Joint Revenue Refunding Bonds



Refunding Opportunities

- Bonds available to be refunded
 - \$158.9M of 1994A Fixed Rate Bonds
 - Average coupon 5.9 percent
 - \$150.6M of 1995 Fixed Rate Bonds
 - Average Coupon 5.4 percent
 - Present Value Savings estimated at \$17M



2006A Fixed Rate Refunding Bonds

Sources:

Bond Proceeds	\$325,000,000
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Uses:

Deposit to Escrow Fund	318,000,000
Original Issue Discount	2,000,000
Insurance	1,600,000
Underwriter's Discount	2,000,000
Costs of Issuance	1,400,000
	<hr/> <hr/>
	\$325,000,000



41st Supplemental Bond Ordinance Transaction Parameters for Series 2006A Fixed Rate Bonds

- Same documents as previous fixed rate bond issues
- Fixed rate bonds will be issued subject to the following parameters:
 - Principal amount not to exceed \$325M
 - Interest rate not to exceed 5% coupons
 - Maturities no later than 2015 (same as current bonds)
 - Underwriter fees not to exceed \$6.00 per bond
 - Negotiated sales February 2006
 - MWBE Underwriting participation 30%



41st Supplemental Bond Ordinance Transaction Team

Financial Advisors

First Southwest Company
Estrada Hinojosa & Company (MWBE)

Co-Bond Counsel

Vinson & Elkins
McCall, Parkhurst & Horton
Renee Higginbotham-Brooks, Esq., (MWBE)

Senior Managers (Book Runners)

Goldman Sachs
Citigroup

Co-Managers

Loop Capital (MWBE)
Morgan Keegan
Ramirez & Company (MWBE)
Siebert Brandford Shank (MWBE)
UBS Financial Services



Amendment to Outstanding Joint Revenue Auction Rate Ordinance



Current outstanding Joint Revenue Auction Rate Bonds of \$355.2 million or approximately 10% of total outstanding debt.

- 35th Supplemental Bond Ordinance
 - \$75.0M of Series 2002B
- 36th Supplemental Bond Ordinance
 - \$50.0M of Series 2002C
- 38th Supplemental Bond Ordinance
 - \$56.4M of Series 2003C-1
 - \$56.4M of Series 2003C-2
- 39th Supplemental Bond Ordinance
 - \$58.7M of Series 2004A-1
 - \$58.7M of Series 2004A-2

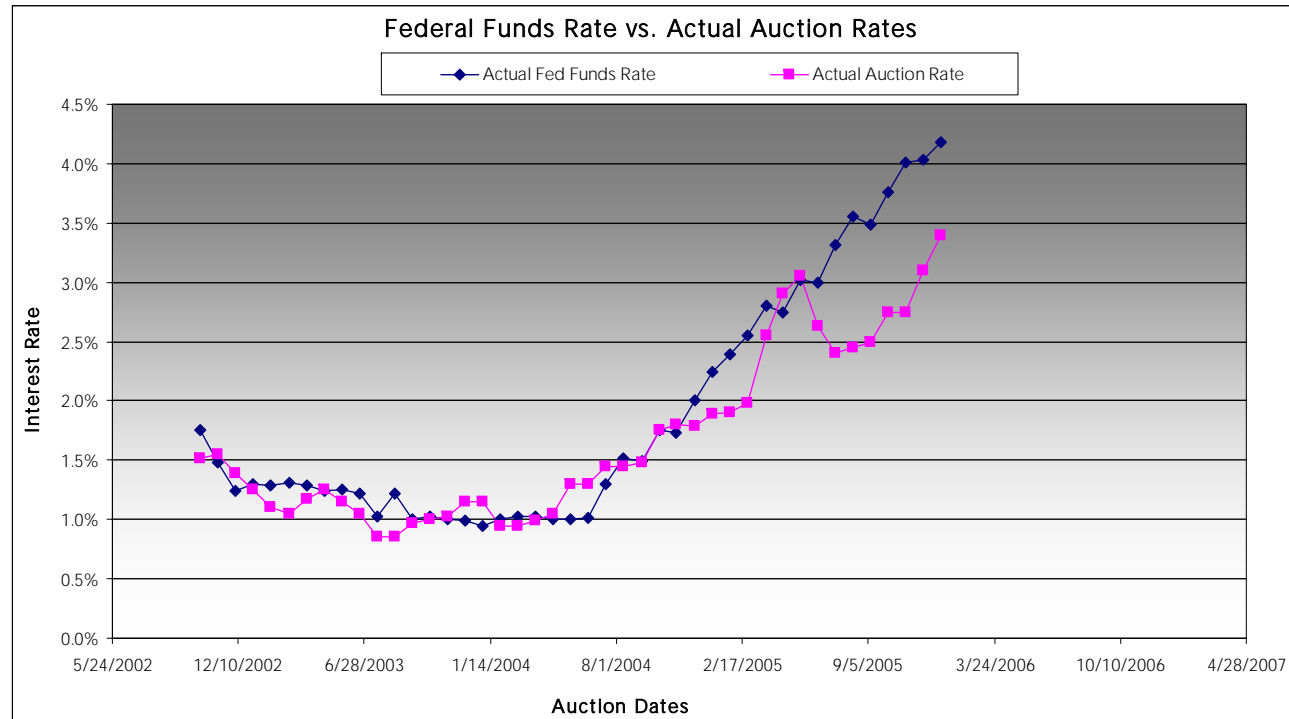


Variable program has been successful.
 \$30.4M in savings through 1st Qtr of FY2006

In Millions of Dollars					
Bond Issue	Fiscal Year 2003	Fiscal Year 2004	Fiscal Year 2005	1st Qtr 2006	Total Savings
2002B	\$ 2.9	\$ 2.9	\$ 2.1	\$ 0.8	\$ 8.7
2002C	\$ 2.0	\$ 2.0	\$ 1.4	\$ 0.4	\$ 5.8
2003C-1	\$ 0.2	\$ 2.4	\$ 1.8	\$ 0.4	\$ 4.8
2003C-2	-	\$ 2.5	\$ 2.0	\$ 0.4	\$ 4.9
2004A-1	-	\$ 0.9	\$ 1.7	\$ 0.5	\$ 3.1
2004A-2	-	\$ 0.7	\$ 1.9	\$ 0.5	\$ 3.1
	\$ 5.1	\$ 11.5	\$ 10.9	\$ 3.0	\$ 30.4

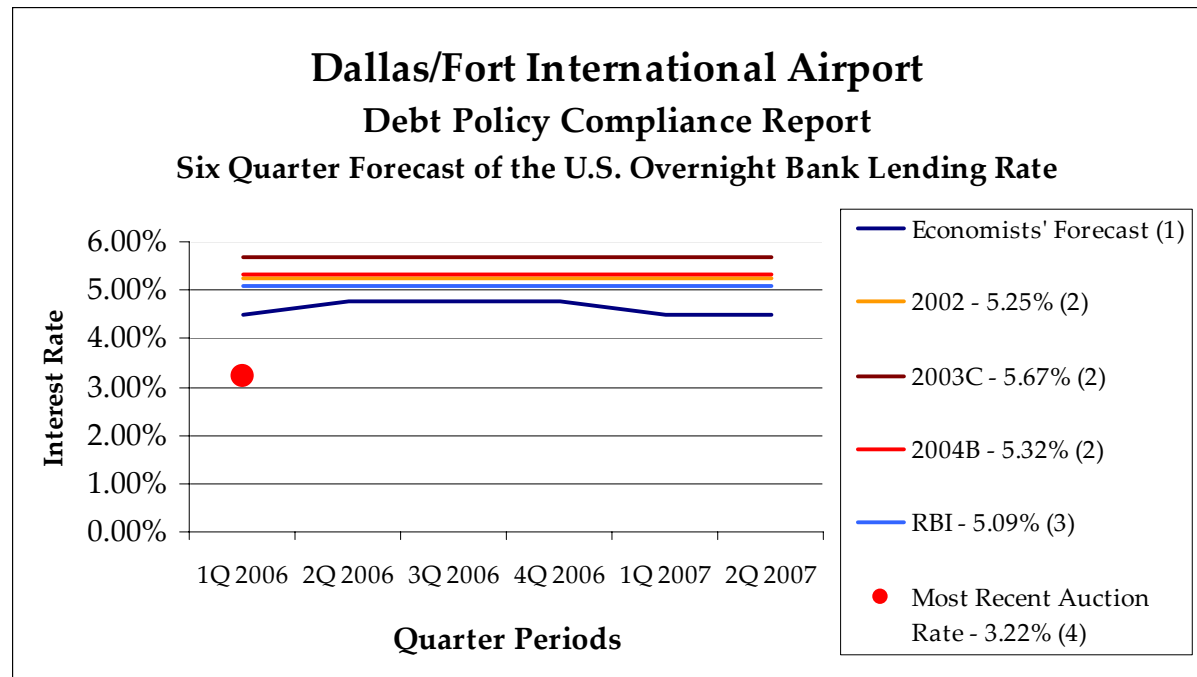


Auction rates have varied since the initial issue of Auction Rate Bonds.
Rate began increasing in August 2004.





DFW Board monitors auction rate debt on a monthly basis.



Bloomberg's Forecast

Time Period	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007	2Q 2007
# of Replies	71	71	71	69	56	52
Median	4.50%	4.75%	4.75%	4.75%	4.50%	4.50%

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Requested Action

Approve an ordinance amending the 35th, 36th, 38th, 39th Auction Rate Bond Ordinances to allow the conversion of any or all bonds without having to obtain additional approval from the City Councils of Dallas and Fort Worth.

This action will allow the Airport Board to expeditiously convert to fixed rate mode in the event of rapidly rising short term rates.



Go Forward Schedule

January 23	City of Dallas Finance Committee Briefing
January 24	City of Fort Worth Briefing
February 1	City of Dallas Briefing
February 7	City of Fort Worth Consideration
February 8	City of Dallas Consideration
February 23	Pricing