

Memorandum



CITY OF DALLAS

DATE June 10, 2011

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

SUBJECT 1998 Sports Arena Project Bonds Optional Redemption

The City Council agenda for June 22, 2011, will include a resolution authorizing the optional redemption in August of up to \$10,450,000 of the Taxable Sports Arena Project Bonds, Series 1998B. This memorandum provides an update on the funds available for this redemption.

In 1998, the City issued \$140,380,000 in revenue bonds to fund its contribution to the construction costs of a new sports arena, now known as the American Airlines Center. Of the total amount of bonds, \$104,810,000 (75%) was issued as Tax-Exempt Series 1998A and \$35,570,000 (25%) was issued as Taxable Series 1998B. A voter-authorized additional 2% hotel occupancy tax (HOT) and a 5% short-term motor vehicle rental tax (SMVT) were pledged to repay both series of bonds. Any revenues in excess of the current year's debt payments are deposited monthly to the Surplus Debt Redemption Fund (SDRF).

The Series 1998A bonds have been paid in full through a combination of mandatory and optional redemptions, beginning in 2000 and concluding on February 16, 2010. Redemption of the Series 1998B bonds in advance of maturity began in February, 2010, when the outstanding balance was \$29,035,000. Redemptions in February and August, 2010 and February 2011, have further reduced the outstanding balance of Series 1998B bonds to \$10,450,000. The remaining balance of \$10,450,000 is recommended for redemption in August if funds are available.

The sources of funds for optional redemption of the Series 1998B bonds are the SDRF and the Debt Service Reserve Fund. Currently, a balance of \$8,262,592 in the SDRF and \$1,049,397 in the Debt Service Reserve Fund are available for early redemption of Series 1998B bonds at the next interest payment date of August 15, 2011. Staff recommends authorizing redemption of up to \$10,450,000 of Series 1998B bonds, which will retire the bonds in full and will produce up to \$1,962,083 aggregate savings on a present value basis.

The schedule for this redemption is:

- June 22nd – Council approval of resolution authorizing bond redemption
- July 15th – Paying agent notifies bondholders of bond redemption
- August 15th – Bonds redeemed

Staff and the City's Financial Advisors will continue to monitor collection of tax receipts to determine if revenues sufficient to call the remaining balance of the bonds have been collected by July 15th, the date when the notice of call of the bonds must be published. After all of the Series 1998B bonds have been fully repaid, the 2% HOT and 5% SMVT will no longer be assessed.

Attached to this memorandum is a schedule of the Series 1998B bonds that are eligible to be redeemed.

Please let me know if you need additional information.



Jeanne Chipperfield
Chief Financial Officer

Attachments

c: Honorable Mayor & Members of the City Council
Mary K. Suhm, City Manager
Deborah A. Watkins, City Secretary
Tom P. Perkins, City Attorney
Craig D. Kinton, City Auditor
Ryan S. Evans, First Assistant City Manager
A.C. Gonzalez, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Forest E. Turner, Assistant City Manager
Frank Libro, Public Information Office
Helena Stevens-Thompson, Assistant to the City Manager

City of Dallas, Texas
Special Tax Revenue Bonds, Series 1998B
Bonds to be Paid/Redeemed on August 15, 2011

Series 1998B					
	Principal	Coupon	Interest	Red Prem	Total
8/15/11	-	6.650%	-	-	-
2/15/12	-		-	-	-
8/15/12	-	6.650%	-	-	-
2/15/13	-		-	-	-
8/15/13	-	6.650%	-	-	-
2/15/14	-		-	-	-
8/15/14	-	6.650%	-	-	-
2/15/15	-		-	-	-
8/15/15	-	6.650%	-	-	-
2/15/16	-		-	-	-
8/15/16	1,300,000	6.625%	-	-	1,300,000
2/15/17	-		-	-	-
8/15/17	1,385,000	6.625%	-	-	1,385,000
2/15/18	-		-	-	-
8/15/18	1,480,000	6.625%	-	-	1,480,000
2/15/19	-		-	-	-
8/15/19	1,575,000	6.625%	-	-	1,575,000
2/15/20	-		-	-	-
8/15/20	1,680,000	6.625%	-	-	1,680,000
2/15/21	-		-	-	-
8/15/21	1,795,000	6.625%	-	-	1,795,000
2/15/22	-		-	-	-
8/15/22	1,215,000	6.625%	-	-	1,215,000
2/15/23	-		-	-	-
8/15/23	5,000	6.625%	-	-	5,000
2/15/24	-		-	-	-
8/15/24	5,000	6.625%	-	-	5,000
2/15/25	-		-	-	-
8/15/25	5,000	6.625%	-	-	5,000
2/15/26	-		-	-	-
8/15/26	5,000	6.625%	-	-	5,000
2/15/27	-		-	-	-
8/15/27	-	6.625%	-	-	-
	<u>\$ 10,450,000</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,450,000</u>

Funds Available for Bond Calls

Available Fund Balances	\$ 9,401,209
Retained Surplus Debt Redemption Fund Balance	-
Funds Released from Debt Service Reserve Fund	<u>1,048,791</u>
Total Available for Bond Calls Before Redemption Premium	10,450,000
Funds Available for 0.00% Call Premium	<u>-</u>
Net amount Available for Bond Calls	<u>\$ 10,450,000</u>
 Bonds to be Called	 \$ 10,450,000