

Memorandum



CITY OF DALLAS

DATE March 4, 2010

TO Members of the Budget, Finance & Audit Committee: Chair Jerry Allen, Vice-Chair Ann Margolin, Vonciel Jones Hill, Angela Hunt, Delia Jasso, Ron Natinsky, David Neumann

SUBJECT Dallas/Fort Worth International Airport Board Issues

The March 8, 2010 Budget, Finance & Audit meeting agenda includes a briefing on Dallas/Fort Worth International Airport Issues. Michael Phemister, Vice President for Treasury Management will brief the Committee on the Approval of Resolution for Private Letter Ruling. The item is on the March 10, 2010 consent addendum.

Attached is a copy of the briefing. Should you require additional information, please let me know.

A handwritten signature in black ink that reads "Jeanne Chipperfield".

Jeanne Chipperfield
Chief Financial Officer

c: Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Deborah A. Watkins, City Secretary
Tom P. Perkins, City Attorney
Craig Kinton, City Auditor
Ryan S. Evans, First Assistant City Manager
A.C. Gonzalez, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Forest Turner, Assistant City Manager

**Dallas/Fort Worth International Airport
Board
Briefing to Cities of Dallas and Fort Worth
Approval of Resolution for Private Letter
Ruling**

March 8, 2010

Purpose of Resolution

- DFW is requesting an IRS Private Letter Ruling in regards to the AMT status of bonds issued to construct the SkyLink system
- The Owner Cities are requested to approve a resolution of their intent to refund the 2000A Bonds, if a favorable ruling is obtained
- This resolution or a favorable ruling request does not obligate the Owner Cities to issue bonds

Background

- 1986 Tax Reform Act
 - Extended the Alternative Minimum Tax (AMT) to include tax-exempt Private Activity Bonds
- Under the current financial model DFW Bonds are considered to be Private Activity Bonds and as such, are subject to AMT

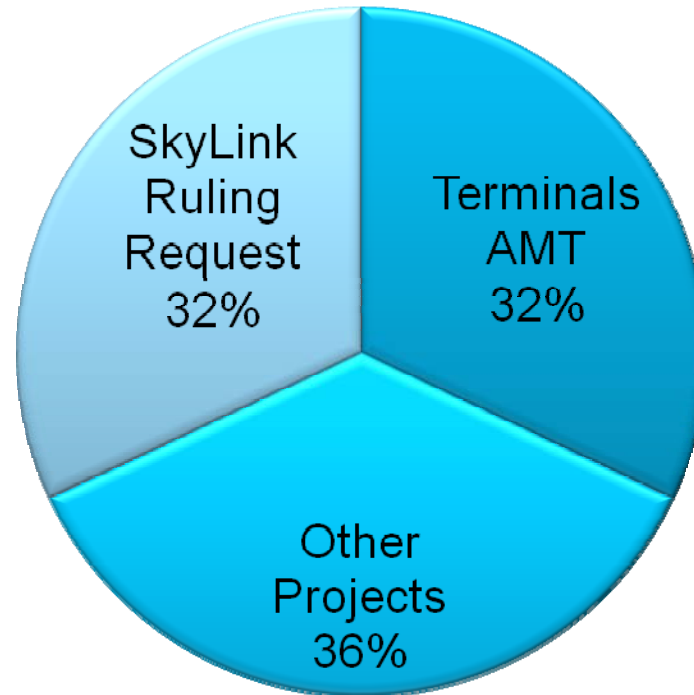
AMT Bonds

- AMT Bonds have historically traded at 20-30 basis points (bps) above other tax exempt Non-AMT Bonds of similar credit
- Due to current financial crisis, AMT Bonds are currently trading at 90-100 bps above tax exempt Non- AMT Bonds
- Because of fewer buyers the largest issue of AMT Bonds within the past 18 months has been \$159 million

New Financial Model

- DFW is currently proposing a new financial model, which if approved, will allow certain DFW Bonds to be refunded with Non-AMT Bonds
 - Bonds issued for Terminals
 - Will continue as AMT Bonds
 - Bonds issued for SkyLink
 - Pending IRS ruling
 - Bonds issued Airport Projects, not including bonds for Terminals and SkyLink
 - May be refunded with Non-AMT Bonds

Current Break-down of Outstanding Bonds



Why Non-AMT Bonds

- Lower interest rates from refunding SkyLink Bonds
 - \$207 million savings
- Ability to sell refunding bonds

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