

Memorandum



DATE September 15, 2011

TO Honorable Members of the Budget, Finance & Audit Committee: Jerry R. Allen (Chair), Tennell Atkins (Vice Chair), Monica R. Alonzo, Scott Griggs, Ann Margolin

SUBJECT DFW International Airport Board Amendment to 47th Supplemental Bond Ordinance Briefing

The attached briefing will be presented on Tuesday, September 20th at the Budget, Finance & Audit Committee by Mike Phemister, Vice-President-Treasury Management of the DFW International Airport Board.

If you have questions or need additional information, please let me know.



Jeanne Chipperfield
Chief Financial Officer

Attachment

cc: Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Rosa A. Rios, Acting City Secretary
Thomas P. Perkins, Jr., City Attorney
Craig D. Kinton, City Auditor
C. Victor Lander, Administrative Judge
A.C. Gonzalez, First Assistant City Manager
Ryan S. Evans, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Forest E. Turner, Assistant City Manager
Joey Zapata, Interim Assistant City Manager
Helena Stevens-Thompson, Assistant to the City Manager
Jack Ireland, Director, Office of Financial Services

Dallas/Fort Worth International Airport Board Amendment to 47th Supplemental Bond Ordinance

Dallas City Council

Budget, Finance and Audit Committee Briefing

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Background on 47th Supplemental Bond Ordinance

- In May 2011, the City Councils of Dallas and Fort Worth concurrently approved the 47th Supplemental Bond Ordinance.
 - Authorized the issuance of multiple series of refunding bonds in an amount not to exceed \$1.5 billion.
- Two refundings totaling about \$375 million have been completed, with approximately \$45 million of savings.
- DFW Airport plans to refund 2003C bonds in October 2011.
 - Approximately \$104.5 million outstanding, with final maturity in 2018.

Why the 47th Supplemental Bond Ordinance Must Be Amended

- 2003C Bonds were issued for baggage system improvements, which is considered a private activity use.
- Bonds issued for private activity uses may only be refunded using tax exempt AMT bonds or taxable bonds.
- Current market conditions have created a market abnormality, with short term taxable rates less than tax exempt AMT rates.
- Estimated savings of \$10 million if 2003C bonds are refunded with taxable bonds.
- 47th Supplemental Bond Ordinance did not contemplate the issuance of taxable refunding bonds.

Action Requested By City Council

- 47th Supplemental Bond Ordinance be amended to allow the issuance of taxable bonds when interest rates are lower than tax exempt bonds.

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