



Dallas County
Community College District

Economic Overview And Market Update

February 16, 2009

First Southwest Company

ESTRADA ■ HINOJOSA
INVESTMENT BANKERS

Good News?

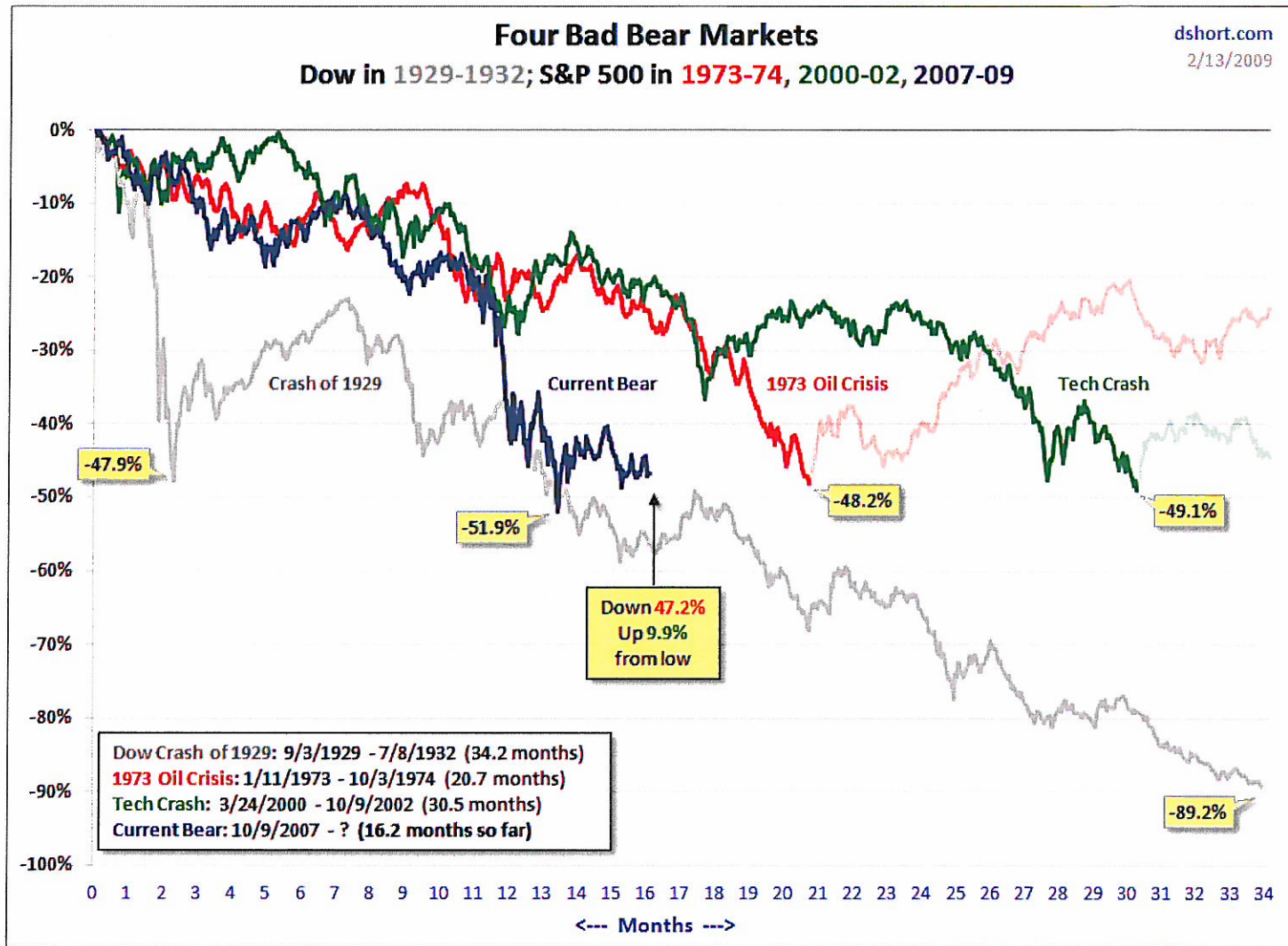
Economic Experts agree that:

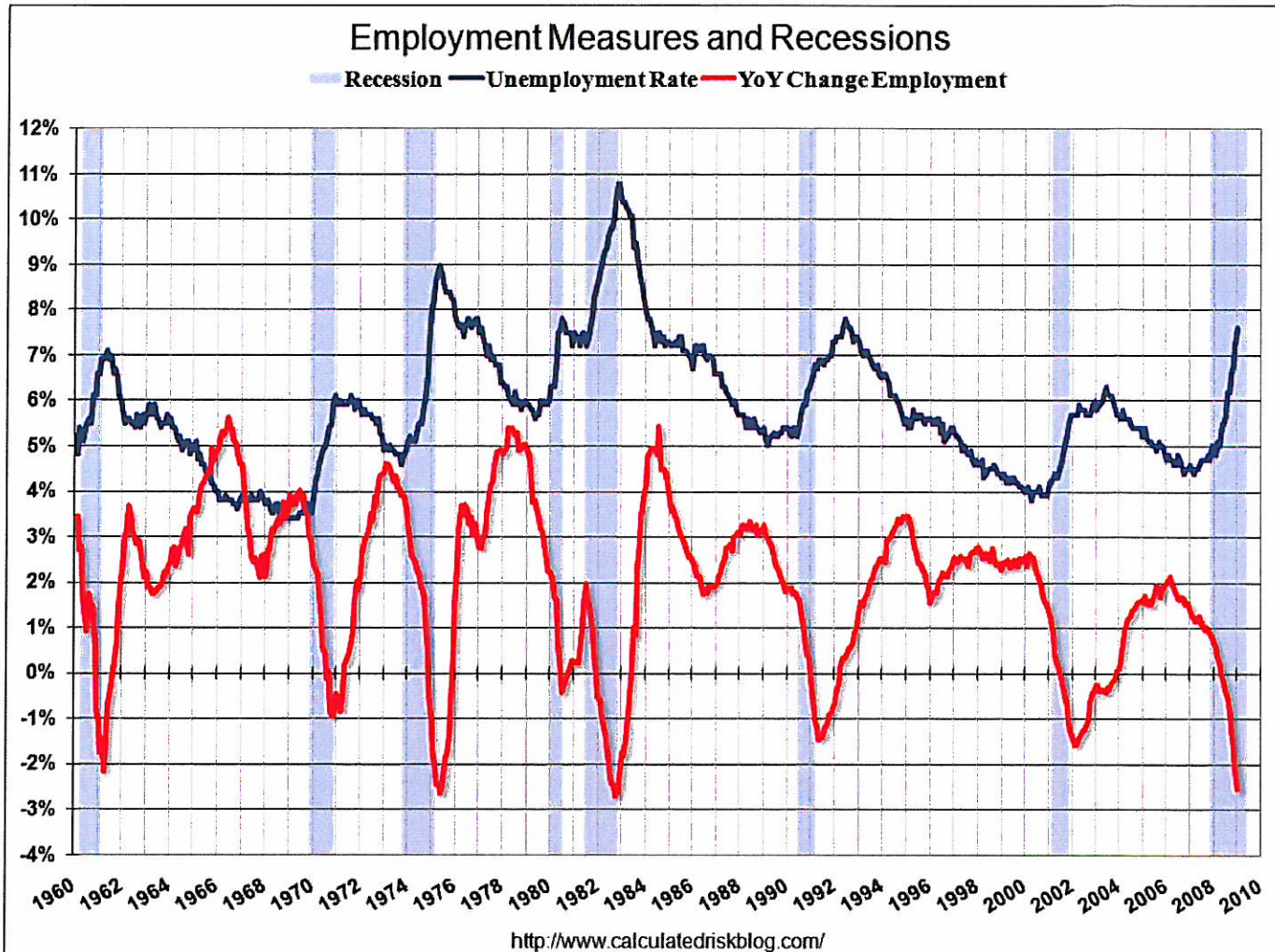
- ❖ Recession: A period in which the economy grows at a rate significantly below normal
 - *No standard definition in identifying a recession*

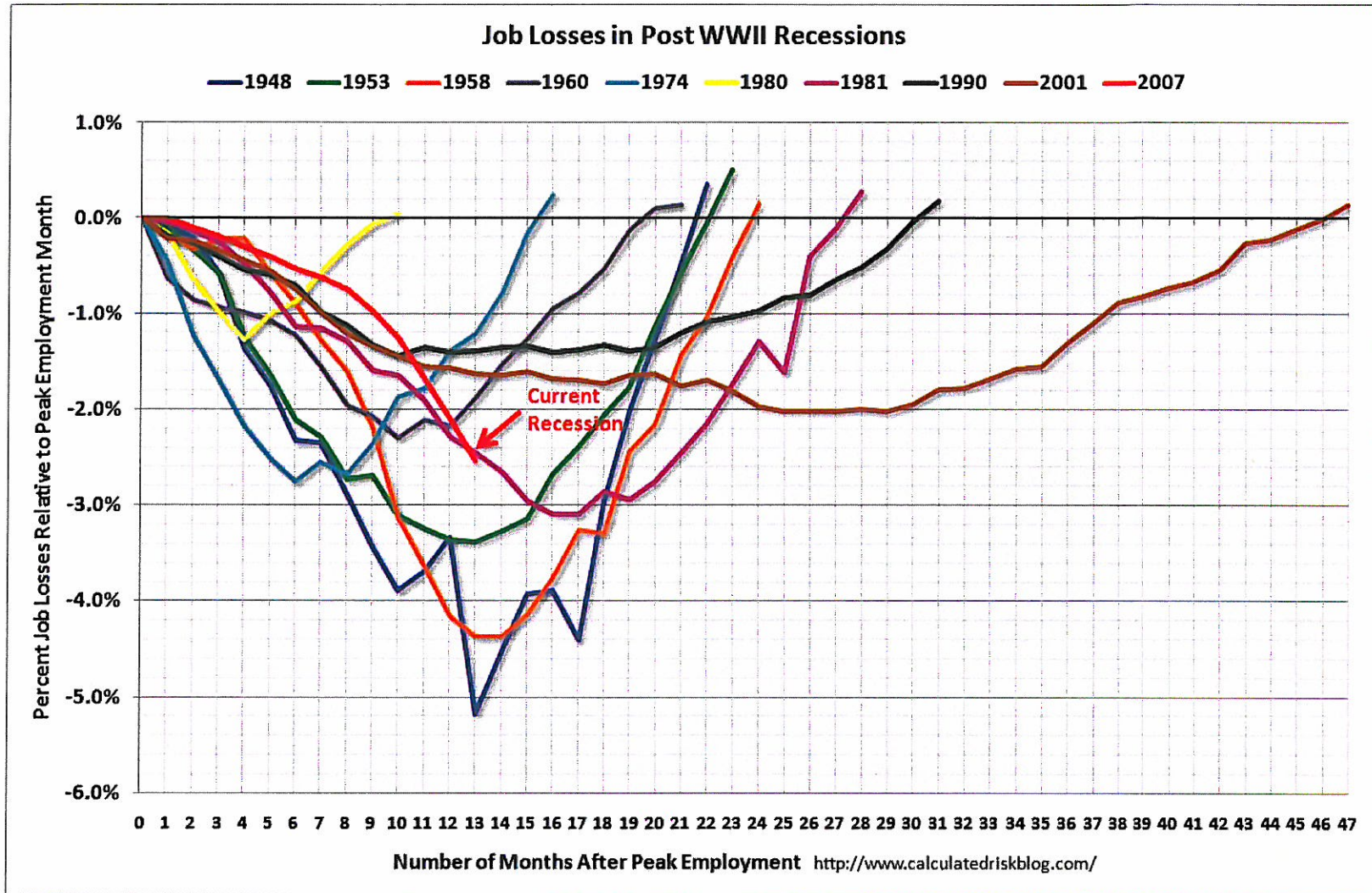
- ❖ Depression- A particularly severe or protracted recession (A recessionary period longer than 3 years, and/or with a 10% decline in GDP)
 - The Great Depression of 1929-1933 is considered the only depression period of the 20th century

The Current recession is the 3rd longest since the Great Depression

Most economists believe talk of the current recession becoming a depression is premature





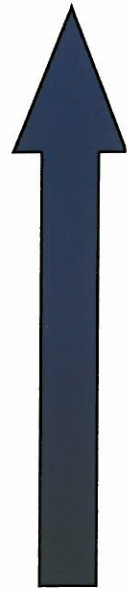


Recent Events Affecting Municipal Market

Over the last several months there have been a number of developments and events that have significantly impacted the municipal market

- Government takeover of Fannie Mae and Freddie Mac
- Lehman Brothers declares bankruptcy → Barclays makes partial purchase → Barclays under evaluation for possible nationalization by British Government
- Merrill Lynch agrees to sell itself to Bank of America
- AIG takeover by Federal Reserve and potential liquidation portfolio
- Washington Mutual takeover by JP Morgan Chase → JP Morgan Chase receives infusion of capital from U.S. Government
- Wachovia takeover by Wells Fargo → Wells Fargo receives infusion of capital from U.S. Government
- Emergency Economic Stabilization Act of 2008 enacted Oct. 3, 2008
- World central banks slash interest rates on Oct. 8, 2008
- E.U. chiefs agree to guarantee loans between banks to confront market crisis
- October 14, 2008 US Treasury injects \$250 billion into US banks in order to increase the flow of financing.
- U.S. Government takes stakes valued at \$125 billion in the nations nine largest banks and \$250 billion into the overall banking industry
- FOMC Rates target lowered to 0-0.25%, causing a drop in the short end of the yield curve, but municipal yields remain higher than government yields on the short end
- Further deterioration of the strength of monoline insurers shifts on a stronger emphasis of underlying credits
- Merger of FSA and Assured Guaranty leaves one 'AAA' rated insurer (Berkshire Hathaway Assurance Corp.) and a combined FSA/AG rated at Aa2/AAA/AAA

Municipal Finance Industry



Moody's Investors Service

STANDARD & POOR'S

Fitch Ratings

BERKSHIRE HATHAWAY ASSURANCE CORPORATION

Aaa/ Stable

AAA/ Stable

Not Rated

ASSURED GUARANTY FSA

Aa2/ Stable

AAA/ Stable

AAA/ Stable

Ambac

Baa1/ Developing

A/ Negative

Ratings Withdrawn

MBIA

Baa1/ Developing

AA/Negative

Ratings Withdrawn

FGIC Financial Guaranty Insurance Company

B1/ Under Review

BB/ Credit Watch

CCC/Rating Watch

CIFG

B3/ Under Review (c)

B/ Credit Watch (d)

Ratings Withdrawn

XL CAPITAL (a)

Caa1/ Under Review

BBB-/Negative

CCC/ Stable

- (a) Name recently changes to Syncora Guarantee Inc.
- (b) Under review for possible upgrade.
- (c) Rating direction uncertain/evolving.
- (d) Credit watch changed from Negative to Developing.

	Stable or Positive Outlook
	Negative Outlook – potential downgrade within 12-18 mo.
	Negative Watch – potential downgrade within 60-90 days

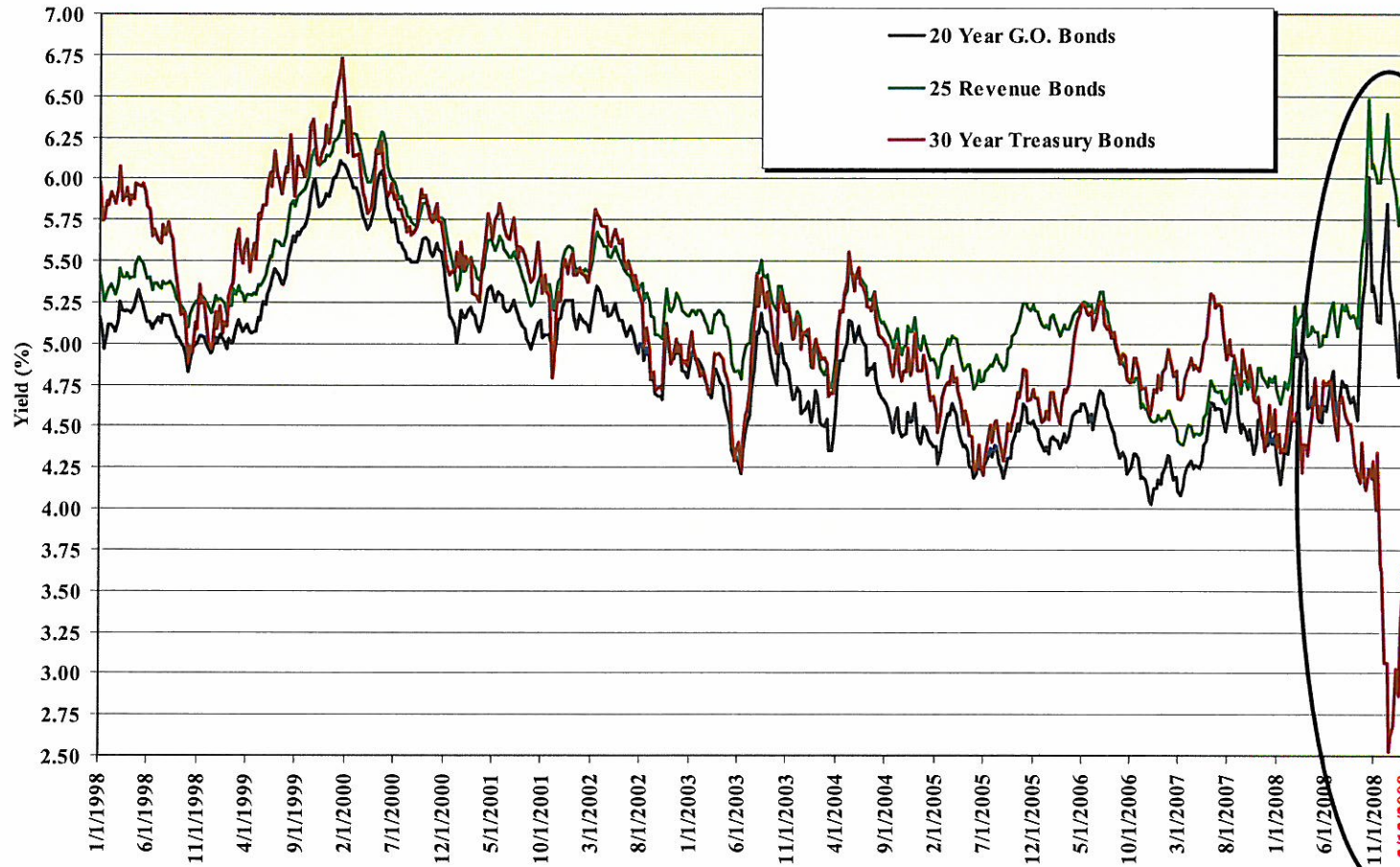
MARKET UPDATE: FEBURARY 2009

Bond Buyer Indices

Bond Buyer Indices

30-Year Treasury, 25-Revenue Bond Index, and 20-GO Bond Index

January 1998- Present



MARKET UPDATE: FEBRUARY 2009

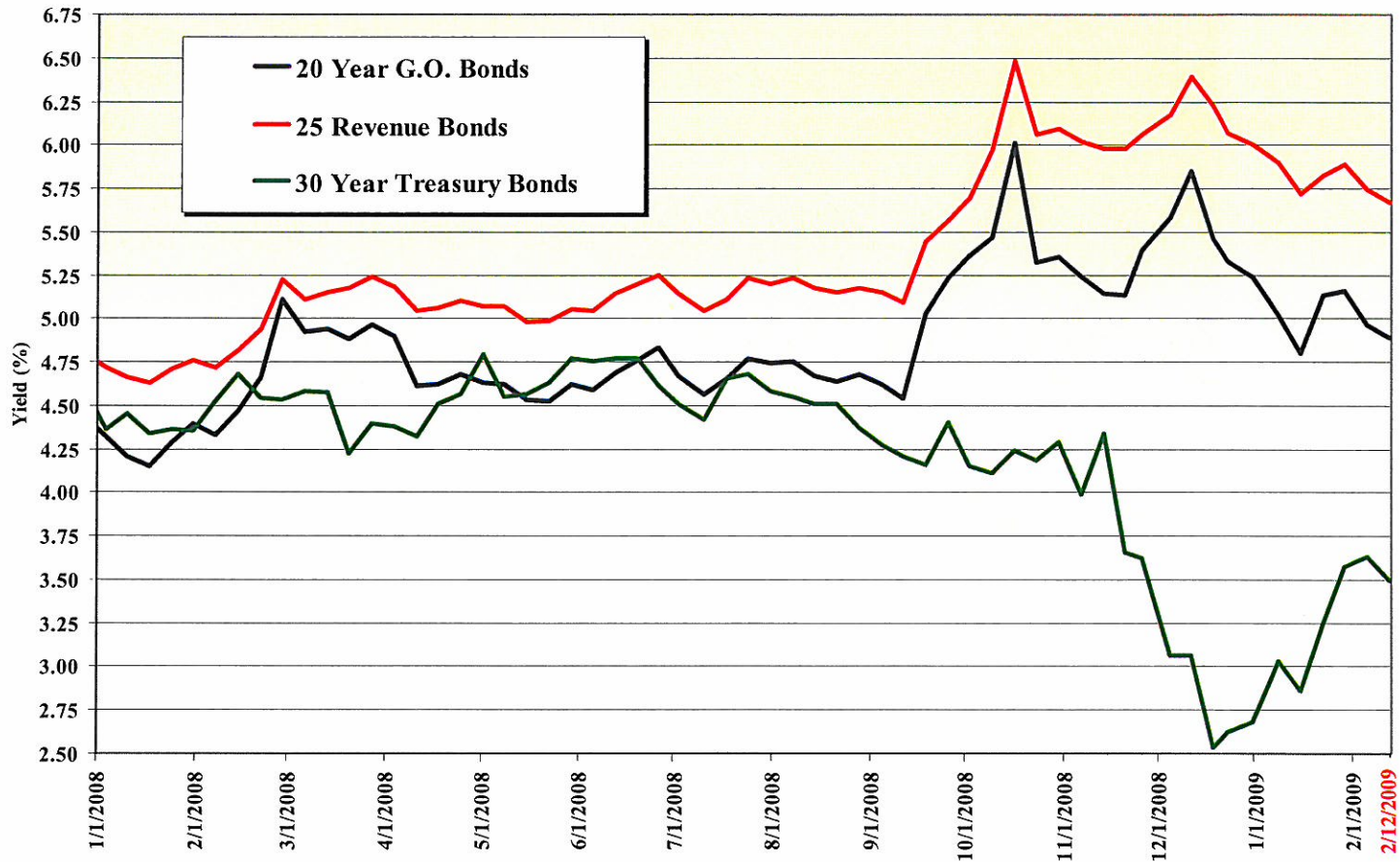
First Southwest Company

Bond Buyer Indices

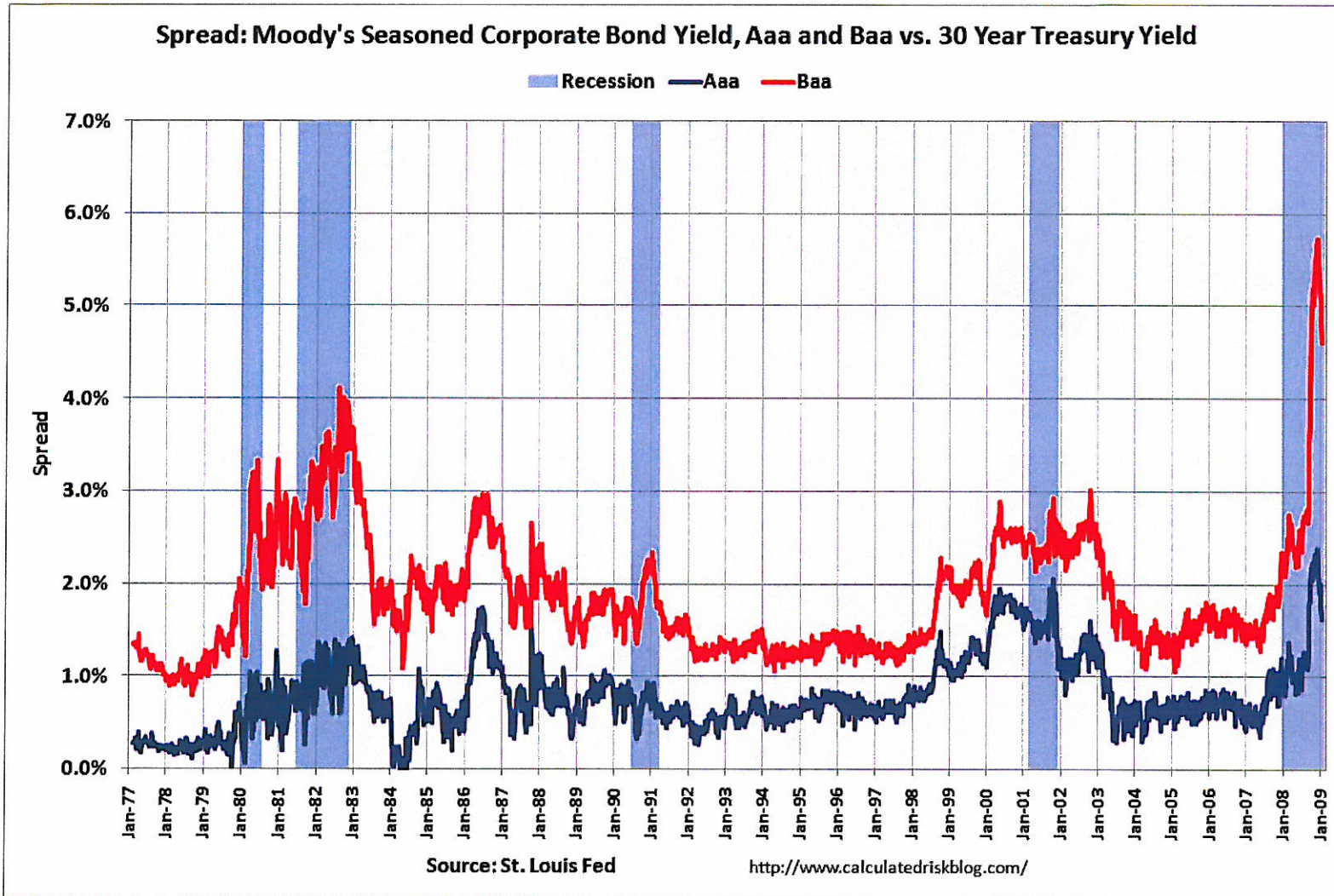
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MARKET UPDATE: FEBRUARY 2009



Municipal Finance Industry

- Citigroup, Merrill Lynch (soon to be a part of Bank of America), JPMorgan, Goldman Sachs, and Morgan Stanley are the only major Wall Street banks available to purchase securities
- Underwriters are unable/unwilling to put capital to work in support of new money deals

Fixed Rate Bonds

- Long-term fixed rate bond market has slowed significantly
- Expect higher debt costs.
- Market has been showing steady recovery, with spreads slowly beginning to close to typical levels

Variable Rate Bonds

- Limited buyers in the market for Commercial Paper and Variable Rate Bonds
- Auction Rate Securities market has disappeared
- SIFMA rates have varied from 1.70% to 7.96%

Municipal Finance Industry

- The private placement market is shrinking, as commercial banks are reducing their appetite for bonds, due to competing demands on their capital.
- Because there are fewer broker/dealers, and bond yields have so volatile from day to day, issuers can expect to receive fewer bids on competitive sale transactions.
- Due to a lack of liquidity and deterioration in several markets, traditional fixed rate bond transactions are proving more prudent for the near term.

Case Study

MARKET UPDATE: FEBRUARY 2009

OFFICIAL STATEMENT

Dated February 11, 2009

Ratings:
 Moody's: "Aa2"
 S&P: "AAA"
 Assured Guaranty (See "Bond Insurance" and "Other Information - Ratings" herein)

NEW ISSUE - Book-Entry-Only

In the opinion of Co-Bond Counsel, interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law and the Bonds are not private activity bonds. See "LEGAL AND TAX MATTERS - Tax Exemption of the Bonds" for a discussion of the opinion of Co-Bond Counsel, including a description of alternative minimum tax consequences for corporations.

\$324,940,000
 CITY OF DALLAS, TEXAS
 (Dallas, Denton, Collin and Rockwall Counties)
 CIVIC CENTER CONVENTION COMPLEX
 Revenue Refunding and Improvement Bonds, Series 2009

Dated: February 1, 2009

Due: August 15, as shown on Page 2

Interest on the \$324,940,000 City of Dallas, Texas, Civic Center Convention Complex Revenue Refunding and Improvement Bonds, Series 2009 (the "Bonds") will accrue from the dated date as shown above, will be payable February 15 and August 15 of each year commencing August 15, 2009, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the owners thereof. Principal of and interest on the Bonds will be payable by the Paying Agent Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "THE BONDS - Book-Entry-Only System" herein. The initial Paying Agent Registrar is U.S. Bank National Association (see "THE BONDS - Paying Agent Registrar").

The Bonds are issued pursuant to the general laws of the State of Texas, particularly Chapters 1207, 1371 and 1504, Texas Government Code, as amended, and Chapter 351, Texas Tax Code, as amended, the Home Rule Charter of the City (the "City Charter") and an ordinance (the "Ordinance") passed by the City Council of the City. The Bonds and any Additional Bonds (hereinafter defined) are special obligations of the City payable solely from and secured by a first lien on and pledge of the Pledged Revenues (see "THE BONDS - Security for Bonds"). The City has not covenanted nor obligated itself to pay the Bonds from monies raised or to be raised from taxation, except for the Pledged Hotel Occupancy Tax as described herein.

THE BONDS ARE SUBJECT TO SPECIAL RISK FACTORS DESCRIBED HEREIN. BOND PURCHASERS ARE ENCOURAGED TO READ THE ENTIRE OFFICIAL STATEMENT PRIOR TO MAKING AN INVESTMENT DECISION, PARTICULARLY THE SECTION ENTITLED "INVESTMENT CONSIDERATIONS." THE CITY HAS RESERVED THE RIGHT TO ISSUE ADDITIONAL BONDS SUBJECT TO CERTAIN CONDITIONS (SEE "THE BONDS - Additional Bonds").

Proceeds from the sale of the Bonds will be used to refund the Refunded Bonds (as defined herein) and to fund construction costs associated with the planned improvements to the Dallas Civic Center Convention Complex. Additionally, a portion of the Bond proceeds, together with other available funds of the City, will be used to fund a bond reserve fund and to pay certain costs related to the issuance of the Bonds, all as more fully described herein.

**ASSURED
 GUARANTY**

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a financial guaranty insurance policy to be issued concurrently with the delivery of the Bonds by Assured Guaranty Corp. See "BOND INSURANCE" herein.

CUSIP PREFIX: 285258

MATURITY SCHEDULE & 9 DIGIT CUSIP
 See Schedule on Page 2

J.P. MORGAN	SIEBERT BRANDFORD SHANK & CO., LLC
RBC CAPITAL MARKETS	SOUTHWEST SECURITIES, INC.
BARCLAYS CAPITAL	GOLDMAN, SACHS & CO.
	WALTON JOHNSON & COMPANY
	MORGAN STANLEY

Case Study

The City of Dallas went to market on February 10 with its Assured Guaranty insured Convention Center Refunding Bonds. Although having a strong insured rating (Aa2/AAA/AAA), the yield curve for the day, compared against the 'AAA' underlying curve, emphasizes the importance that a strong underlying rating has in lowering borrowing costs.

City of Dallas Pricing Aa2/AAA/AAA Insured Scale			2/9/2009 MMD AAA' Scale	
8/15	Coupon	Yield	Yield	Difference
2010	3.000%	1.250%	0.550%	70 Bps
2011	3.000%	1.880%	1.180%	70 Bps
2012	3.000%	2.050%	1.330%	72 Bps
2013	5.000%	2.290%	1.500%	79 Bps
2014	5.000%	2.590%	1.780%	81 Bps
2015	5.000%	2.800%	1.960%	84 Bps
2016	5.000%	2.990%	2.140%	85 Bps
2017	5.000%	3.220%	2.370%	85 Bps
2018	5.000%	3.460%	2.610%	85 Bps
2019	5.000%	3.720%	2.870%	85 Bps
2020	5.000%	3.980%	3.140%	84 Bps
2021	5.000%	4.260%	3.430%	83 Bps
2022	5.000%	4.430%	3.610%	82 Bps
2023	5.000%	4.610%	3.800%	81 Bps
2024	5.000%	4.770%	3.970%	80 Bps
2025	5.000%	4.890%	4.100%	79 Bps
2026	5.000%	4.990%	4.210%	78 Bps
2027	5.000%	5.090%	4.320%	77 Bps
2028	5.000%	5.180%	4.420%	76 Bps
2029	5.000%	5.240%	4.490%	75 Bps
2030	5.250%	5.380%	4.550%	83 Bps
2031	5.250%	5.380%	4.600%	78 Bps
2032	5.250%	5.380%	4.650%	73 Bps
2033	5.250%	5.380%	4.690%	69 Bps
2034	5.250%	5.380%	4.710%	67 Bps
2035	5.250%	5.410%	4.730%	68 Bps
2036	5.250%	5.410%	4.740%	67 Bps
2037	5.250%	5.410%	4.750%	66 Bps
2038	5.250%	5.410%	4.760%	65 Bps