

Memorandum



DATE June 6, 2008

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

SUBJECT TXI Aviation I, L.L.C. dba Vitesse Aviation Services – Bond Issue

The Committee's June 9th agenda includes the attached Subject briefing.

Please contact me if you need additional information.

A handwritten signature in black ink, appearing to read 'D. Cook'.

David Cook
Chief Financial Officer

Cc: Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Tom Perkins, Jr., City Attorney
Deborah Watkins, City Secretary
Craig Kinton, City Auditor
Ryan S. Evans, First Assistant City Manager
David O. Brown, Interim Assistant City Manager
Ramon Miquez, P.E., Assistant City Manager
Jill A Jordan, P.E., Assistant City Manager
A.C. Gonzalez, Assistant City Manager

Finance, Audit and Accountability Committee

June 9, 2008

TXI Aviation I, LLC

dba

Vitesse Aviation Services

Bond Issuance – Request

DISCUSSION MATERIALS

SUBJECT

- The issuance of industrial revenue bonds (“IRBs”) in an amount not to exceed \$20,000,000 by the Texas Regional Development Corporation (“TRDC”), for the benefit of TXI Aviation I, LLC dba Vitesse Aviation Services, a Texas limited liability company (the “Company”), whose sole member is Valtec Capital Corporation, a Nevada corporation. TRDC was created by Fayette County, Texas to issue bonds on behalf of that county.
- The bonds are to be issued in support of expanding the Company’s existing facilities at Love Field to add two new hangars totalling 52,000 square feet and approximately 100,000 square feet of ramp space (the “Project”) and refinancing acquisition costs previously incurred in connection with the existing facilities. The Company expects the Project to add approximately 25 full time jobs.
- Request for the City of Dallas (the “City”) for consent to allow TRDC to issue bonds to finance the Project.

BACKGROUND

- The Company's operations are at Love Field airport on land leased by the City. The Company's operations consist of the following:
 - 24-hour Fixed Base Operator with line service and refueling
 - Aircraft scheduling and charter with a Federal Aviation Regulation ("FAR") Part 135 (10 or more) certificate
 - FAR Part 145 certified maintenance facility
 - FAR Part 145 certified repair and overhaul of components ("ROC") department and machine shop
 - Hangar lease and daily rentals
- TRDC intends to issue taxable bonds and loan the proceeds thereof to the Company to (i) finance the development, construction and equipping of the Project, (ii) refinance acquisition costs previously incurred in connection with the existing facilities and (iii) pay the costs of issuance.
- The Bonds are being issued pursuant to the Texas Development Corporation Act of 1979, Article 5190.6, Texas Vernon's Civil Statutes, as amended (the "Act"). The Act permits an industrial development corporation such as TRDC to act on behalf of a unit under whose auspices the corporation is created (in this case, Fayette County, Texas) (the "Issuing Unit") to issue bonds to finance (or refinance) airport facilities for the benefit of regional economic development located in that unit; however, when the airport facilities are to be located in a different unit, the governing body of that different unit must request the TRDC to exercise its powers therein before TRDC may issue its bonds.
- Because the Project is located within the City of Dallas and not within Fayette County, Section 23(a)(1) of the Act provides that the City Council of the City must request that TRDC exercise its powers therein before TRDC issues its bonds for the Project.
- The bonds are being underwritten and marketed by RBC Dain Rauscher, a division of RBC Capital Markets Corporation.

- The City is not being asked to make a loan, guarantee the credit of the Company or to provide funds or credit support to support the financing in any manner. The bonds will not be a debt or liability of the City and the City's name will not appear on the bonds. The City's request is being sought only for purposes of complying with the Act.

RECOMMENDATION

- Forward the Company's request to the City Council, with a recommendation to approve an item on the June 25, 2008 City Council Agenda for adoption of a resolution that requests TRDC to issue its bonds for the Project to be located at Love Field, solely for the purpose of satisfying the requirements of the Act.