

Memorandum



CITY OF DALLAS

DATE September 20, 2019

TO Honorable Mayor and Members of the City Council

SUBJECT **Upcoming Agenda Item #49: Dallas Fort Worth International Airport**

On September 25, 2019, the Dallas City Council will consider a Dallas Fort Worth International Airport (“Airport”) agenda item related to the Airport’s Public Facility Improvement Corporation (“PFIC”).

This item would authorize a concurrent resolution with the City Council of the City of Fort Worth that: **(1)** finds and determines that the Airport’s public facility projects that have been financed or refinanced with the proceeds of Airport bond obligations are public facilities within the meaning of the Airport’s PFIC Articles of Incorporation; **(2)** finds and determines that the payment of debt service on Airport bond obligations is consistent and in furtherance of the purposes of the PFIC; and **(3)** approves the payment of debt service of the Airport bond obligations that have been issued for Airport public facility projects as an “Approved Airport Project” (as defined in the Articles of Incorporation and Rules and Regulations of the PFIC).

The accompanying memo further explains the item.

If you have any questions or concerns, please contact Brett Wilkinson, Managing Director of the Office of Strategic Partnerships and Government Affairs at brett.wilkinson@dallascityhall.com.

M. Elizabeth Reich
Chief Financial Officer

[Attachment]

c: T.C. Broadnax, City Manager
Chris Caso, City Attorney (Interim)
Mark Swann, City Auditor
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Chief of Staff to the City Manager
Majed A. Al-Ghafry, Assistant City Manager

Jon Fortune, Assistant City Manager
Joey Zapata, Assistant City Manager
Nadia Chandler Hardy, Assistant City Manager and Chief Resilience Officer
Michael Mendoza, Chief of Economic Development and Neighborhood Services
Laila Aleqresh, Chief Innovation Officer
Liz Cedillo-Pereira, Chief of Equity and Inclusion
Directors and Assistant Directors



DFW

September 20, 2019

To the Honorable Mayor and Members of the Dallas City Council:

The Public Facilities Improvement Corporation (PFIC) owns and operates on behalf of DFW Airport, the City of Dallas, and the City of Fort Worth, airport hotels and the Rental Car Center. The Owner City Councils created the PFIC as a separate entity for managing airport assets and to ensure revenues generated at these facilities are used to maintain and improve the facilities. PFIC funds are separately managed by the airport and are not shared with the airlines. The Articles of Incorporation of the PFIC require that the Owner City Councils approve any proposed airport projects.

DFW would like to designate the Airport's debt service as an approved airport project. The PFIC generates positive cash flow each year and has a substantial unencumbered cash balance. Although it is very unlikely the Airport would ever need to use PFIC unencumbered cash for airport debt service, this authority makes it clear to rating agencies and investors that it is available, if needed. This action will result in a higher debt service coverage calculation and may ultimately result in an improved credit rating.

The PFIC annual budget is presented to the DFW Airport Board of Directors each year. Any use of PFIC funds for debt service would be reviewed and approved by the Airport Board.

This item was briefed to the Airport Board Finance/Audit Committee and was approved by the Board on August 1, 2019. Should you have any questions, please contact Chris Poinatte, Executive Vice President/Chief Financial Officer at 972-973-5210.

Sincerely,



Sean Donohue

cc: William Meadows, DFW Airport Board Chair
T.C. Broadnax, Dallas City Manager

Sean Donohue
Chief Executive Officer

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