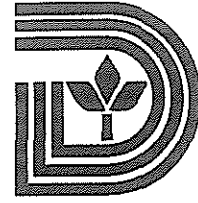


# Memorandum



CITY OF DALLAS

DATE December 10, 2010

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 January 12, 2011, will include a resolution authorizing the optional redemption in February of \$8,455,000 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, have further reduced the outstanding balance of Series 1998B bonds to \$18,900,000. Of the outstanding balance, \$8,455,000 is recommended for redemption based on the cash on hand.

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 \$7,549,937 in the SDRF and \$906,795 in the Debt Service Reserve Fund are available for early redemption of Series 1998B bonds at the next interest payment date of February 15, 2011. Staff recommends redemption of \$8,455,000 of Series 1998B bonds, which will reduce the outstanding amount to \$10,450,000 and will produce \$2,314,000 aggregate savings on a present value basis. The remaining balances in the SDRF and the Debt Service Reserve Fund will equal two times the reserve requirement on the outstanding bonds.

The schedule for this redemption is:

- January 12<sup>th</sup> – Council approval of resolution authorizing bond redemption
- January 14<sup>th</sup> – Paying agent notifies bondholders of bond redemption
- February 15<sup>th</sup> – Bonds redeemed

Staff and the City's Financial Advisors will continue to monitor revenues and analyze opportunities to redeem the Series 1998B bonds on upcoming interest dates. The timeframe for the projected payoff of the remaining outstanding bonds is by the end of calendar year 2011. 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 are schedules of the Series 1998B bonds to be redeemed and the debt service requirements for the Series 1998B bonds before and after this redemption.

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  
 Outstanding Debt Before Redemption- FY 2011 Through FY 2027

Series 1998B				
	Principal	Coupon	Interest	Total
2/15/11	-		626,228	626,228
8/15/11	-	6.650%	626,228	626,228
2/15/12	-		626,228	626,228
8/15/12	-	6.650%	626,228	626,228
2/15/13	-		626,228	626,228
8/15/13	-	6.650%	626,228	626,228
2/15/14	-		626,228	626,228
8/15/14	-	6.650%	626,228	626,228
2/15/15	-		626,228	626,228
8/15/15	-	6.650%	626,228	626,228
2/15/16	-		626,228	626,228
8/15/16	1,300,000	6.625%	626,228	1,926,228
2/15/17	-		583,166	583,166
8/15/17	1,385,000	6.625%	583,166	1,968,166
2/15/18	-		537,288	537,288
8/15/18	1,480,000	6.625%	537,288	2,017,288
2/15/19	-		488,263	488,263
8/15/19	1,575,000	6.625%	488,263	2,063,263
2/15/20	-		436,091	436,091
8/15/20	1,680,000	6.625%	436,091	2,116,091
2/15/21	-		380,441	380,441
8/15/21	1,795,000	6.625%	380,441	2,175,441
2/15/22	-		320,981	320,981
8/15/22	1,910,000	6.625%	320,981	2,230,981
2/15/23	-		257,713	257,713
8/15/23	2,040,000	6.625%	257,713	2,297,713
2/15/24	-		190,138	190,138
8/15/24	2,175,000	6.625%	190,138	2,365,138
2/15/25	-		118,091	118,091
8/15/25	2,315,000	6.625%	118,091	2,433,091
2/15/26	-		41,406	41,406
8/15/26	1,250,000	6.625%	41,406	1,291,406
2/15/27	-		-	-
8/15/27	-	6.625%	-	-
	<u>\$ 18,905,000</u>		<u>\$ 14,221,888</u>	<u>\$ 33,126,888</u>

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

Series 1998B				
	Principal	Coupon	Interest	Total
2/15/11	-		-	-
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	-	6.625%	-	-
2/15/17	-		-	-
8/15/17	-	6.625%	-	-
2/15/18	-		-	-
8/15/18	-	6.625%	-	-
2/15/19	-		-	-
8/15/19	-	6.625%	-	-
2/15/20	-		-	-
8/15/20	-	6.625%	-	-
2/15/21	-		-	-
8/15/21	-	6.625%	-	-
2/15/22	-		-	-
8/15/22	695,000	6.625%	-	695,000
2/15/23	-		-	-
8/15/23	2,035,000	6.625%	-	2,035,000
2/15/24	-		-	-
8/15/24	2,170,000	6.625%	-	2,170,000
2/15/25	-		-	-
8/15/25	2,310,000	6.625%	-	2,310,000
2/15/26	-		-	-
8/15/26	1,245,000	6.625%	-	1,245,000
2/15/27	-		-	-
8/15/27	-	6.625%	-	-
	<u>\$ 8,455,000</u>		<u>\$ -</u>	<u>\$ 8,455,000</u>

**Funds Available for Bond Calls**

Available Fund Balances	\$ 8,596,111
Retained Surplus Debt Redemption Fund Balance	(1,046,174)
Funds Released from Debt Service Reserve Fund	<u>906,795</u>
Total Available for Bond Calls Before Redemption Premium	8,456,732
Funds Available for 0.00% Call Premium	-
Net amount Available for Bond Calls	<u>\$ 8,456,732</u>
 <b>Bonds to be Called</b>	 <b>\$ 8,455,000</b>

City of Dallas, Texas  
Special Tax Revenue Bonds, Series 1998B  
Bonds Remaining After Redemption on February 15, 2011

Series 1998B				
	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Total</u>
2/15/11	-		346,156	346,156
8/15/11	-	6.650%	346,156	346,156
2/15/12	-		346,156	346,156
8/15/12	-	6.650%	346,156	346,156
2/15/13	-		346,156	346,156
8/15/13	-	6.650%	346,156	346,156
2/15/14	-		346,156	346,156
8/15/14	-	6.650%	346,156	346,156
2/15/15	-		346,156	346,156
8/15/15	-	6.650%	346,156	346,156
2/15/16	-		346,156	346,156
8/15/16	1,300,000	6.625%	346,156	1,646,156
2/15/17	-		303,094	303,094
8/15/17	1,385,000	6.625%	303,094	1,688,094
2/15/18	-		257,216	257,216
8/15/18	1,480,000	6.625%	257,216	1,737,216
2/15/19	-		208,191	208,191
8/15/19	1,575,000	6.625%	208,191	1,783,191
2/15/20	-		156,019	156,019
8/15/20	1,680,000	6.625%	156,019	1,836,019
2/15/21	-		100,369	100,369
8/15/21	1,795,000	6.625%	100,369	1,895,369
2/15/22	-		40,909	40,909
8/15/22	1,215,000	6.625%	40,909	1,255,909
2/15/23	-		663	663
8/15/23	5,000	6.625%	663	5,663
2/15/24	-		497	497
8/15/24	5,000	6.625%	497	5,497
2/15/25	-		331	331
8/15/25	5,000	6.625%	331	5,331
2/15/26	-		166	166
8/15/26	5,000	6.625%	166	5,166
2/15/27	-		-	-
8/15/27	-	6.625%	-	-
	<u>\$ 10,450,000</u>		<u>\$ 6,288,781</u>	<u>\$ 16,738,781</u>

Debt Service Reserve Funds on Deposit	1,952,968
Post Redemption Debt Service Reserve Requirement	<u>1,046,174</u>
Funds Available to be released from DSRF	906,795
Funds Released from DSRF	<u>(906,795)</u>
Remaining DSRF Balance	<u>1,046,174</u>

