

# Memorandum



CITY OF DALLAS

DATE June 5, 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, June 8, you will be briefed on the 1998 Sports Arena Bonds  
Optional Redemption.

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

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

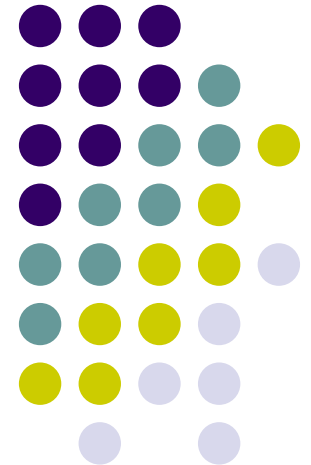
David Cook  
Chief Financial Officer

## Attachments

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

# 1998 Sports Arena Project Bonds Optional Redemption

Finance, Audit and Accountability Committee  
June 8, 2009



# Purpose



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



# Background

- In 1998, \$140.38m in revenue bonds were issued to fund the City's \$125m contribution to the construction costs of a new sports arena (now known as the American Airlines Center)
  - \$35.57m taxable bonds at 6.8% total interest costs
    - \$29.04m principal currently outstanding
  - \$104.81m tax exempt bonds at 5.1% total interest costs
    - \$17.71m 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 requirements
- 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 in 2028 beginning on 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 \$10.5m
  - 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)



- The first optional redemption took place on February 15<sup>th</sup> 2009
  - \$61.02m of 1998A Tax-exempt bonds
  - Call premium of \$610k
    - \$10.6m savings on present value basis
    - Reduced outstanding tax-exempt bond to current \$17.71m balance



# Optional Redemption (cont'd)

- Recommend redemption of \$13.34m of the tax-exempt bonds
  - \$1.3m savings on present value basis
  - Reduces outstanding tax exempt bond balance to \$4.37m
- Call premium of \$66.68k
  - Minimum interest rate of 3.85% on City's cash in order to break even on call premium
  - April investment earnings at 2.39%

# Optional Redemption (cont'd)



- Leaves balance of \$3.26m in the SDRF
- Debt Service Reserve Funds fully funded based on revised requirements - \$3.26m
- Annual debt service payment reduced from \$3.7m through FY2024 and \$9.3m FY2025-2027 to:
  - \$3.1m through FY2026
  - \$7.39m 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
- Project 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

- June 24<sup>th</sup> – Council approval of resolution authorizing bond redemption
- July 15<sup>th</sup> – Paying agent notifies bond holders of bond redemption
- August 17<sup>th</sup> – Bonds redeemed

# Recommendation



- Approval of June 24<sup>th</sup> resolution authorizing the optional redemption of \$13,335,000 of Tax Exempt Bonds plus payment of the call premium of \$66,675

# Appendix



Debt Service Schedules – Before Call	Page 15
Schedule of Bonds to be Called	Page 16
Debt Service Schedules – After Call	Page 17

**City of Dallas, Texas**  
**Special Tax Revenue Bonds, Series 1998A & Series 1998B**  
**Outstanding Debt - FY 2010 Through FY 2027**

	Series 1998A				Series 1998B				Total			Fiscal Total
	Principal	Coupon	Interest	Total	Principal	Coupon	Interest	Total	Principal	Interest	Total	
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>\$ 14,550,300</u>	<u>\$ 32,255,300</u>	<u>\$ 29,035,000</u>		<u>\$ 21,529,084</u>	<u>\$ 50,564,084</u>	<u>\$ 46,740,000</u>	<u>\$ 36,079,384</u>	<u>\$ 82,819,384</u>	<u>\$ 82,819,384</u>



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

	Series 1998A					Series 1998B					Total			
	Principal	Coupon	Interest	Red Prem	Total	Principal	Coupon	Interest	Red Prem	Total	Principal	Interest	Red Prem	Total
2/15/10	\$ -		\$ -		\$ -	\$ -		\$ -		\$ -	\$ -		\$ -	\$ -
8/15/10	-	5.250%	-	-	-	-	6.650%	-	-	-	-	-	-	-
2/15/11	-		-	-	-	-		-	-	-	-	-	-	-
8/15/11	-	5.250%	-	-	-	-	6.650%	-	-	-	-	-	-	-
2/15/12	-		-	-	-	-		-	-	-	-	-	-	-
8/15/12	-	5.250%	-	-	-	-	6.650%	-	-	-	-	-	-	-
2/15/13	-		-	-	-	-		-	-	-	-	-	-	-
8/15/13	-	5.250%	-	-	-	-	6.650%	-	-	-	-	-	-	-
2/15/14	-		-	-	-	-		-	-	-	-	-	-	-
8/15/14	-	5.375%	-	-	-	-	6.650%	-	-	-	-	-	-	-
2/15/15	-		-	-	-	-		-	-	-	-	-	-	-
8/15/15	-	5.375%	-	-	-	-	6.650%	-	-	-	-	-	-	-
2/15/16	-		-	-	-	-		-	-	-	-	-	-	-
8/15/16	-	5.250%	-	-	-	-	6.625%	-	-	-	-	-	-	-
2/15/17	-		-	-	-	-		-	-	-	-	-	-	-
8/15/17	-	5.000%	-	-	-	-	6.625%	-	-	-	-	-	-	-
2/15/18	-		-	-	-	-		-	-	-	-	-	-	-
8/15/18	-	5.000%	-	-	-	-	6.625%	-	-	-	-	-	-	-
2/15/19	-		-	-	-	-		-	-	-	-	-	-	-
8/15/19	-	5.000%	-	-	-	-	6.625%	-	-	-	-	-	-	-
2/15/20	-		-	-	-	-		-	-	-	-	-	-	-
8/15/20	-	5.000%	-	-	-	-	6.625%	-	-	-	-	-	-	-
2/15/21	-		-	-	-	-		-	-	-	-	-	-	-
8/15/21	-	5.000%	-	-	-	-	6.625%	-	-	-	-	-	-	-
2/15/22	-		-	-	-	-		-	-	-	-	-	-	-
8/15/22	-	5.000%	-	-	-	-	6.625%	-	-	-	-	-	-	-
2/15/23	-		-	-	-	-		-	-	-	-	-	-	-
8/15/23	-	5.000%	-	-	-	-	6.625%	-	-	-	-	-	-	-
2/15/24	-		-	-	-	-		-	-	-	-	-	-	-
8/15/24	-	5.000%	-	-	-	-	6.625%	-	-	-	-	-	-	-
2/15/25	-		-	-	-	-		-	-	-	-	-	-	-
8/15/25	5,560,000	5.000%	-	27,800	5,587,800	-	6.625%	-	-	-	5,560,000	-	27,800	5,587,800
2/15/26	-		-	-	-	-		-	-	-	-	-	-	-
8/15/26	5,930,000	4.750%	-	29,650	5,959,650	-	6.625%	-	-	-	5,930,000	-	29,650	5,959,650
2/15/27	-		-	-	-	-		-	-	-	-	-	-	-
8/15/27	1,845,000	4.750%	-	9,225	1,854,225	-	6.625%	-	-	-	1,845,000	-	9,225	1,854,225
	<u>\$ 13,335,000</u>		<u>\$ -</u>	<u>\$ 66,675</u>	<u>\$ 13,401,675</u>	<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,335,000</u>	<u>\$ -</u>	<u>\$ 66,675</u>	<u>\$ 13,401,675</u>

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

	Series 1998A				Series 1998B				Total			Fiscal Total
	Principal	Coupon	Interest	Total	Principal	Coupon	Interest	Total	Principal	Interest	Total	
2/15/10	\$ -		\$ 103,788	\$ 103,788	\$ -		\$ 962,569	\$ 962,569	\$ -	1,066,356	\$ 1,066,356	
8/15/10	-	5.250%	103,788	103,788	885,000	6.650%	962,569	1,847,569	885,000	1,066,356	1,951,356	3,017,713
2/15/11	-		103,788	103,788	-		933,143	933,143	-	1,036,930	1,036,930	
8/15/11	-	5.250%	103,788	103,788	945,000	6.650%	933,143	1,878,143	945,000	1,036,930	1,981,930	3,018,860
2/15/12	-		103,788	103,788	-		901,721	901,721	-	1,005,509	1,005,509	
8/15/12	-	5.250%	103,788	103,788	1,005,000	6.650%	901,721	1,906,721	1,005,000	1,005,509	2,010,509	3,016,018
2/15/13	-		103,788	103,788	-		868,305	868,305	-	972,093	972,093	
8/15/13	-	5.250%	103,788	103,788	1,075,000	6.650%	868,305	1,943,305	1,075,000	972,093	2,047,093	3,019,185
2/15/14	-		103,788	103,788	-		832,561	832,561	-	936,349	936,349	
8/15/14	-	5.375%	103,788	103,788	1,145,000	6.650%	832,561	1,977,561	1,145,000	936,349	2,081,349	3,017,698
2/15/15	-		103,788	103,788	-		794,490	794,490	-	898,278	898,278	
8/15/15	-	5.375%	103,788	103,788	1,220,000	6.650%	794,490	2,014,490	1,220,000	898,278	2,118,278	3,016,555
2/15/16	-		103,788	103,788	-		753,925	753,925	-	857,713	857,713	
8/15/16	-	5.250%	103,788	103,788	1,300,000	6.625%	753,925	2,053,925	1,300,000	857,713	2,157,713	3,015,425
2/15/17	-		103,788	103,788	-		710,863	710,863	-	814,650	814,650	
8/15/17	-	5.000%	103,788	103,788	1,385,000	6.625%	710,863	2,095,863	1,385,000	814,650	2,199,650	3,014,300
2/15/18	-		103,788	103,788	-		664,984	664,984	-	768,772	768,772	
8/15/18	-	5.000%	103,788	103,788	1,480,000	6.625%	664,984	2,144,984	1,480,000	768,772	2,248,772	3,017,544
2/15/19	-		103,788	103,788	-		615,959	615,959	-	719,747	719,747	
8/15/19	-	5.000%	103,788	103,788	1,575,000	6.625%	615,959	2,190,959	1,575,000	719,747	2,294,747	3,014,494
2/15/20	-		103,788	103,788	-		563,788	563,788	-	667,575	667,575	
8/15/20	-	5.000%	103,788	103,788	1,680,000	6.625%	563,788	2,243,788	1,680,000	667,575	2,347,575	3,015,150
2/15/21	-		103,788	103,788	-		508,138	508,138	-	611,925	611,925	
8/15/21	-	5.000%	103,788	103,788	1,795,000	6.625%	508,138	2,303,138	1,795,000	611,925	2,406,925	3,018,850
2/15/22	-		103,788	103,788	-		448,678	448,678	-	552,466	552,466	
8/15/22	-	5.000%	103,788	103,788	1,910,000	6.625%	448,678	2,358,678	1,910,000	552,466	2,462,466	3,014,931
2/15/23	-		103,788	103,788	-		385,409	385,409	-	489,197	489,197	
8/15/23	-	5.000%	103,788	103,788	2,040,000	6.625%	385,409	2,425,409	2,040,000	489,197	2,529,197	3,018,394
2/15/24	-		103,788	103,788	-		317,834	317,834	-	421,622	421,622	
8/15/24	-	5.000%	103,788	103,788	2,175,000	6.625%	317,834	2,492,834	2,175,000	421,622	2,596,622	3,018,244
2/15/25	-		103,788	103,788	-		245,788	245,788	-	349,575	349,575	
8/15/25	-	5.000%	103,788	103,788	2,315,000	6.625%	245,788	2,560,788	2,315,000	349,575	2,664,575	3,014,150
2/15/26	-		103,788	103,788	-		169,103	169,103	-	272,891	272,891	
8/15/26	-	4.750%	103,788	103,788	2,470,000	6.625%	169,103	2,639,103	2,470,000	272,891	2,742,891	3,015,781
2/15/27	-		103,788	103,788	-		87,284	87,284	-	191,072	191,072	
8/15/27	4,370,000	4.750%	103,788	4,473,788	2,635,000	6.625%	87,284	2,722,284	7,005,000	191,072	7,196,072	7,387,144
	<u>\$ 4,370,000</u>		<u>\$ 3,736,350</u>	<u>\$ 8,106,350</u>	<u>\$ 29,035,000</u>		<u>\$ 21,529,084</u>	<u>\$ 50,564,084</u>	<u>\$ 33,405,000</u>	<u>\$ 25,265,434</u>	<u>\$ 58,670,434</u>	<u>\$ 58,670,434</u>