

December 1, 2009

Dallas County Community College District



Board Presentation

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DCCCD Debt and Rating Analysis

Debt and Rating Analysis

Rating (Fitch/Moody's/Standard & Poor's)	Dallas County Community College District AAA/Aaa/AAA	Collin County College District NR/Aaa/AAA	Austin Community College District AA/Aa3/AA	Houston Community College System AA/Aa2/AA+	San Jacinto Community College District NR/Aa3/AA
Revenue Diversity					
Tuition Dependence	45.44%	55.30%	58.65%	51.13%	45.82%
Gifts and Pledges	0.17%	0.21%	0.05%	0.84%	0.00%
Auxiliary Operations	5.90%	21.80%	1.52%	6.89%	5.02%
Expense and Financial Aid Ratios					
Instruction	41.28%	43.88%	44.63%	37.27%	37.65%
Tuition Discount	49.04%	21.68%	27.28%	30.88%	59.52%
Financial Aid Burden	7.72%	4.33%	6.38%	7.07%	11.39%
Liquidity					
Cash and Investment/Operations	0.91X	2.13X	0.35X	0.27X	0.62X
Cash and Investment/Debt	0.78X	4.10X	0.25X	0.33X	0.33X
Unrestricted Assets/Operations	0.52X	2.02X	0.13X	0.24X	0.51X
Unrestricted Assets/Debt	0.44X	3.90X	0.10X	0.29X	0.27X
Ratio of Fund Balance to Expenditures	34.10%	57.84%	12.33%	10.21%	2.98%
Debt					
Outstanding Debt	\$401,170,000	\$50,595,000	\$96,478,659	\$213,015,000	\$295,950,000
Debt to Total Assets	51.83%	13.01%	67.72%	24.07%	112.81%
Max Annual Debt Service as % of Expenditures	10.71%	3.08%	3.61%	7.67%	17.61%
% Debt Retired in Ten Years	57.11%	70.14%	40.40%	58.00%	45.47%
Debt per Capita	\$101.32	\$60.94	\$138.11	\$62.64	\$627.76

Analysis based on FYE 2008 audit results for DCCCD, CCCD, ACCD, HCCS and SJCCD



Financing Option

Use of “Build America Bonds”

Build America Bonds (“BABs”) Summary

Definition

- BABs are taxable bonds intended as an alternate to tax-exempt bonds for state and local governments, including higher education entities
- Authorized by the American Recovery and Reinvestment Act and only available in 2009 and 2010

Payments (Direct Payment BABs)

- Interest is taxable to the bond owners
- Issuer receives a cash payment equal to 35% of the interest payable on the interest payment date from the U.S. Treasury throughout the life of the bond

Requirements

- Must meet the federal tax requirements applicable to tax-exempt bonds
- Must qualify as a governmental bond under Section 103
- Qualified bonds must be issued in 2009 or 2010
- Private Activity Bonds are not eligible



Direct Payment BABs

Issuer elects to receive 35% payment directly from U.S. Treasury

Eligible Purposes

- 100% of “available project proceeds” less the required reserve fund are used for “capital expenditures”
 - Available project proceeds = Proceeds of Sale – COI + Investment Earnings
 - The proceeds to pay COI may not exceed 2% of the issue price
- Must be New Money Bonds issued to finance capital (not working capital)
 - Refunding Bonds are not eligible unless they refund short-term obligations issued after February 17, 2009 (e.g. Commercial Paper)

Payments

- Interest is taxable to the bond owners
- Issuer receives a cash payment equal to 35% of the interest payable on the interest payment date from the U.S. Treasury throughout the life of the bond

Non-Payment Risk

- Congress could repeal or reduce the 35% payment (however remote that risk may be)

Tax Opinion Considerations

- Not expected to require a tax opinion because bond owners do not receive a tax benefit



Tax Credit BABs

For Tax Credit BABs the investor takes the 35% tax credit against Federal Tax liability.

Eligible Purposes

- May be issued if used for the same purpose as a tax-exempt bond
 - New money to finance capital and limited working capital expenditures
 - Current or advance refundings

Non-Refundable Credit

- Interest is includable in gross income for federal income tax purposes and the bond owner may claim a federal income tax credit equal to 35% of the interest payable on each interest payment date

Interest Payment to Issuer

- Intended to enable an issuer to borrow at an interest rate approximately equal to 74.1% of its taxable borrowing rate

Credit Stripping

- The Bond and the associated tax credits could be separated (“stripped”) and sold separately on the secondary market

Tax Credit based on Interest “Payable”

- Bond owner entitled to the tax credit even if the issuer defaults on the interest payment



Procedures to Receive Credit (Direct Payment BABs)

Necessary Form Filing

- Return form 8038-CP for Credit Payments to Issuers of Qualified Bonds
 - Fixed Rate Bonds – Form 8038-CP at least 45 (but no more than 90) days before each interest payment date
 - Variable Rate Bonds – Form 8038-CP on a quarterly basis, must be filed before the 45th day after the last interest payment date within the quarterly period for which reimbursement is requested
- IRS will be prepared to accept forms on May, 1 2009

Information Reporting

- Information Return for Tax-Exempt Governmental Obligations – Form 8038-G must be filed 30 days before the 8038-CP is filed

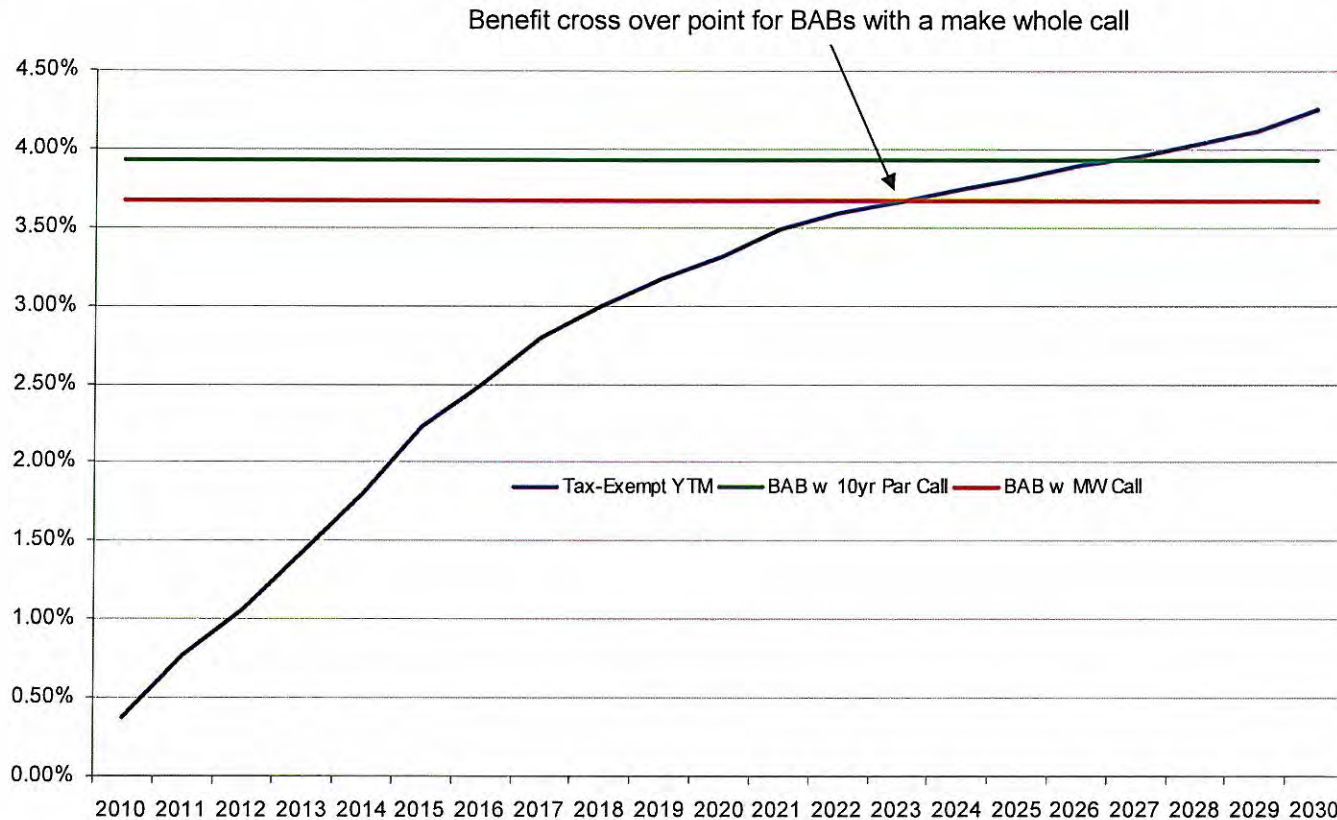
Designation

- Issuer must make an election to designate the bonds as BABs before the issuance date



Crossover Benefit Analysis

- Given the steepness of the Tax-exempt yield curve, the lowest cost debt structure would be to sell traditional tax-exempt bonds on the shorter end combined with BABs (Direct Payment) on the longer end



AAA/Aaa GO Scales as of 11/30/2009, for discussion purposes only



Proposed 2010 Issuance

Analysis of Potential Long-Term Debt Issuance

Assumes Issuance of 100% Tax-Exempt Bonds

FYE	Taxable Assessed Valuation ⁽¹⁾	Net Total P+I	Series 2010 February 2010 - 20 Years - 4.13%			Net Total P+I	I&S Tax Rate ⁽³⁾
			Principal	Interest ⁽²⁾	Total P+I		
2010	\$ 172,435,849,638	\$ 30,166,410				\$ 30,166,410	\$ 0.0171
2011	172,435,849,638	30,163,775	\$ 555,000	\$ 3,209,372	\$ 3,764,372	33,928,147	0.0199
2012	172,435,849,638	30,167,388	1,650,000	2,115,681	3,765,681	33,933,069	0.0199
2013	172,435,849,638	30,167,125	1,685,000	2,082,331	3,767,331	33,934,456	0.0199
2014	172,435,849,638	30,167,213	1,720,000	2,047,206	3,767,206	33,934,419	0.0199
2015	172,435,849,638	30,164,300	1,755,000	2,008,091	3,763,091	33,927,391	0.0199
2016	172,435,849,638	30,161,800	1,825,000	1,941,625	3,766,625	33,928,425	0.0199
2017	172,435,849,638	30,164,300	1,920,000	1,848,000	3,768,000	33,932,300	0.0199
2018	172,435,849,638	30,164,550	2,015,000	1,749,625	3,764,625	33,929,175	0.0199
2019	172,435,849,638	30,167,525	2,120,000	1,646,250	3,766,250	33,933,775	0.0199
2020	172,435,849,638	30,159,125	2,230,000	1,537,500	3,767,500	33,926,625	0.0199
2021	172,435,849,638	30,162,125	2,340,000	1,423,250	3,763,250	33,925,375	0.0199
2022	172,435,849,638	30,162,375	2,460,000	1,303,250	3,763,250	33,925,625	0.0199
2023	172,435,849,638	30,157,375	2,590,000	1,177,000	3,767,000	33,924,375	0.0199
2024	172,435,849,638	30,164,125	2,720,000	1,044,250	3,764,250	33,928,375	0.0199
2025	172,435,849,638	30,071,875	2,860,000	904,750	3,764,750	33,836,625	0.0198
2026	172,435,849,638	24,866,250	3,010,000	758,000	3,768,000	28,634,250	0.0168
2027	172,435,849,638	24,863,625	3,160,000	603,750	3,763,750	28,627,375	0.0168
2028	172,435,849,638	24,869,125	3,325,000	441,625	3,766,625	28,635,750	0.0168
2029	172,435,849,638	8,143,625	3,495,000	271,125	3,766,125	11,909,750	0.0070
2030	172,435,849,638		3,675,000	91,875	3,766,875	3,766,875	0.0022
		<u>\$ 565,274,010</u>	<u>\$ 47,110,000</u>	<u>\$ 28,204,556</u>	<u>\$ 75,314,556</u>	<u>\$ 640,588,566</u>	

(1) 2010 taxable assessed valuation per Dallas Central Appraisal District; assumed to remain constant

(2) Based on tax-exempt scale as of 11-25-09 +25 basis points

(3) Based on 99% collections



Comparison of Tax-Exempt and Net Taxable Yields

Maturity	Tax-Exempt Coupon	Tax-Exempt Yields	Taxable Yields	Net Taxable Yields After Subsidy	Variance
8/1/2010	2.00%	0.37%	1.40%	0.91%	0.54%
8/1/2011	2.00%	0.77%	1.46%	0.95%	0.18%
8/1/2012	2.00%	1.06%	1.83%	1.19%	0.13%
8/1/2013	3.00%	1.43%	2.43%	1.58%	0.15%
8/1/2014	3.00%	1.81%	3.02%	1.96%	0.15%
8/1/2015	3.00%	2.23%	3.42%	2.22%	-0.01%
8/1/2016	5.00%	2.50%	3.88%	2.52%	0.02%
8/1/2017	5.00%	2.80%	4.08%	2.65%	-0.15%
8/1/2018	5.00%	3.00%	4.35%	2.83%	-0.17%
8/1/2019	5.00%	3.17%	4.50%	2.93%	-0.25%
8/1/2020	5.00%	3.31%	6.05%	3.93%	0.62%
8/1/2021	5.00%	3.48%	6.05%	3.93%	0.45%
8/1/2022	5.00%	3.59%	6.05%	3.93%	0.34%
8/1/2023	5.00%	3.66%	6.05%	3.93%	0.27%
8/1/2024	5.00%	3.74%	6.05%	3.93%	0.19%
8/1/2025	5.00%	3.81%	6.05%	3.93%	0.12%
8/1/2026	5.00%	3.89%	6.05%	3.93%	0.04%
8/1/2027	5.00%	3.95%	6.05%	3.93%	-0.02%
8/1/2028	5.00%	4.03%	6.05%	3.93%	-0.10%
8/1/2029	5.00%	4.12%	6.05%	3.93%	-0.19%
8/1/2030	5.00%	4.25%	6.05%	3.93%	-0.32%

