

FINANCE, AUDIT AND ACCOUNTABILITY COMMITTEE

June 12, 2006

- The Dallas Performing Arts Cultural Facilities Corporation (the “Corporation”) has approved the issuance of its Cultural Facility Revenue Bonds (Dallas Foundation for the Performing Arts, Inc. Project), Series 2006A and Series 2006B (the “Bonds”) in a principal amount not to exceed \$150,000,000.
- The Bonds are being issued for the purpose of constructing and equipping a project known as the Dallas Center for the Performing Arts (the “Project”), consisting of the Winspear Opera House; the Dee and Charles Wyly Theatre; an approximately 600-car underground parking garage; the Grand Plaza; and the Annette Strauss Artist Square.

DCPA Estimated Sources & Uses

SOURCES

Par Amount	150,000,000
TOTAL SOURCES	150,000,000¹

USES

Project Fund	118,947,911
Debt Service Reserve Fund	9,324,725
Capitalized Interest Fund	14,085,734
Costs of Issuance	1,843,719
Bond Insurance	5,797,911
TOTAL USES	150,000,000

- The total Project costs are estimated to be \$275,000,000. The City will contribute \$17,779,070 of that amount. The remainder, including amounts necessary to repay these Bonds, will be raised by the Foundation.
- The Bonds will be insured by MBIA Insurance Corporation and will receive a “AAA” rating.
- The Bonds will be initially issued as Auction Rate Securities.
 - Maturities no later than 2041
 - Bonds will be sold at par with a maximum underwriters’ discount of no more than .90%
 - 7-day auction period initially
 - Fixed amortization schedule - likely in FYE2017-2041

¹ Although the TEFRA notice was issued for bonds of a principal amount not to exceed \$175,000,000, it is likely that the Bonds will be of a principal amount closer to \$150,000,000. The \$150,000,000 is an amount that the rating agencies are comfortable with. It is customary to issue a TEFRA notice for bonds of a principal amount higher than the anticipated issuance, since the notice and hearing are not valid if the actual principal amount of the bonds exceeds that listed in the TEFRA notice.

- Members of the Financing Team:
 - Co-Financial Advisors: First Southwest Company, Dallas & Estrada Hinojosa & Company, Inc., Dallas, Texas (M/WBE)
 - Co-Bond Counsel: Vinson & Elkins LLP, Dallas, Texas & West & Gooden, P.C., Dallas, Texas (M/WBE)
 - Senior Managing Underwriters: Banc of America Securities LLC & JPMorgan Securities, Inc.
 - Co-Managing Underwriters: Siebert Brandford & Shank (M/WBE) & Ramirez & Co. (M/WBE)
- The proceeds of the Bonds will be loaned to the Dallas Center for the Performing Arts Foundation, Inc. (the “Foundation”) by the Corporation.
- The Bonds will be repaid solely from the revenues of the Foundation, and neither the Corporation, the City, nor the State of Texas has any obligation on the Bonds.
- The City owns the land and will own all of the improvements comprising the Project. Through a Use Agreement between the City and the Foundation, the City has granted a lease to the Foundation to operate the Project.
- At the Corporation’s meeting on May 19, 2006, the Corporation passed a resolution authorizing publication of a notice of public hearing pursuant to the requirements of Section 147(f) of the Internal Revenue Code of 1986 (the “TEFRA” hearing), and authorizing the filing of its Notice of Intent to Issue Bonds and Providing Certain Information Relating Thereto (the “Notice of Intent”) with the City.
- The TEFRA notice was published on May 23, 2006 in the Dallas Morning News, and the TEFRA hearing occurred on June 6, 2006 at Dallas City Hall.
- The Notice of Intent is required to be filed with the City pursuant to the requirements of Article 1528m, Vernon’s Texas Civil Statutes, as amended. The purpose of the Notice of Intent is to provide the Corporation’s Sponsoring Entity (i.e., the City) with a general idea and understanding of the Project. The Notice of Intent was filed with the City Secretary on June 6, 2006.
- According to the Corporation’s Articles of Incorporation, the Notice of Intent shall come before the City Council for approval. The City Council’s approval of the Notice of Intent does not create any obligation, on the part of the City or the Corporation, on the Bonds or the Project.
- A resolution approving the Notice of Intent and confirming compliance with the requirements of Section 147(f) of the Internal Revenue Code (the “TEFRA” requirements) will be on the City Council’s action item agenda on June 14, 2006 (the “Resolution”).

- **Recommendation: forward the Corporation's request to adopt the Resolution to the City Council with a recommendation to approve the item on the June 14, 2006 City Council agenda.**