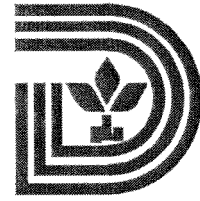


# Memorandum



CITY OF DALLAS

Date January 9, 2009

TO Members of the Finance, Audit & Accountability Committee  
Chair, Mitchell Rasansky; Vice-Chair, Jerry Allen; Mayor Pro  
Tem Elba Garcia; Vonciel Jones Hill; Angela Hunt; Ron  
Natinsky; and David Neumann

SUBJECT 1998 Sports Arena Project Bonds Optional Redemption

On Monday, January 12, you will be briefed 1998 Sports Arena Bonds Optional Redemption.

If you have any questions, please contact me at 214/670-7804.

A handwritten signature in cursive script, appearing to read 'D. Cook'.

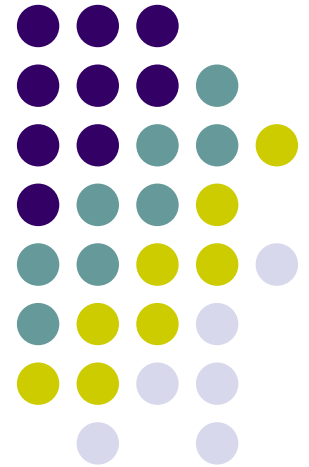
David Cook  
Chief Financial Officer

## Attachments

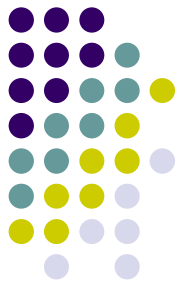
C: Honorable Mayor and Members of the City Council  
Mary K. Suhm, City Manager  
Ryan S. Evans, First Assistant City Manager  
A. C. Gonzalez, Assistant City Manager  
Jill A. Jordan, Assistant City Manager  
Ramon F. Miguez, Assistant City Manager  
Forest Turner, Interim Assistant City Manager  
Thomas P. Perkins, City Attorney  
Craig Kinton, City Auditor  
Deborah Watkins, City Secretary  
Jeanne Chipperfield, Director, Budget & Management Services

# 1998 Sports Arena Project Bonds Optional Redemption

Finance, Audit & Accountability  
January 12, 2009



# Purpose



- Provide an update on the funds available redeem 1998 Sports Arena Project Bonds
- Seek committee's recommendation of the resolution authorizing the optional redemption of various maturities



# Background

- In 1998, \$140.38m in revenue bonds were issued to fund the City's \$125m contribution to the construction cost of a new sports arena (now known as the American Airlines Center)
  - \$35.57m taxable bonds at 6.8% total interest cost
    - \$29.9m principal currently outstanding
  - \$104.81m tax exempt bonds at 5.1% total interest cost
    - \$78.7m principal currently outstanding

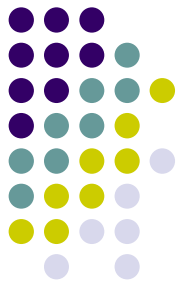


# Background (cont'd)

## Bond Repayment

- Voters authorized additional 2% Hotel Occupancy Tax (HOT) and 5% Short-term Motor Vehicle Rental Tax (SMVT)
- Investment earnings on funds in construction and debt service accounts
- Monthly, revenues received in excess of the debt service requirement are deposited in the Surplus Debt Redemption Fund (SDRF)
- Should a monthly deficit occur, revenues from SDRF are transferred to meet monthly debt service requirement
- Both issues have fully funded reserves equal to the average annual debt service
  - Reserve funds have never been used to make a debt service payment

# Mandatory Redemption



- Tax exempt bond ordinance included a mandatory redemption of \$9.5m of bonds due 2028 beginning August 15, 2000 from Surplus Debt Redemption funds, to the extent that funds were available
  - Redemption of the \$9.5m occurred in full on 8/15/2000

# Optional Redemption



- Ordinance allows the City to optionally redeem in whole or in part any maturity beginning August 15, 2008 on an interest payment date as follows:

<b>Redemption Date</b>	<b>Redemption Price</b>
8/15/2008 - 8/14/2009	101% of par
8/15/2009 - 8/14/2010	100.5% of par
8/15/2010 and after	100% of par

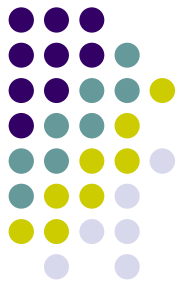
# Optional Redemption (cont'd)



- Source of funds for optional redemption is the SDRF and debt service reserve funds
  - Current balance in SDRF is \$62.2m (as of 1-9-09)
  - As the bonds are called, the reserve requirement declines making reserve funds available to call bonds
- Maturities to be redeemed selected based on highest coupon
- Redemption of taxable bonds may be considered after redemption of all tax-exempt bonds due to private activity rules

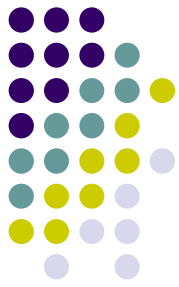


# Optional Redemption (cont'd)



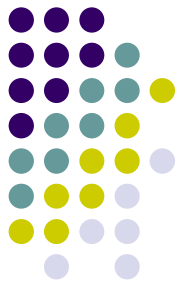
- Recommend redemption of \$61.015m of tax exempt bonds
  - \$10.6m savings on present value basis
  - Reduces outstanding tax exempt bond balance to \$17.7m
- Call premium of \$610k
  - Minimum interest rate of 4% on City's cash in order to break even on call premium
  - November investment earnings at 2.89%

# Optional Redemption (cont'd)



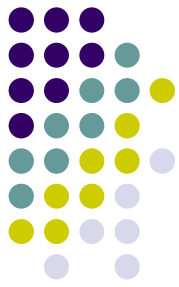
- Leaves balance of \$5.5m in the SDRF
- Debt Service Reserve Funds fully funded based on revised requirements - \$4.5m
- Annual debt service payment reduced from \$9.3m to
  - \$3.7m thru FY2024
  - \$9.3m FY2025-FY2027
- Average annual tax revenues are \$13.3m

# Future Redemption



- Staff and City's Financial Advisors will continue to monitor the revenues and analyze the opportunities to redeem bonds on upcoming interest dates
- Projected full payoff of both issues by 2012 or 2013
- After bonds are fully repaid, the 2% HOT and 5% SMVT will no longer be assessed

# Schedule



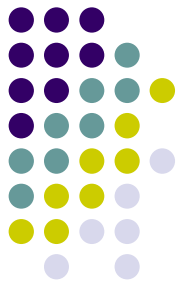
- January 14<sup>th</sup> – Council approval of resolution authorizing bond redemption
- January 15<sup>th</sup> – Paying agent notifies bond holders of bond redemption
- February 15<sup>th</sup> – Bonds redeemed



# Recommendation

- Approval of January 14<sup>th</sup> resolution authorizing the optional redemption of \$61,015,000 of Tax Exempt Bonds plus payment of the call premium of \$610,150

# Appendix



Debt Service Schedules – Before Call	Page 14
Debt Service Schedules – After Call	Page 15
Schedule of Bonds to be Called	Page 16

**City of Dallas, Texas**  
**Special Tax Revenue Bonds, Series 1998A & Series 1998B**  
**Outstanding Debt - FY 2009 Through FY 2027**

	Series 1998A				Series 1998B				Total			Fiscal Total	
	Principal	Coupon	Interest	Total	Principal	Coupon	Interest	Total	Principal	Interest	Total		
2/15/09	\$ -		\$ -	\$ -	\$ -		\$ -	\$ -	\$ -		\$ -		
8/15/09	2,530,000	5.250%	1,987,528	4,517,528	830,000	6.650%	990,166	1,820,166	3,360,000	2,977,694	6,337,694		6,337,694
2/15/10	-		1,921,116	1,921,116	-		962,569	962,569	-	2,883,684	2,883,684		
8/15/10	2,665,000	5.250%	1,921,116	4,586,116	885,000	6.650%	962,569	1,847,569	3,550,000	2,883,684	6,433,684		9,317,369
2/15/11	-		1,851,159	1,851,159	-		933,143	933,143	-	2,784,302	2,784,302		
8/15/11	2,805,000	5.250%	1,851,159	4,656,159	945,000	6.650%	933,143	1,878,143	3,750,000	2,784,302	6,534,302		9,318,604
2/15/12	-		1,777,528	1,777,528	-		901,721	901,721	-	2,679,249	2,679,249		
8/15/12	2,955,000	5.250%	1,777,528	4,732,528	1,005,000	6.650%	901,721	1,906,721	3,960,000	2,679,249	6,639,249		9,318,499
2/15/13	-		1,699,959	1,699,959	-		868,305	868,305	-	2,568,264	2,568,264		
8/15/13	3,105,000	5.250%	1,699,959	4,804,959	1,075,000	6.650%	868,305	1,943,305	4,180,000	2,568,264	6,748,264		9,316,529
2/15/14	-		1,618,453	1,618,453	-		832,561	832,561	-	2,451,014	2,451,014		
8/15/14	3,270,000	5.375%	1,618,453	4,888,453	1,145,000	6.650%	832,561	1,977,561	4,415,000	2,451,014	6,866,014		9,317,029
2/15/15	-		1,530,572	1,530,572	-		794,490	794,490	-	2,325,062	2,325,062		
8/15/15	3,445,000	5.375%	1,530,572	4,975,572	1,220,000	6.650%	794,490	2,014,490	4,665,000	2,325,062	6,990,062		9,315,124
2/15/16	-		1,437,988	1,437,988	-		753,925	753,925	-	2,191,913	2,191,913		
8/15/16	3,635,000	5.250%	1,437,988	5,072,988	1,300,000	6.625%	753,925	2,053,925	4,935,000	2,191,913	7,126,913		9,318,825
2/15/17	-		1,342,569	1,342,569	-		710,863	710,863	-	2,053,431	2,053,431		
8/15/17	3,825,000	5.000%	1,342,569	5,167,569	1,385,000	6.625%	710,863	2,095,863	5,210,000	2,053,431	7,263,431		9,316,863
2/15/18	-		1,246,944	1,246,944	-		664,984	664,984	-	1,911,928	1,911,928		
8/15/18	4,015,000	5.000%	1,246,944	5,261,944	1,480,000	6.625%	664,984	2,144,984	5,495,000	1,911,928	7,406,928		9,318,856
2/15/19	-		1,146,569	1,146,569	-		615,959	615,959	-	1,762,528	1,762,528		
8/15/19	4,220,000	5.000%	1,146,569	5,366,569	1,575,000	6.625%	615,959	2,190,959	5,795,000	1,762,528	7,557,528		9,320,056
2/15/20	-		1,041,069	1,041,069	-		563,788	563,788	-	1,604,856	1,604,856		
8/15/20	4,430,000	5.000%	1,041,069	5,471,069	1,680,000	6.625%	563,788	2,243,788	6,110,000	1,604,856	7,714,856		9,319,713
2/15/21	-		930,319	930,319	-		508,138	508,138	-	1,438,456	1,438,456		
8/15/21	4,645,000	5.000%	930,319	5,575,319	1,795,000	6.625%	508,138	2,303,138	6,440,000	1,438,456	7,878,456		9,316,913
2/15/22	-		814,194	814,194	-		448,678	448,678	-	1,262,872	1,262,872		
8/15/22	4,880,000	5.000%	814,194	5,694,194	1,910,000	6.625%	448,678	2,358,678	6,790,000	1,262,872	8,052,872		9,315,744
2/15/23	-		692,194	692,194	-		385,409	385,409	-	1,077,603	1,077,603		
8/15/23	5,120,000	5.000%	692,194	5,812,194	2,040,000	6.625%	385,409	2,425,409	7,160,000	1,077,603	8,237,603		9,315,206
2/15/24	-		564,194	564,194	-		317,834	317,834	-	882,028	882,028		
8/15/24	5,380,000	5.000%	564,194	5,944,194	2,175,000	6.625%	317,834	2,492,834	7,555,000	882,028	8,437,028		9,319,056
2/15/25	-		429,694	429,694	-		245,788	245,788	-	675,481	675,481		
8/15/25	5,650,000	5.000%	429,694	6,079,694	2,315,000	6.625%	245,788	2,560,788	7,965,000	675,481	8,640,481		9,315,963
2/15/26	-		288,444	288,444	-		169,103	169,103	-	457,547	457,547		
8/15/26	5,930,000	4.750%	288,444	6,218,444	2,470,000	6.625%	169,103	2,639,103	8,400,000	457,547	8,857,547		9,315,094
2/15/27	-		147,606	147,606	-		87,284	87,284	-	234,891	234,891		
8/15/27	6,215,000	4.750%	147,606	6,362,606	2,635,000	6.625%	87,284	2,722,284	8,850,000	234,891	9,084,891		9,319,781
	<u>\$ 78,720,000</u>		<u>\$ 42,948,666</u>	<u>\$ 121,668,666</u>	<u>\$ 29,865,000</u>		<u>\$ 22,519,250</u>	<u>\$ 52,384,250</u>	<u>\$ 108,585,000</u>	<u>\$ 65,467,916</u>	<u>\$ 174,052,916</u>		<u>\$ 174,052,916</u>

**City of Dallas, Texas**  
**Special Tax Revenue Bonds, Series 1998A & Series 1998B**  
**Bonds to be Paid/Redeemed on February 15, 2009**

	Series 1998A				Series 1998B				Total				
	Principal	Coupon	Interest	Red Prem	Total	Principal	Coupon	Interest	Total	Principal	Interest	Red Prem	Total
2/15/09	\$ -		\$ -		\$ -	\$ -		\$ -	\$ -	\$ -			\$ -
8/15/09	2,530,000	5.250%	-	25,300	2,555,300	-	6.650%	-	-	2,530,000	-	25,300	2,555,300
2/15/10	-		-		-	-		-	-	-			-
8/15/10	2,665,000	5.250%	-	26,650	2,691,650	-	6.650%	-	-	2,665,000	-	26,650	2,691,650
2/15/11	-		-		-	-		-	-	-			-
8/15/11	2,805,000	5.250%	-	28,050	2,833,050	-	6.650%	-	-	2,805,000	-	28,050	2,833,050
2/15/12	-		-		-	-		-	-	-			-
8/15/12	2,955,000	5.250%	-	29,550	2,984,550	-	6.650%	-	-	2,955,000	-	29,550	2,984,550
2/15/13	-		-		-	-		-	-	-			-
8/15/13	3,105,000	5.250%	-	31,050	3,136,050	-	6.650%	-	-	3,105,000	-	31,050	3,136,050
2/15/14	-		-		-	-		-	-	-			-
8/15/14	3,270,000	5.375%	-	32,700	3,302,700	-	6.650%	-	-	3,270,000	-	32,700	3,302,700
2/15/15	-		-		-	-		-	-	-			-
8/15/15	3,445,000	5.375%	-	34,450	3,479,450	-	6.650%	-	-	3,445,000	-	34,450	3,479,450
2/15/16	-		-		-	-		-	-	-			-
8/15/16	3,635,000	5.250%	-	36,350	3,671,350	-	6.625%	-	-	3,635,000	-	36,350	3,671,350
2/15/17	-		-		-	-		-	-	-			-
8/15/17	3,825,000	5.000%	-	38,250	3,863,250	-	6.625%	-	-	3,825,000	-	38,250	3,863,250
2/15/18	-		-		-	-		-	-	-			-
8/15/18	4,015,000	5.000%	-	40,150	4,055,150	-	6.625%	-	-	4,015,000	-	40,150	4,055,150
2/15/19	-		-		-	-		-	-	-			-
8/15/19	4,220,000	5.000%	-	42,200	4,262,200	-	6.625%	-	-	4,220,000	-	42,200	4,262,200
2/15/20	-		-		-	-		-	-	-			-
8/15/20	4,430,000	5.000%	-	44,300	4,474,300	-	6.625%	-	-	4,430,000	-	44,300	4,474,300
2/15/21	-		-		-	-		-	-	-			-
8/15/21	4,645,000	5.000%	-	46,450	4,691,450	-	6.625%	-	-	4,645,000	-	46,450	4,691,450
2/15/22	-		-		-	-		-	-	-			-
8/15/22	4,880,000	5.000%	-	48,800	4,928,800	-	6.625%	-	-	4,880,000	-	48,800	4,928,800
2/15/23	-		-		-	-		-	-	-			-
8/15/23	5,120,000	5.000%	-	51,200	5,171,200	-	6.625%	-	-	5,120,000	-	51,200	5,171,200
2/15/24	-		-		-	-		-	-	-			-
8/15/24	5,380,000	5.000%	-	53,800	5,433,800	-	6.625%	-	-	5,380,000	-	53,800	5,433,800
2/15/25	-		-		-	-		-	-	-			-
8/15/25	90,000	5.000%	-	900	90,900	-	6.625%	-	-	90,000	-	900	90,900
2/15/26	-		-		-	-		-	-	-			-
8/15/26	-	4.750%	-	-	-	-	6.625%	-	-	-	-	-	-
2/15/27	-		-		-	-		-	-	-			-
8/15/27	-	4.750%	-	-	-	-	6.625%	-	-	-	-	-	-
	<u>\$ 61,015,000</u>		<u>\$ -</u>	<u>\$ 610,150</u>	<u>\$ 61,625,150</u>	<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,015,000</u>	<u>\$ -</u>	<u>\$ 610,150</u>	<u>\$ 61,625,150</u>



**City of Dallas, Texas**  
**Special Tax Revenue Bonds, Series 1998A & Series 1998B**  
**Bonds Remaining After Redemption on February 15, 2009**

	Series 1998A				Series 1998B				Total			Fiscal Total
	Principal	Coupon	Interest	Total	Principal	Coupon	Interest	Total	Principal	Interest	Total	
2/15/09	\$ -		\$ -	\$ -	\$ -		\$ -	\$ -	\$ -		\$ -	
8/15/09	-	5.250%	427,444	427,444	830,000	6.650%	990,166	1,820,166	830,000	1,417,610	2,247,610	2,247,610
2/15/10	-		427,444	427,444	-		962,569	962,569	-	1,390,013	1,390,013	
8/15/10	-	5.250%	427,444	427,444	885,000	6.650%	962,569	1,847,569	885,000	1,390,013	2,275,013	3,665,025
2/15/11	-		427,444	427,444	-		933,143	933,143	-	1,360,586	1,360,586	
8/15/11	-	5.250%	427,444	427,444	945,000	6.650%	933,143	1,878,143	945,000	1,360,586	2,305,586	3,666,173
2/15/12	-		427,444	427,444	-		901,721	901,721	-	1,329,165	1,329,165	
8/15/12	-	5.250%	427,444	427,444	1,005,000	6.650%	901,721	1,906,721	1,005,000	1,329,165	2,334,165	3,663,330
2/15/13	-		427,444	427,444	-		868,305	868,305	-	1,295,749	1,295,749	
8/15/13	-	5.250%	427,444	427,444	1,075,000	6.650%	868,305	1,943,305	1,075,000	1,295,749	2,370,749	3,666,498
2/15/14	-		427,444	427,444	-		832,561	832,561	-	1,260,005	1,260,005	
8/15/14	-	5.375%	427,444	427,444	1,145,000	6.650%	832,561	1,977,561	1,145,000	1,260,005	2,405,005	3,665,010
2/15/15	-		427,444	427,444	-		794,490	794,490	-	1,221,934	1,221,934	
8/15/15	-	5.375%	427,444	427,444	1,220,000	6.650%	794,490	2,014,490	1,220,000	1,221,934	2,441,934	3,663,868
2/15/16	-		427,444	427,444	-		753,925	753,925	-	1,181,369	1,181,369	
8/15/16	-	5.250%	427,444	427,444	1,300,000	6.625%	753,925	2,053,925	1,300,000	1,181,369	2,481,369	3,662,738
2/15/17	-		427,444	427,444	-		710,863	710,863	-	1,138,306	1,138,306	
8/15/17	-	5.000%	427,444	427,444	1,385,000	6.625%	710,863	2,095,863	1,385,000	1,138,306	2,523,306	3,661,613
2/15/18	-		427,444	427,444	-		664,984	664,984	-	1,092,428	1,092,428	
8/15/18	-	5.000%	427,444	427,444	1,480,000	6.625%	664,984	2,144,984	1,480,000	1,092,428	2,572,428	3,664,856
2/15/19	-		427,444	427,444	-		615,959	615,959	-	1,043,403	1,043,403	
8/15/19	-	5.000%	427,444	427,444	1,575,000	6.625%	615,959	2,190,959	1,575,000	1,043,403	2,618,403	3,661,806
2/15/20	-		427,444	427,444	-		563,788	563,788	-	991,231	991,231	
8/15/20	-	5.000%	427,444	427,444	1,680,000	6.625%	563,788	2,243,788	1,680,000	991,231	2,671,231	3,662,463
2/15/21	-		427,444	427,444	-		508,138	508,138	-	935,581	935,581	
8/15/21	-	5.000%	427,444	427,444	1,795,000	6.625%	508,138	2,303,138	1,795,000	935,581	2,730,581	3,666,163
2/15/22	-		427,444	427,444	-		448,678	448,678	-	876,122	876,122	
8/15/22	-	5.000%	427,444	427,444	1,910,000	6.625%	448,678	2,358,678	1,910,000	876,122	2,786,122	3,662,244
2/15/23	-		427,444	427,444	-		385,409	385,409	-	812,853	812,853	
8/15/23	-	5.000%	427,444	427,444	2,040,000	6.625%	385,409	2,425,409	2,040,000	812,853	2,852,853	3,665,706
2/15/24	-		427,444	427,444	-		317,834	317,834	-	745,278	745,278	
8/15/24	-	5.000%	427,444	427,444	2,175,000	6.625%	317,834	2,492,834	2,175,000	745,278	2,920,278	3,665,556
2/15/25	-		427,444	427,444	-		245,788	245,788	-	673,231	673,231	
8/15/25	5,560,000	5.000%	427,444	5,987,444	2,315,000	6.625%	245,788	2,560,788	7,875,000	673,231	8,548,231	9,221,463
2/15/26	-		288,444	288,444	-		169,103	169,103	-	457,547	457,547	
8/15/26	5,930,000	4.750%	288,444	6,218,444	2,470,000	6.625%	169,103	2,639,103	8,400,000	457,547	8,857,547	9,315,094
2/15/27	-		147,606	147,606	-		87,284	87,284	-	234,891	234,891	
8/15/27	6,215,000	4.750%	147,606	6,362,606	2,635,000	6.625%	87,284	2,722,284	8,850,000	234,891	9,084,891	9,319,781
	<u>\$ 17,705,000</u>		<u>\$ 14,977,744</u>	<u>\$ 32,682,744</u>	<u>\$ 29,865,000</u>		<u>\$ 22,519,250</u>	<u>\$ 52,384,250</u>	<u>\$ 47,570,000</u>	<u>\$ 37,496,994</u>	<u>\$ 85,066,994</u>	<u>\$ 85,066,994</u>