

**Ambac**


Guaranteed Financing Helps Dallas Cowboys Score a New Stadium

Transaction Combines Project Finance Risks and Tax-Backed Bond Structure

\$147,865,000

City of Arlington, Texas

Dallas Cowboys Complex Stadium Financing



The Dallas Cowboys, a legendary franchise in the National Football League, are often referred to as "America's Team." That type of popularity translated into enthusiastic support from the people of the City of Arlington when the Cowboys sought to build a new stadium and enabled Ambac to support a hybrid financing of a portion of the construction costs with its triple-A guarantee.

As the City and the Team discussed plans to locate the new stadium within Arlington, voters approved both City-wide and stadium-specific taxes to back two bond financings of a portion of the project's construction costs. Team management also began developing a detailed financing plan to help cover the remainder of the construction costs, including from sources such as the county government and the National Football League.

Construction on the 75,000-seat stadium began in 2005, using proceeds from an initial City issuance of bonds backed by the approved City-wide taxes and funds contributed by the Cowboys' organization. Late in 2005, Arlington and the Cowboys began structuring a second, and more complex, bond offering, to be backed by the voter-approved stadium-specific ticket and parking taxes and further secured by stadium naming rights revenues. These bonds posed a unique combination of risks, matching project finance elements with a tax-backed bond structure. As a result, the Cowboys sought to involve a strong, qualified financial guarantee partner to facilitate financing terms acceptable to a variety of constituents, including the City, the Team, bondholders and the NFL. Ambac, which has insured every private NFL stadium bond issue to-date and has a wide range of stadium financing experience, won the competitive bidding process for the planned Admissions and Parking Tax Revenue Bonds.

The hybrid structure combines the risk of a passive tax with other uncertainties, including completion risk and the sale of naming rights. The offering also marked the first time the Cowboys' organization actively participated in raising money in the capital markets for this large and important project, so presenting a solid transaction to investors was a priority for the Team. Factors underscoring Ambac's confidence in the deal include strong expected revenue streams, the strength of the Cowboys' franchise and the Team's importance to the local community and Texas in general.

The offering, \$147,865,000 in Admissions and Parking Tax Revenue Bonds, was successfully issued through a private placement in July 2006. Thanks to the Ambac guarantee, the bonds were rated triple-A, the highest rating available.

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