



**City of Dallas  
Council Briefing**

**Issuance of Joint Revenue Refunding Bonds  
Amendment to Outstanding Joint Revenue  
Auction Rate Bonds**

**February 1, 2006**



# Issuance of Joint Revenue Refunding Bonds



## Refunding Opportunities

- Bonds available to be refunded
  - \$158.9M of 1994A Fixed Rate Bonds
    - Average coupon 5.9 percent
  - \$150.6M of 1995 Fixed Rate Bonds
    - Average Coupon 5.4 percent
  - Present Value Savings estimated at \$17M



## 2006A Fixed Rate Refunding Bonds

### Sources:

Bond Proceeds	\$325,000,000
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### Uses:

Deposit to Escrow Fund	318,000,000
Original Issue Discount	2,000,000
Insurance	1,600,000
Underwriter's Discount	2,000,000
Costs of Issuance	1,400,000
	<hr/> <hr/>
	<b>\$325,000,000</b>



## **41<sup>st</sup> Supplemental Bond Ordinance Transaction Parameters for Series 2006A Fixed Rate Bonds**

- Same documents as previous fixed rate bond issues
- Fixed rate bonds will be issued subject to the following parameters:
  - Principal amount not to exceed \$325M
  - Interest rate not to exceed 5% coupons
  - Maturities no later than 2015 (same as current bonds)
  - Underwriter fees not to exceed \$6.00 per bond
  - Negotiated sales February 2006
  - MWBE Underwriting participation 30%



# 41<sup>st</sup> Supplemental Bond Ordinance Transaction Team

## **Financial Advisors**

First Southwest Company  
Estrada Hinojosa & Company (MWBE)

## **Co-Bond Counsel**

Vinson & Elkins  
McCall, Parkhurst & Horton  
Renee Higginbotham-Brooks, Esq., (MWBE)

## **Senior Managers (Book Runners)**

Goldman Sachs  
Citigroup

## **Co-Managers**

Loop Capital (MWBE)  
Morgan Keegan  
Ramirez & Company (MWBE)  
Siebert Brandford Shank (MWBE)  
UBS Financial Services



# **Amendment to Outstanding Joint Revenue Auction Rate Ordinance**



## **Current outstanding Joint Revenue Auction Rate Bonds of \$355.2 million or approximately 10% of total outstanding debt.**

- 35<sup>th</sup> Supplemental Bond Ordinance
  - \$75.0M of Series 2002B
- 36<sup>th</sup> Supplemental Bond Ordinance
  - \$50.0M of Series 2002C
- 38<sup>th</sup> Supplemental Bond Ordinance
  - \$56.4M of Series 2003C-1
  - \$56.4M of Series 2003C-2
- 39<sup>th</sup> Supplemental Bond Ordinance
  - \$58.7M of Series 2004A-1
  - \$58.7M of Series 2004A-2



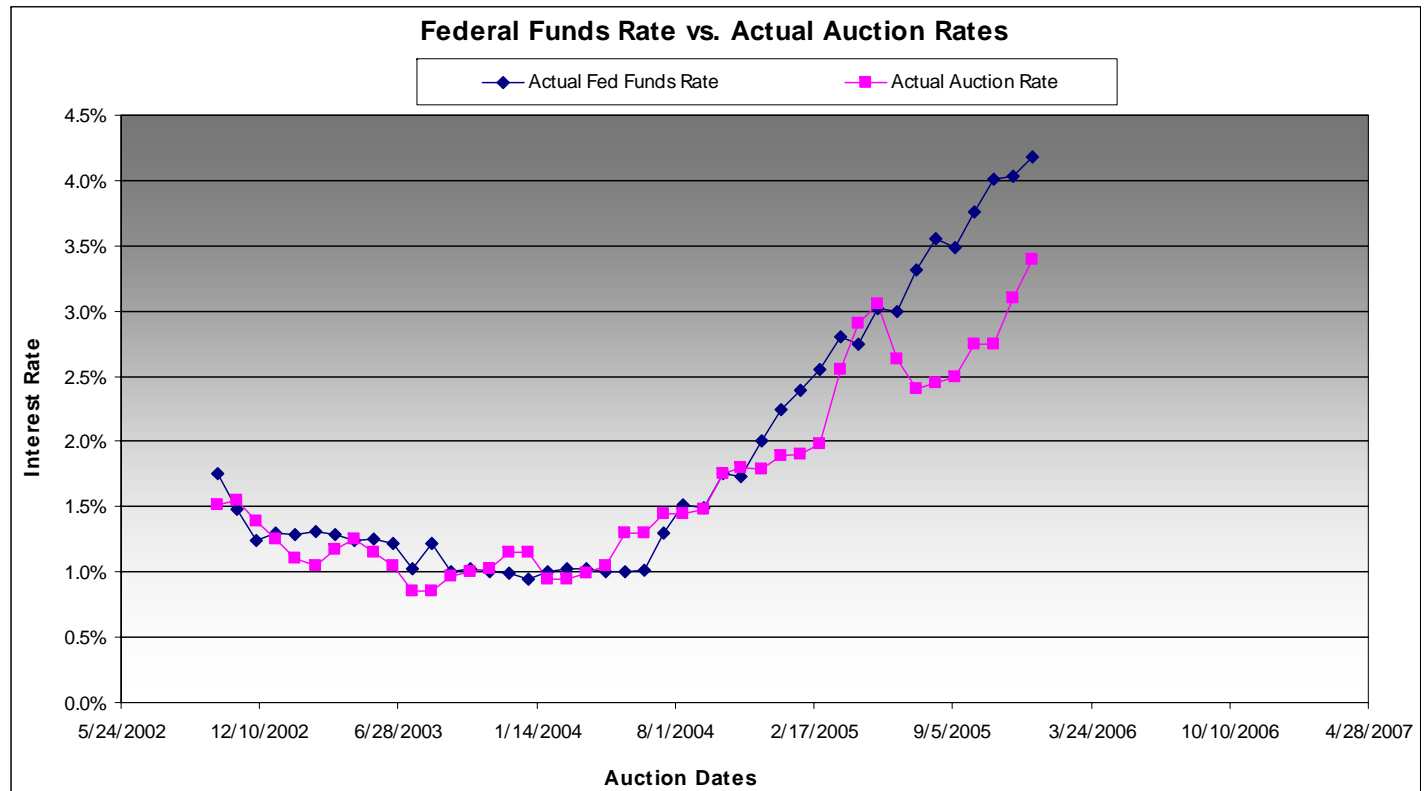


**Variable program has been successful.  
\$30.4M in savings through 1<sup>st</sup> Qtr of FY2006**

In Millions of Dollars					
Bond Issue	Fiscal Year 2003	Fiscal Year 2004	Fiscal Year 2005	1st Qtr 2006	Total Savings
2002B	\$ 2.9	\$ 2.9	\$ 2.1	\$ 0.8	\$ 8.7
2002C	\$ 2.0	\$ 2.0	\$ 1.4	\$ 0.4	\$ 5.8
2003C-1	\$ 0.2	\$ 2.4	\$ 1.8	\$ 0.4	\$ 4.8
2003C-2	-	\$ 2.5	\$ 2.0	\$ 0.4	\$ 4.9
2004A-1	-	\$ 0.9	\$ 1.7	\$ 0.5	\$ 3.1
2004A-2	-	\$ 0.7	\$ 1.9	\$ 0.5	\$ 3.1
	\$ 5.1	\$ 11.5	\$ 10.9	\$ 3.0	\$ 30.4

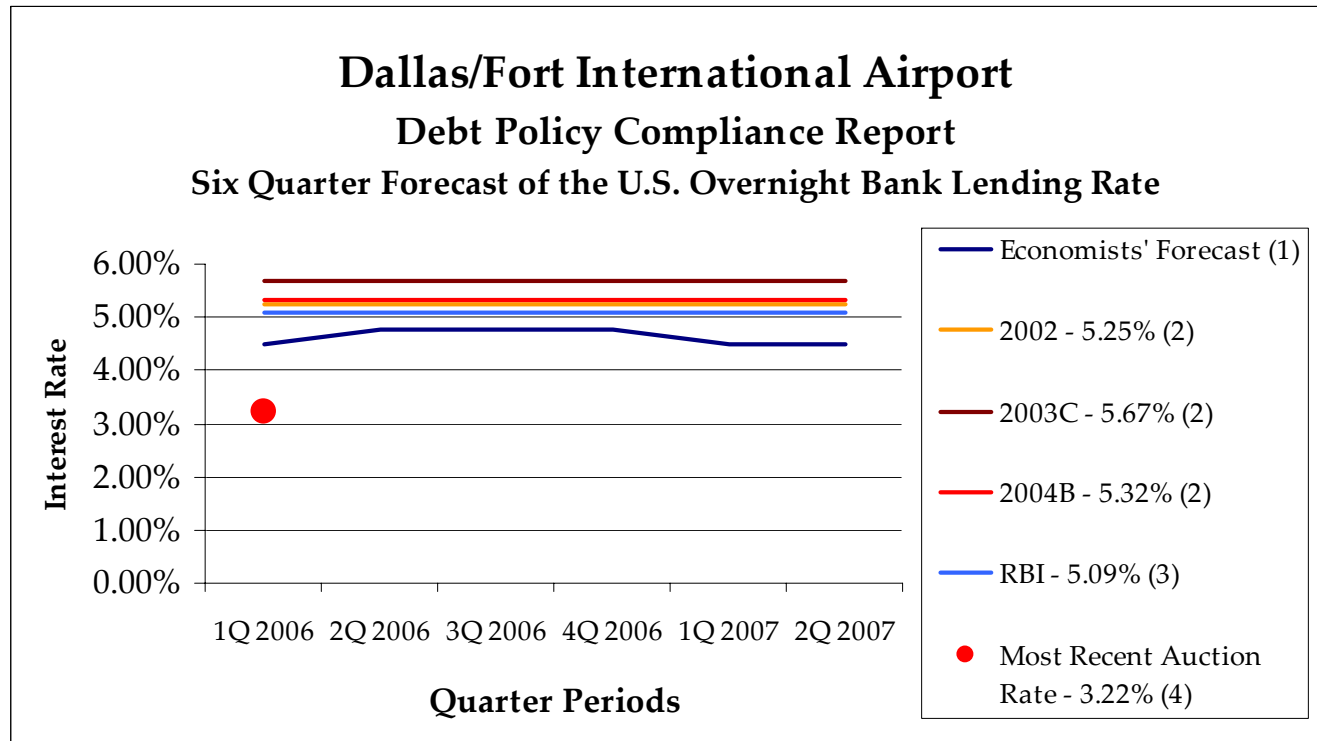


# Auction rates have varied since the initial issue of Auction Rate Bonds. Rate began increasing in August 2004.





# DFW Board monitors auction rate debt on a monthly basis.



### Bloomberg's Forecast

Time Period	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007	2Q 2007
# of Replies	71	71	71	69	56	52
<b>Median</b>	<b>4.50%</b>	<b>4.75%</b>	<b>4.75%</b>	<b>4.75%</b>	<b>4.50%</b>	<b>4.50%</b>



## Requested Action

Approve an ordinance amending the 35<sup>th</sup>, 36<sup>th</sup>, 38<sup>th</sup>, 39<sup>th</sup> Auction Rate Bond Ordinances to allow the conversion of any or all bonds without having to obtain additional approval from the City Councils of Dallas and Fort Worth.

This action will allow the Airport Board to expeditiously convert to fixed rate mode in the event of rapidly rising short term rates.



## Go Forward Schedule

January 23	City of Dallas Finance Committee Briefing
January 24	City of Fort Worth Briefing
February 1	City of Dallas Briefing
February 7	City of Fort Worth Consideration
February 8	City of Dallas Consideration
February 23	Pricing