

Memorandum



CITY OF DALLAS

DATE June 11, 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 1998 Sports Arena Project Bonds Optional Redemption

On Monday, June 14, you will be briefed on the 1998 Sports Arena Project Bonds Optional Redemption. The materials are attached for your review.

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

A handwritten signature in black ink, appearing to read 'Jeanne Chipperfield'.

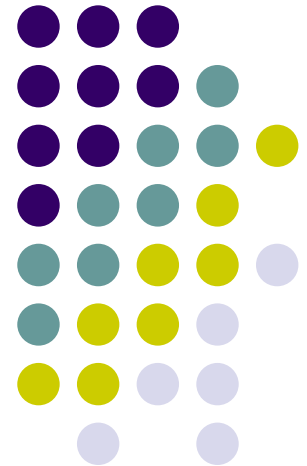
FOR:
Jeanne Chipperfield
Chief Financial Officer

Attachments

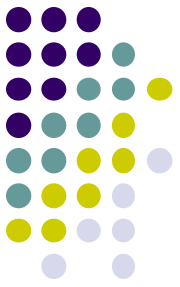
C: Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Ryan S. Evans, First Assistant City Manager
A. C. Gonzalez, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Forest Turner, Assistant City Manager
Deborah Watkins, City Secretary
Tom Perkins, City Attorney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

1998 Sports Arena Project Bonds Optional Redemption

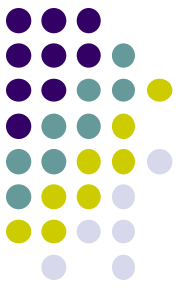
Budget, Finance and Audit Committee
June 14, 2010



Purpose

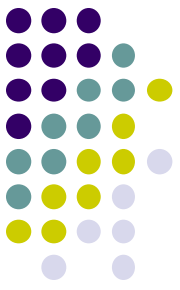


- Provide an update on the funds available to redeem the Taxable Sports Arena Project Bonds, Series 1998B
- Seek committee's recommendation for the resolution authorizing the optional redemption of various outstanding maturities



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)
 - \$104.81m tax exempt bonds (Series 1998A) at 5.1% total interest cost
 - Bonds redeemed in full
 - \$35.57m taxable bonds (Series 1998B) at 6.8% total interest cost
 - \$26.23m principal currently outstanding



Bond Redemption

Repayment of Sources

- Voters authorized additional 2% Hotel Occupancy Tax (HOT) and 5% Short-term Motor Vehicle Rental Tax (SMVT)
- 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
- The reserve requirement on the Series 1998B bonds is equal to the average annual debt service over the life of the bonds
- The City retired all of the outstanding Series 1998A bonds before redemption of the 1998B bonds due to federal private activity rules

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:

Redemption Date

8/15/2008 - 8/14/2009

8/15/2009 – 8/14/2010

8/15/2010 and after

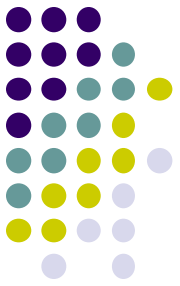
Redemption Price

101% of par

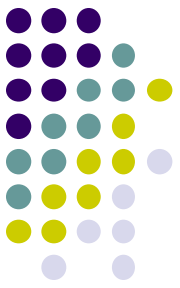
100.5% of par

100% of par

Series 1998A Redemptions

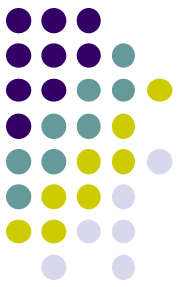


- Mandatory Redemption of the \$9.5m due in 2028 occurred on 8/15/2000
- Optional redemptions occurred as follows:
 - \$61.02m redeemed on 2/15/2009
 - \$13.34m redeemed on 8/15/2009
 - \$4.37m redeemed on 2/15/2010
- All 1998A bonds have been redeemed in full



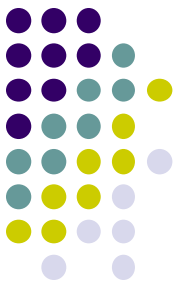
Series 1998B Redemptions

- One optional redemption has occurred:
 - \$2.81m redeemed on 2/15/2010
- Source of funds for optional redemption are the SDRF and Debt Service Reserve Fund
 - Current balance in SDRF is \$8.67m
 - As the bonds are called, the reserve requirement declines making reserve funds available to call bonds
- Maturities to be redeemed are selected based on highest coupon (interest rate)



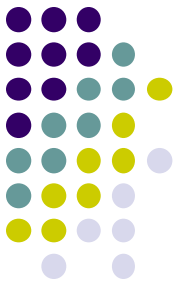
Series 1998B Redemptions (cont'd)

- Recommend redemption of \$7.32m of Series 1998B bonds
 - Reduces outstanding principal balance to \$18.9m
- There is no call premium
- Sources of Funds
 - \$591k from Debt Service and Reserve Funds
 - \$6.73m from Surplus Debt Redemption Fund



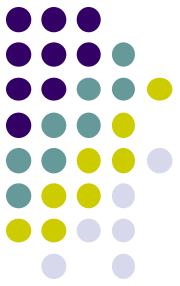
Series 1998B Redemption (cont'd)

- \$1.6m aggregate savings on present value basis
- Leaves balance of \$1.95m in the SDRF
- Debt Service Reserve Fund fully funded based on revised requirement - \$1.95m
- Average annual debt service payment reduced from \$2.58m to \$2.07m through FY2027
- Revenues over the last 12 months were \$14m



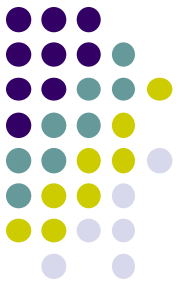
Future Redemptions

- Staff and City's Financial Advisors will continue to monitor the revenues and analyze the opportunities to redeem bonds on upcoming interest dates
- Projected full payoff of the remaining outstanding Sports Arena issue by end of 2011
- After bonds are fully repaid, the 2% HOT and 5% SMVT will no longer be assessed



Schedule

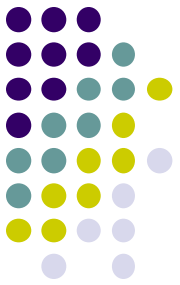
- June 23rd – Council approval of resolution authorizing bond redemption
- July 15th – Paying agent notifies bond holders of bond redemption
- August 16th – Bonds redeemed



Recommendation

- Approval of June 23rd resolution authorizing the optional redemption of \$7.32m of Taxable Bonds

Appendix



Debt Service Schedules – Before Call	Page 14
Schedule of Bonds to be Called	Page 15
Debt Service Schedules – After Call	Page 16

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	\$ -		\$ -	\$ -	\$ -		\$ -	\$ -	\$ -		\$ -	
8/15/10	-	5.250%	-	-	-	6.650%	-	-	-	-	-	-
2/15/11	-		-	-	-		869,136	869,136	-	869,136	869,136	-
8/15/11	-	5.250%	-	-	-	6.650%	869,136	869,136	-	869,136	869,136	1,738,273
2/15/12	-		-	-	-		869,136	869,136	-	869,136	869,136	-
8/15/12	-	5.250%	-	-	25,000	6.650%	869,136	894,136	25,000	869,136	894,136	1,763,273
2/15/13	-		-	-	-		868,305	868,305	-	868,305	868,305	-
8/15/13	-	5.250%	-	-	1,075,000	6.650%	868,305	1,943,305	1,075,000	868,305	1,943,305	2,811,610
2/15/14	-		-	-	-		832,561	832,561	-	832,561	832,561	-
8/15/14	-	5.375%	-	-	1,145,000	6.650%	832,561	1,977,561	1,145,000	832,561	1,977,561	2,810,123
2/15/15	-		-	-	-		794,490	794,490	-	794,490	794,490	-
8/15/15	-	5.375%	-	-	1,220,000	6.650%	794,490	2,014,490	1,220,000	794,490	2,014,490	2,808,980
2/15/16	-		-	-	-		753,925	753,925	-	753,925	753,925	-
8/15/16	-	5.250%	-	-	1,300,000	6.625%	753,925	2,053,925	1,300,000	753,925	2,053,925	2,807,850
2/15/17	-		-	-	-		710,863	710,863	-	710,863	710,863	-
8/15/17	-	5.000%	-	-	1,385,000	6.625%	710,863	2,095,863	1,385,000	710,863	2,095,863	2,806,725
2/15/18	-		-	-	-		664,984	664,984	-	664,984	664,984	-
8/15/18	-	5.000%	-	-	1,480,000	6.625%	664,984	2,144,984	1,480,000	664,984	2,144,984	2,809,969
2/15/19	-		-	-	-		615,959	615,959	-	615,959	615,959	-
8/15/19	-	5.000%	-	-	1,575,000	6.625%	615,959	2,190,959	1,575,000	615,959	2,190,959	2,806,919
2/15/20	-		-	-	-		563,788	563,788	-	563,788	563,788	-
8/15/20	-	5.000%	-	-	1,680,000	6.625%	563,788	2,243,788	1,680,000	563,788	2,243,788	2,807,575
2/15/21	-		-	-	-		508,138	508,138	-	508,138	508,138	-
8/15/21	-	5.000%	-	-	1,795,000	6.625%	508,138	2,303,138	1,795,000	508,138	2,303,138	2,811,275
2/15/22	-		-	-	-		448,678	448,678	-	448,678	448,678	-
8/15/22	-	5.000%	-	-	1,910,000	6.625%	448,678	2,358,678	1,910,000	448,678	2,358,678	2,807,356
2/15/23	-		-	-	-		385,409	385,409	-	385,409	385,409	-
8/15/23	-	5.000%	-	-	2,040,000	6.625%	385,409	2,425,409	2,040,000	385,409	2,425,409	2,810,819
2/15/24	-		-	-	-		317,834	317,834	-	317,834	317,834	-
8/15/24	-	5.000%	-	-	2,175,000	6.625%	317,834	2,492,834	2,175,000	317,834	2,492,834	2,810,669
2/15/25	-		-	-	-		245,788	245,788	-	245,788	245,788	-
8/15/25	-	5.000%	-	-	2,315,000	6.625%	245,788	2,560,788	2,315,000	245,788	2,560,788	2,806,575
2/15/26	-		-	-	-		169,103	169,103	-	169,103	169,103	-
8/15/26	-	4.750%	-	-	2,470,000	6.625%	169,103	2,639,103	2,470,000	169,103	2,639,103	2,808,206
2/15/27	-		-	-	-		87,284	87,284	-	87,284	87,284	-
8/15/27	-	4.750%	-	-	2,635,000	6.625%	87,284	2,722,284	2,635,000	87,284	2,722,284	2,809,569
	<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,225,000</u>		<u>\$ 19,410,764</u>	<u>\$ 45,635,764</u>	<u>\$ 26,225,000</u>	<u>\$ 19,410,764</u>	<u>\$ 45,635,764</u>	<u>\$ 45,635,764</u>

City of Dallas, Texas
Special Tax Revenue Bonds, Series 1998A & Series 1998B
Bonds to be Paid/Redeemed on August 15, 2010

	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%	-	-	-	25,000	6.650%	-	-	25,000	25,000	-	-	25,000
2/15/13	-		-		-	-		-		-	-		-	-
8/15/13	-	5.250%	-	-	-	1,075,000	6.650%	-	-	1,075,000	1,075,000	-	-	1,075,000
2/15/14	-		-		-	-		-		-	-		-	-
8/15/14	-	5.375%	-	-	-	1,145,000	6.650%	-	-	1,145,000	1,145,000	-	-	1,145,000
2/15/15	-		-		-	-		-		-	-		-	-
8/15/15	-	5.375%	-	-	-	1,220,000	6.650%	-	-	1,220,000	1,220,000	-	-	1,220,000
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	-	5.000%	-	-	-	-	6.625%	-	-	-	-	-	-	-
2/15/26	-		-		-	-		-		-	-		-	-
8/15/26	-	4.750%	-	-	-	1,220,000	6.625%	-	-	1,220,000	1,220,000	-	-	1,220,000
2/15/27	-		-		-	-		-		-	-		-	-
8/15/27	-	4.750%	-	-	-	2,635,000	6.625%	-	-	2,635,000	2,635,000	-	-	2,635,000
	<u>\$ -</u>		<u>\$ -</u>		<u>\$ -</u>	<u>\$ 7,320,000</u>		<u>\$ -</u>		<u>\$ 7,320,000</u>	<u>\$ 7,320,000</u>		<u>\$ -</u>	<u>\$ 7,320,000</u>

City of Dallas, Texas
Special Tax Revenue Bonds, Series 1998A & Series 1998B
Bonds Remaining After Redemption on August 15, 2010

	Series 1998A				Series 1998B				Total			Fiscal Total
	Principal	Coupon	Interest	Total	Principal	Coupon	Interest	Total	Principal	Interest	Total	
2/15/10	\$ -		\$ -	\$ -	\$ -		\$ -	\$ -	\$ -		\$ -	
8/15/10	-	5.250%	-	-	-	6.650%	-	-	-	-	-	-
2/15/11	-		-	-	-		626,228	626,228	-	626,228	626,228	-
8/15/11	-	5.250%	-	-	-	6.650%	626,228	626,228	-	626,228	626,228	1,252,456
2/15/12	-		-	-	-		626,228	626,228	-	626,228	626,228	-
8/15/12	-	5.250%	-	-	-	6.650%	626,228	626,228	-	626,228	626,228	1,252,456
2/15/13	-		-	-	-		626,228	626,228	-	626,228	626,228	-
8/15/13	-	5.250%	-	-	-	6.650%	626,228	626,228	-	626,228	626,228	1,252,456
2/15/14	-		-	-	-		626,228	626,228	-	626,228	626,228	-
8/15/14	-	5.375%	-	-	-	6.650%	626,228	626,228	-	626,228	626,228	1,252,456
2/15/15	-		-	-	-		626,228	626,228	-	626,228	626,228	-
8/15/15	-	5.375%	-	-	-	6.650%	626,228	626,228	-	626,228	626,228	1,252,456
2/15/16	-		-	-	-		626,228	626,228	-	626,228	626,228	-
8/15/16	-	5.250%	-	-	1,300,000	6.625%	626,228	1,926,228	1,300,000	626,228	1,926,228	2,552,456
2/15/17	-		-	-	-		583,166	583,166	-	583,166	583,166	-
8/15/17	-	5.000%	-	-	1,385,000	6.625%	583,166	1,968,166	1,385,000	583,166	1,968,166	2,551,331
2/15/18	-		-	-	-		537,288	537,288	-	537,288	537,288	-
8/15/18	-	5.000%	-	-	1,480,000	6.625%	537,288	2,017,288	1,480,000	537,288	2,017,288	2,554,575
2/15/19	-		-	-	-		488,263	488,263	-	488,263	488,263	-
8/15/19	-	5.000%	-	-	1,575,000	6.625%	488,263	2,063,263	1,575,000	488,263	2,063,263	2,551,525
2/15/20	-		-	-	-		436,091	436,091	-	436,091	436,091	-
8/15/20	-	5.000%	-	-	1,680,000	6.625%	436,091	2,116,091	1,680,000	436,091	2,116,091	2,552,181
2/15/21	-		-	-	-		380,441	380,441	-	380,441	380,441	-
8/15/21	-	5.000%	-	-	1,795,000	6.625%	380,441	2,175,441	1,795,000	380,441	2,175,441	2,555,881
2/15/22	-		-	-	-		320,981	320,981	-	320,981	320,981	-
8/15/22	-	5.000%	-	-	1,910,000	6.625%	320,981	2,230,981	1,910,000	320,981	2,230,981	2,551,963
2/15/23	-		-	-	-		257,713	257,713	-	257,713	257,713	-
8/15/23	-	5.000%	-	-	2,040,000	6.625%	257,713	2,297,713	2,040,000	257,713	2,297,713	2,555,425
2/15/24	-		-	-	-		190,138	190,138	-	190,138	190,138	-
8/15/24	-	5.000%	-	-	2,175,000	6.625%	190,138	2,365,138	2,175,000	190,138	2,365,138	2,555,275
2/15/25	-		-	-	-		118,091	118,091	-	118,091	118,091	-
8/15/25	-	5.000%	-	-	2,315,000	6.625%	118,091	2,433,091	2,315,000	118,091	2,433,091	2,551,181
2/15/26	-		-	-	-		41,406	41,406	-	41,406	41,406	-
8/15/26	-	4.750%	-	-	1,250,000	6.625%	41,406	1,291,406	1,250,000	41,406	1,291,406	1,332,813
2/15/27	-		-	-	-		-	-	-	-	-	-
8/15/27	-	4.750%	-	-	-	6.625%	-	-	-	-	-	-
	<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,905,000</u>		<u>\$ 14,221,888</u>	<u>\$ 33,126,888</u>	<u>\$ 18,905,000</u>	<u>\$ 14,221,888</u>	<u>\$ 33,126,888</u>	<u>\$ 33,126,888</u>