

Memorandum

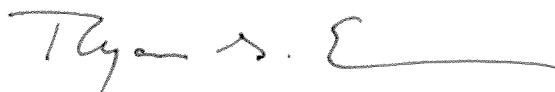


DATE May 7, 2010

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

SUBJECT Dallas Water Utilities: Memorandum of Agreement with Wholesale Treated Water Customers

Attached is the Dallas Water Utilities Memorandum of Agreement with Wholesale Treated Water Customers to be presented by the Water Utilities Department at the May 10, 2010 meeting of the Budget, Finance & Audit Committee.



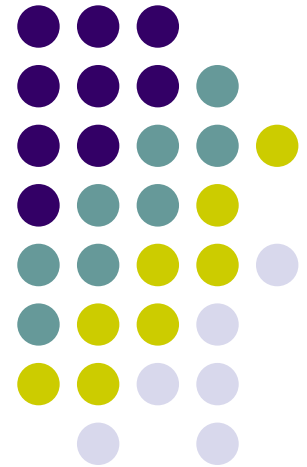
Ryan S. Evans
First Assistant City Manager

Attachment

c: Mary K. Suhm, City Manager
Thomas P. Perkins, City Attorney
Deborah Watkins, City Secretary
Craig Kinton, City Auditor
Jill A. Jordan, P.E., Assistant City Manager
Forest E. Turner, Assistant City Manager
A.C. Gonzalez, Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Judge C. Victor Lander, Administrative Judge
Helena Stevens-Thompson, Assistant to the City Manager
Jo M. Puckett, P.E., Director, Dallas Water Utilities

1998, 2000, 2004 Cityplace Area TIF District Special Tax Revenue Bonds Optional Redemption

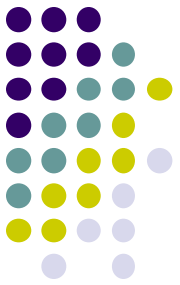
Budget, Finance and Audit Committee
May 11, 2010



Purpose

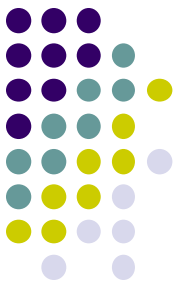


- Provide an update on the funds available to redeem the following Cityplace Area TIF District Special Tax Revenue Bonds
 - Series 1998
 - Series 2000
 - Series 2004
- Analyze potential cost savings from this proposed action
- Seek committee's recommendation on a resolution authorizing the optional redemption of the outstanding maturities



Background

- Cityplace Area Tax Increment Financing (TIF) District was created in 1992
- The District stopped collecting TIF increment in 2008, but has outstanding bonds for the District
- The District will terminate December 31, 2012
- The FY 2009 assessed value of the District was \$479,130,642, an increase of \$434,065,300 (963%) over the 1992 base value of \$45,065,342
- The District issued three series of TIF bonds
 - 1st series issued February 1998 - \$5,000,000
 - 2nd series issued October 2000 - \$7,600,000
 - 3rd series issued February 2004 - \$7,000,000

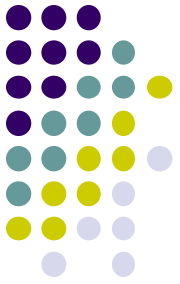


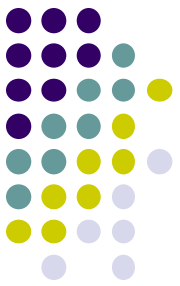
Background (cont'd)

- Through the use of the TIF District and its bond funds, public improvements completed within the Cityplace Area TIF District include, but not limited to, the following:
 - Construction of Cityplace West Boulevard
 - Construction of the Central Expressway Bridges at Haskell and Lemmon Avenues (partially funded)
 - Extension of McKinney Avenue Trolley service to Cityplace Dart Station
 - Medians in Blackburn Street
 - District wide water and sewer system replacement
 - Tree-lined boulevards
 - Wide sidewalks
 - Open Space
 - Decorative lighting and paving
 - Utility burial/relocation

Background (cont'd)

- TIF funded improvements led to private development within the District including, but not limited to, the following:
 - West Village – 179 residential units, 125,000 square feet of retail, Magnolia Theatre
 - The Mondrian – 218 residential units, 25,000 square feet of retail
 - The Monterey – 371 residential units
 - Bryson at Cityplace – 232 residential units
 - Gables at West Village – 75 residential units, 18,000 square feet of retail
 - The Magnolia Theatre
 - Office Max
 - Target
- Total development to date – 2,412 residential units and 659,438 square feet of retail



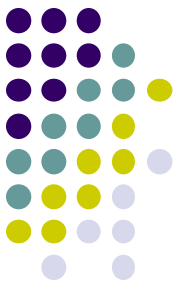


Optional Redemption

- The City has the right to redeem bonds on August 15, 2010, at par value plus accrued interest as prescribed in the bond ordinance:

	<u>Principal</u>	<u>Interest</u> <u>Due</u>
• Series 1998	\$1,285,000	\$31,714
• Series 2000	\$1,455,000	\$36,403
• Series 2004	<u>\$2,660,000</u>	<u>\$39,969</u>
Tot. Due 08/15/2010	\$5,400,000	\$108,086

- There will be no call premium
- The TIF District has enough funds on hand for the full redemption of \$5,508,086 in outstanding bonds



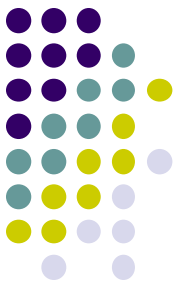
Optional Redemption (cont'd)

- Sources of funds for optional redemption

- Funds on Hand (as of 3/31/2009)

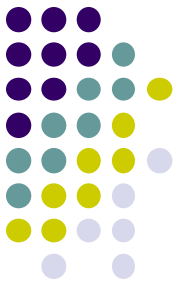
● Debt Service Reserve Fund Investment	\$2,233,698.18
● Debt Service Reserve Fund Cash	\$ 200,004.38
● Debt Service Fund Cash	\$ 168,135.05
● Cityplace Area TIF District Fund	<u>\$2,906,248.39</u>
● Total Amount for Full Redemption	\$5,508,086.00

- By calling the outstanding TIF bonds, approximately \$230,000 in future interest payments will be saved



Schedule

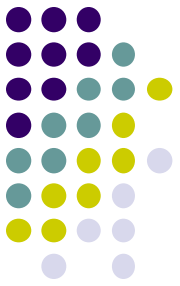
- May 26, 2010 – Council approval of resolution authorizing bond redemption
- July 15, 2010 – Latest date the paying agent can notify bond holders of bond redemption and a notice of redemption can be published in a financial journal or publication of general circulation
- August 15, 2010 – Bonds redeemed



Recommendation

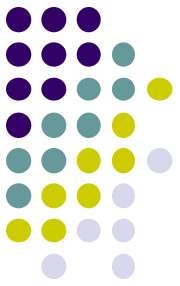
- Approval of May 26th resolution authorizing the optional redemption of all outstanding Cityplace Area TIF District Special Tax Revenue Bonds

Appendix



Financial Return of TIF District	Page 11
Debt Service Schedules – Before Call	Page 12
Schedule of Bonds to be Called	Page 13

Cityplace Area TIF District Financial Return



- The Cityplace Area TIF District provides a good example of the expected financial return from TIF Districts and why they work for the City as a long term investment.
- The Cityplace TIF District expires 12/31/2012. Increment collection terminated in 2008, four years prior to the District's expiration
- The City's total financial contribution to the District was approximately \$18.3m. The City will recoup this amount in 2013, five years after the District's final TIF collection.
- Estimated added tax collection from property in the Cityplace area TIF District over the next ten years (after payback) is approximately \$51.4m.

Tax Year	Taxable Value City	Captured Taxable Value City	Tax Increment Revenue City <i>TIF Expenditure</i>	Tax Increment Revenue City <i>TIF Return to City</i>	Tax Increment Revenue City <i>Est. Future TIF Return</i>
1992	\$45,065,342	\$0	\$0	\$0	
1993	\$42,689,032	\$0	\$0	\$0	
1994	\$47,993,854	\$2,928,512	\$19,900	\$0	
1995	\$59,973,282	\$14,907,940	\$100,211	\$0	
1996	\$81,055,114	\$35,989,772	\$241,167	\$0	
1997	\$92,384,806	\$47,319,464	\$308,334	\$0	
1998	\$116,582,838	\$71,517,496	\$464,220	\$0	
1999	\$156,643,409	\$111,578,067	\$744,784	\$0	
2000	\$174,018,771	\$128,953,429	\$860,764	\$0	
2001	\$218,506,444	\$173,441,102	\$1,157,719	\$0	
2002	\$231,943,776	\$186,878,434	\$1,307,775	\$0	
2003	\$253,665,384	\$208,600,042	\$1,408,308	\$0	
2004	\$286,713,949	\$241,648,607	\$1,580,476	\$0	
2005	\$349,274,288	\$304,208,946	\$2,189,950	\$0	
2006	\$384,342,429	\$339,277,087	\$2,686,427	\$0	
2007	\$452,905,123	\$407,839,781	\$3,016,802	\$0	
2008	\$477,614,273	\$432,548,931	\$2,211,937	\$1,023,096	
2009	\$479,130,642	\$434,065,300		\$3,246,374	
2010	\$503,087,174	\$458,021,832		\$3,425,545	
2011	\$528,241,533	\$483,176,191		\$3,613,675	
2012	\$554,653,609	\$509,588,267		\$3,811,211	
2013	\$582,386,290	\$537,320,948		\$3,178,872	\$632,339
2014	\$611,505,604	\$566,440,262			\$4,018,623
2015	\$642,080,885	\$597,015,543			\$4,236,407
2016	\$674,184,929	\$629,119,587			\$4,465,079
2017	\$707,894,175	\$662,828,833			\$4,705,185
2018	\$743,288,884	\$698,223,542			\$4,957,297
2019	\$780,453,328	\$735,387,986			\$5,222,014
2020	\$819,475,995	\$774,410,653			\$5,499,967
2021	\$860,449,794	\$815,384,452			\$5,791,817
2022	\$903,472,284	\$858,406,942			\$6,098,260
2023	\$948,645,898	\$905,956,866			\$6,420,026
Totals			(\$18,298,774)	\$18,298,774	\$51,414,675

City of Dallas, Texas
 Tax Increment Bonds (TRZ #2), Series 1998, Series 2000 & Series 2004
 Outstanding Debt - FY 2010 Through FY 2012

	Series 1998				Series 2000				Series 2004				Total			
	Principal	Coupon	Interest	Total	Principal	Coupon	Interest	Total	Principal	Coupon	Interest	Total	Principal	Interest	Total	
2/15/10	\$ -		\$ -	\$ -	\$ -		\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8/15/10	405,000	4.850%	31,714	436,714	465,000	4.875%	36,403	501,403	860,000	2.750%	39,969	899,969	1,730,000	108,086	1,838,086	
2/15/11	-		21,893	21,893	-		25,069	25,069	-		28,144	28,144	-	75,105	75,105	
8/15/11	430,000	4.950%	21,893	451,893	480,000	5.000%	25,069	505,069	885,000	3.000%	28,144	913,144	1,795,000	75,105	1,870,105	
2/15/12	-		11,250	11,250	-		13,069	13,069	-		14,869	14,869	-	39,188	39,188	
8/15/12	450,000	5.000%	11,250	461,250	510,000	5.125%	13,069	523,069	915,000	3.250%	14,869	929,869	1,875,000	39,188	1,914,188	
	<u>\$ 1,285,000</u>		<u>\$ 97,999</u>	<u>\$ 1,382,999</u>	<u>\$ 1,455,000</u>		<u>\$ 112,678</u>	<u>\$ 1,567,678</u>	<u>\$ 2,660,000</u>		<u>\$ 125,994</u>	<u>\$ 2,785,994</u>	<u>\$ 5,400,000</u>	<u>\$ 336,671</u>	<u>\$ 5,736,671</u>	

City of Dallas, Texas
 Tax Increment Bonds (TRZ #2), Series 1998, Series 2000 & Series 2004
 Bonds to be Paid/Redeemed on August 15, 2010

	Series 1998					Series 2000					Series 2004					Total			
	Principal	Coupon	Interest	Red Prem	Total	Principal	Coupon	Interest	Red Prem	Total	Principal	Coupon	Interest	Red Prem	Total	Principal	Interest	Red Prem	Total
2/15/10	\$ -		\$ -		\$ -	\$ -		\$ -		\$ -	\$ -		\$ -		\$ -	\$ -	\$ -		\$ -
8/15/10	405,000	4.850%	-	-	405,000	465,000	4.875%	-	-	465,000	860,000	2.750%	-	-	860,000	1,730,000	-	-	1,730,000
2/15/11	-		-		-	-		-		-	-		-		-	-	-		-
8/15/11	430,000	4.950%	-	-	430,000	480,000	5.000%	-	-	480,000	885,000	3.000%	-	-	885,000	1,795,000	-	-	1,795,000
2/15/12	-		-		-	-		-		-	-		-		-	-	-		-
8/15/12	450,000	5.000%	-	-	450,000	510,000	5.125%	-	-	510,000	915,000	3.250%	-	-	915,000	1,875,000	-	-	1,875,000
	<u>\$ 1,285,000</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,285,000</u>	<u>\$ 1,455,000</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,455,000</u>	<u>\$ 2,660,000</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,660,000</u>	<u>\$ 5,400,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,400,000</u>

Sources of Funds	
Debt Service Reserve Fund Investment	\$ 2,233,698 ⁽¹⁾
Debt Service Reserve Fund Cash	200,004 ⁽²⁾
Debt Service Fund Cash	168,135 ⁽²⁾
E.D. Fund 0030	13,455,033 ⁽²⁾
Total:	\$ 16,056,870

Payoff Amount	
Principal Due	\$ 5,400,000
Interest Due	108,086
Call Premium	-
Total Payoff Amount:	\$ 5,508,086
Additional Funds Required for Full Redemption:	\$ -

Note:
 (1) Fund balance as of 3/31/2010. Provided by the City.
 (2) Fund balance as of 4/20/2010. Provided by the City.