

# Memorandum



CITY OF DALLAS

DATE August 14, 2009

TO The Honorable Mayor and Members of the City Council

SUBJECT 2009 Refundings and Tender Opportunities For the Cities of Dallas and Fort Worth

The subject briefing is on the Council's August 19<sup>th</sup> Briefing Agenda. Jeff Fegan and Chris Poinsette will present the attached briefing. A copy of the briefing materials is included for your review prior to Wednesday's discussion.

Please contact me if you need additional information.

A handwritten signature in black ink, appearing to read 'D. Cook'.

David K. Cook  
Chief Financial Officer

c: Mary K. Suhm, City Manager  
Deborah Watkins, City Secretary  
Thomas P. Perkins, Jr., City Attorney  
Craig Kinton, City Auditor  
Judge C. Victor Lander, Administrative Judge  
Ryan S. Evans, First Assistant City Manager  
Forest Turner, Assistant City Manager  
A.C. Gonzalez, Assistant City Manager  
Jill A. Jordan, P.E., Assistant City Manager  
Frank Libro, Public Information Office  
Helena Stevens-Thompson, Assistant to the City Manager



**Dallas/Fort Worth International Airport  
Board  
2009 Refundings and Tender Opportunities**

**For the Cities of Dallas and Fort Worth**

**August, 2009**



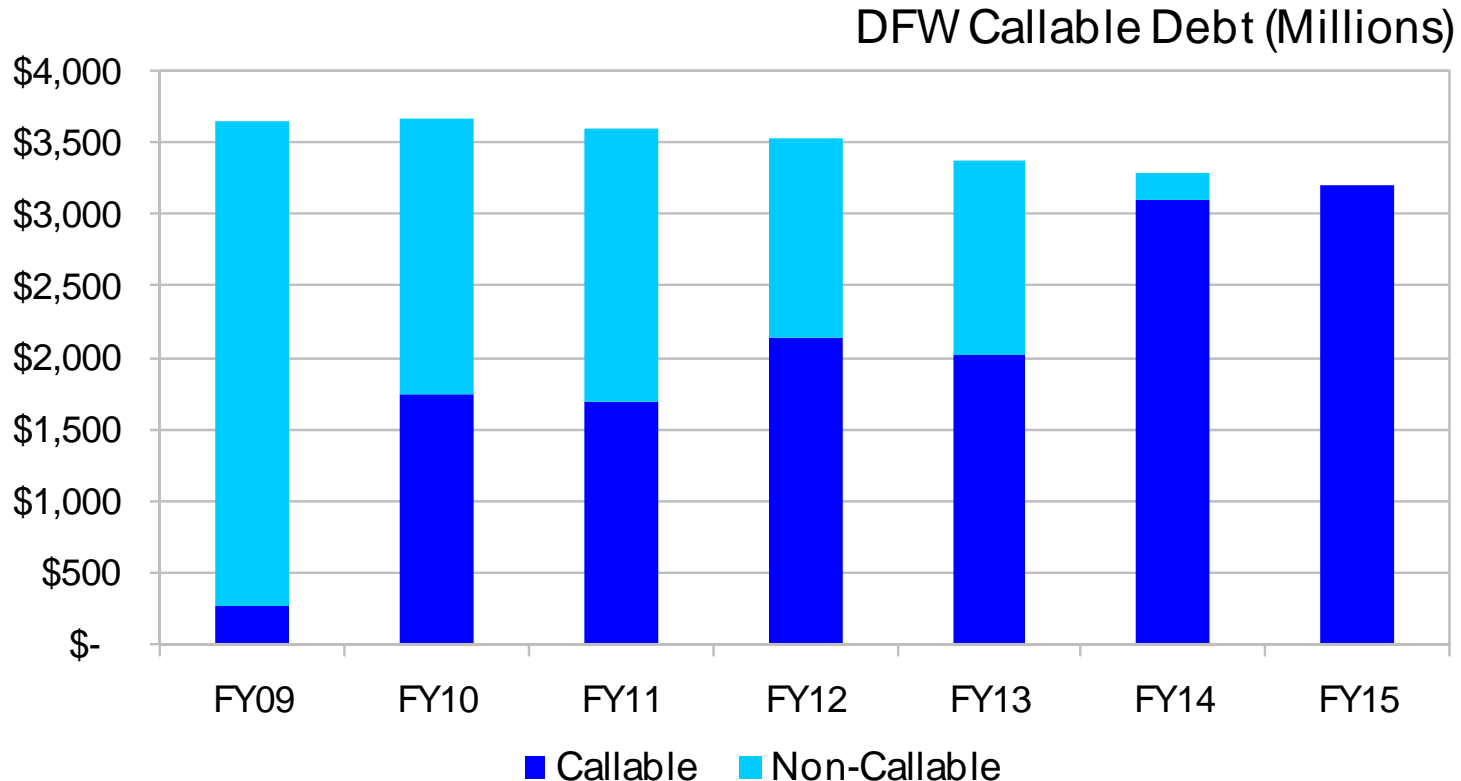
## 2009 Refunding Opportunities

The America Recovery and Reinvestment Act of 2009 (ARRA) provides DFW with debt refunding opportunities in 2009 and 2010

- DFW bonds are considered “private activity bonds”
  - Subject to the Alternative Minimum Tax
- AMT interest rate spreads have increased from 10-30 bps to 150 bps over past year
- Stimulus bill (ARRA)
  - Created “AMT Holiday” for calendar years 2009-2010
  - New money bonds issued in 2009-2010
  - Refunding bonds – five year roll back (1/1/2004 to 12/31/2008)
- Great opportunity for DFW to lock in lower rates and substitute non-AMT for AMT bonds

## DFW's Current Debt Profile – Callable Bonds

DFW has used short call structures in the past to provide significant flexibility for debt refunding and restructuring over the next five years.



## Refunding Opportunities

DFW desires to take advantage of AMT Holiday to greatest extent possible by refunding up to four series of bonds.

### FY 2009A Refunding

Series	Amount (Ms)	Interest Rates	Call Dates
2004A	\$99.3	3.5%-6.1%	11/1/2009
2006A	\$240.6	5.0%	11/1/2009

### FY 2009B Tender and Refunding

Series	Amount (Ms)	Interest Rates	Call Dates
2004B	\$206.1	3.5%-5.75%	11/1/2009 and 2014
2007	\$101.5	4.5%-5.0%	11/1/2014

## Refunding Bond Parameters

The Cities approve parameters for each DFW bond issuance.

- The 2009A Bonds are being primarily funded to restructure debt to save the airlines money in these distressed economic times.
- The 2009B Bonds will only be issued if the tender provides savings.
- Parameters follow:

	2009A	2009B
Bond Ordinance	43rd Concurrent	44th Concurrent
Refunding Maximum Amount	\$310M	\$300M
Aggr. Min. dollar price of bonds	95%	95%
Interest Rate NTE	6.0%	6.0%
Underwriters Discount	\$6.00	\$6.00
Final Maturity	11/1/2024	11/1/2035
Primary reason for refunding	Debt restructuring	Savings

## Other Bond Refunding Information

Type of Bond	2009A	2009B
	Fixed, non-AMT	Fixed, non-AMT
Estimated NPV Savings <sup>(1)</sup>	\$7.8M	TBD <sup>(3)</sup>
Estimated NPV Benefit <sup>(1)</sup>	2.30%	TBD <sup>(3)</sup>
Contribution to Escrow (from I&S)	\$37.3M	\$0.0
Early Retirement of Principal	\$10M	\$0.0
Refunding Minimum Amount	n/a	\$50M
Principal Deferred	Some <sup>(2)</sup>	No
Extended Final Maturity	No	No
Insurance	Maybe	Maybe
Call Dates	5-10 year	5-10 year

(1) Savings to DFW, before \$10M early retirement of principal

(2) Principal deferred from FY09-FY12 to FY16-17 and FY20-24 to reduce airline cost.

Total P&I payment increase of \$26M, but NPV savings of \$7.8M. Airline NPV savings is \$18M.

(3) To be determined based on bonds tendered. Will not refund without savings.



# Transaction Teams

	2009A	2009B
Financial Advisors	First Southwest Company Estrada Hinojosa & Company*	First Southwest Company Estrada Hinojosa & Company*
Legal Counsel	Vinson & Elkins McCall. Parkhurst & Horton	Vinson & Elkins McCall. Parkhurst & Horton
Senior Manager	Siebert Branford Shank*	Morgan Stanley**
Co-Senior Manager	Morgan Keegan	
Co-Managers	Cabrera Capital* M.R. Beal* Merrill Lynch RBC Dain Rauscher Ramirez & Co. Inc.* Raymond James & Associates	Jefferies Loop Capital*

\* MWBE

\*\* Morgan Stanley will also serve as Tender Agent





## Current Timetable

August 6	DFW Board Approval
August 11	City of Dallas Finance and Audit Briefing
August 18	City of Fort Worth City Council Briefing.
August 19	City of Dallas City Council Briefing
August 25	City of Fort Worth City Council Approval
August 26	City of Dallas City Council Approval
September 4	Publish Notice of Tender
September 17	Pricing 2009A Bonds
September 29	Closing 2009A Bonds
October 2	Close Tender Period
October 7	Pricing 2009B Bonds
October 14	Closing 2009B Bonds