

Memorandum



CITY OF DALLAS

DATE August 12, 2016

TO Honorable Members of the Budget, Finance & Audit Committee: Jennifer S. Gates (Chair), Philip T. Kingston (Vice Chair), Erik Wilson, Rickey D. Callahan, Scott Griggs, Lee M. Kleinman

SUBJECT Dallas Fort Worth International Airport 51st Supplemental Bond Ordinance

On Monday, August 15, 2016, the Budget, Finance & Audit Committee will be briefed on the Dallas Fort Worth International Airport's 51st Supplemental Bond Ordinance. The briefing will be provided by Mr. Christopher Poinsatte, Executive Vice President – Chief Financial Officer.

Please let me know if you need additional information.

A handwritten signature in blue ink that reads "Jeanne Chipperfield".

Jeanne Chipperfield
Chief Financial Officer

Attachment

c: Honorable Mayor and Members of the City Council
AC Gonzalez, City Manager
Christopher D. Bowers, Interim City Attorney
Craig D. Kinton, City Auditor
Rosa A. Rios, City Secretary
Daniel F. Solis, Administrative Judge
Ryan S. Evans, First Assistant City Manager
Eric D. Campbell, Assistant City Manager

Jill A. Jordan, P.E., Assistant City Manager
Mark McDaniel, Assistant City Manager
Joey Zapata, Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Sana Syed, Public Information Officer
Elsa Cantu, Assistant to the City Manager – Mayor & Council

Dallas Fort Worth International Airport
51st Supplemental Bond Ordinance
Budget, Finance, and Audit Committee
August 15, 2016



Background

In February 2014, the Cities of Dallas and Fort Worth approved the issuance of up to \$1.7 billion of bonds to fund DFW's Terminal Renewal and Improvement Program (TRIP) and other projects

DFW requests the authority to issue up to \$300 million of debt to complete TRIP (for Terminal B) and other projects and to refinance approximately \$60.4 million of bonds issued in 2009

Current TRIP completion schedule

- Terminal A – September 2016 (financing complete)
- Terminal E – July 2017 (financing complete)
- Terminal B – August 2017
- Terminal C is currently on hold pending discussions with American Airlines

DFW bonds are rated AA- by Kroll; A+ by Standard and Poors; and A by Fitch
\$6.2 billion of debt outstanding (net of unamortized premiums)

51st Supplemental Bond Ordinance

Provides authority to issue Airport Revenue Bonds subject to parameters:

- Amount not to exceed \$300 million
- Interest no greater than maximum rate allowed by Texas Government Code
- Final maturity not to exceed 2025
- Ordinance expires one year from date of approval
- Bonds will only be issued in a \$100,000 denomination plus \$5000 integrals
- Refunding must achieve 3% NPV savings
- Bond rating is required

This bond transacted will be handled as a direct purchase by a financial institution rather than a traditional bond sale with underwriters

Very attractive interest rates are expected

Kroll has rated the transaction AA-

Financial Advisors and Bond Counsel

Financial Advisors

- First Southwest (Hilltop Securities)
- Estrada Hinojosa

Bond Counsel

- McCall Parkhurst
- Bracewell

Questions?

