

Memorandum



CITY OF DALLAS

DATE February 14, 2014

TO Honorable Members of the Budget, Finance & Audit Committee: Jerry R. Allen (Chair), Jennifer S. Gates (Vice Chair), Tennell Atkins, Sheffie Kadane, Philip T. Kingston

SUBJECT Dallas/Fort Worth International Airport 50th Supplemental Bond Ordinance

On February 18th, 2014, the Budget, Finance and Audit Committee will be briefed on the Dallas/Fort Worth International Airport 50th Supplemental Bond Ordinance. The briefing will be provided by Christopher Poinsette, Executive Vice President – Chief Financial Officer of Dallas/Fort Worth International Airport.

Please let me know if you have questions or need additional information.

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

Jeanne Chipperfield
Chief Financial Officer

c: The Honorable Mayor and Members of the City Council
A.C. Gonzalez, City Manager
Warren Ernst, City Attorney
Judge Daniel F. Solis, Administrative Judge
Rosa A. Rios, City Secretary
Craig D. Kinton, City Auditor
Ryan S. Evans, Interim First Assistant City Manager
Jill A. Jordan, P. E., Assistant City Manager
Forest E. Turner, Assistant City Manager
Joey Zapata, Assistant City Manager
Charles M. Cato, Interim Assistant City Manager
Theresa O'Donnell, Interim Assistant City Manager
Frank Libro, Public Information Officer
Elsa Cantu, Assistant to the City Manager – Mayor and Council

Dallas/Fort Worth International Airport 50th Supplemental Bond Ordinance

City of Dallas
Budget, Finance and Audit Committee
February 18, 2014



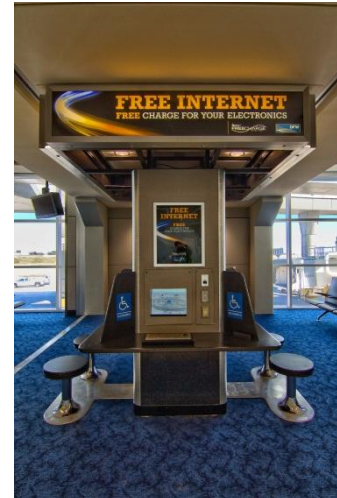
Requested Action

- Approval of the 50th Supplemental Concurrent Bond Ordinance to authorize the issuance of multiple series of bonds

Terminal Renewal and Improvement Program (TRIP) Update



Terminal Renewal and Improvement Program (TRIP) Update



Background

- The Cities of Dallas and Fort Worth concurrently approved the 49th Supplemental Bond Ordinance in February 2013 providing for:
 - Issuance of bonds not to exceed \$3.1 billion
 - Issuance of multiple series of bonds for a one year period, subject to certain parameters
 - Issuance of Tax Exempt and Taxable Bonds
 - Followed same approach with the 47th and 48th

- Last year, DFW issued 7 series of bonds totaling approximately \$2.067 billion
 - New money - \$1.173 billion
 - For Terminal Renewal & Improvement Program (TRIP) and other projects
 - Average yield on bonds - approximately 4.6%
 - Refundings - \$894 million
 - Present value savings - \$67.6 million
 - Future value savings - \$112.7 million

50th Supplemental Bond Ordinance

- Provides authority to issue up to \$1.7 billion in bonds
 - \$571 million – TRIP and other capital projects for 2014
 - \$384 million – Refunding all or portion of the Series 2003A, 2004B and 2007 bonds
 - Subject to obtaining at least 3% NPV Savings
 - \$55 million – American Airlines training facilities leased from DFW, if requested
 - \$642 million – TRIP and other capital projects for 2016
 - Would be issued only if there is a substantial rise in interest rates

- Provides authority to issue bonds
 - Period of one year
 - Multiple series
 - AMT, non-AMT and Taxable Bonds
 - Final maturities not to exceed 2035 for refunding bonds and 2050 for new money bonds.

Summary of Proposed Bonds Sales and Underwriting Teams

Bond Series	Proposed Sale Date	Estimated Amount	Purpose (Tax Status)	Senior Manager Co-Senior	Co-Managers
2014A	May 2014	\$182 million	New Money (AMT)	Raymond James Cabrera	Morgan Stanley Loop Capital
2014B	June 2014	\$130 million	New Money (Non-AMT)	Morgan Stanley JP Morgan	Siebert
2014C	July 2014	\$258 million	New Money (AMT)	BAML RBC	Raymond James Stifel
2014D	August 2014	\$84 million	Refunding (AMT)	Cabrera Ramirez	

Note: Companies listed in red are M/WBE's.

Summary of Proposed Bonds Sales and Underwriting Teams

Bond Series	Proposed Sale Date	Estimated Amount	Purpose (Tax Status)	Senior Manager Co-Senior	Co-Managers
2014E	September 2014	\$104 million	Refunding (Non-AMT)	Jefferies Siebert	
2014x	Subject to AA Request	\$55 million	AA Training Facility (Taxable)	JP Morgan	
2014x	Subject to Savings	\$196 million	Refunding 2003A (AMT)	Citi Group Barclay	Jefferies Cabrera
2014x	Subject to Interest Rate Sensitivity	\$106 million	New Money (Non-AMT)	Not Appointed	
2014x	Subject to Interest Rate Sensitivity	\$535 million	New Money (AMT)	Not Appointed	

Note: Companies listed in red are M/WBE's.

Note – M/WBE percentage expected to be 32% after the sale of bonds. Aspirational goal for the program was 30%.

Financing Team

- Co-Financial Advisors
 - First Southwest Company
 - Estrada Hinojosa & Company, Inc. (M/WBE)
- Co-Bond Counsel
 - Bracewell & Giuliani, LLP
 - McCall, Parkhurst & Horton
 - Newby Davis (M/WBE)
- Co-Underwriters Counsel (selected by Underwriters)
 - Kelly, Hart & Hallman
 - Mahomes Bolden Warren (M/WBE)

Note: Companies listed in red are M/WBE's

Anticipated Approval Schedule

February 4, 2014	Brief DFW Airport Board Finance/Audit Committee
February 6, 2014	Approval by DFW Airport Board
February 18, 2014 (morning)	Brief Fort Worth City Council
February 18, 2014 (afternoon)	Brief Dallas Budget, Finance and Audit Committee
February 19, 2014	Brief Dallas City Council
February 26, 2014	Consideration by Dallas City Council
March 4, 2014	Consideration by Fort Worth City Council

Summary

- Request approval of \$1.7 billion of debt over next year
 - \$1.3 billion – new money
 - \$0.4 billion – refundings
- Continued funding of TRIP and other Capital Projects
 - Interest Rate still extremely low
 - Locks in fixed rate debt
 - Provides ability to buy-out TRIP program if interest rates rise sharply
 - Ratings A2 / A / A+ comparable to other airports
- Refunding 2003A, 2004B and 2007 Bonds
 - Will only issue if 3% savings are achieved
- REMINDER – the Owner Cities have no obligation for the repayment of the bonds' principal and interest issued for DFW Airport.



Dallas/Fort Worth International Airport Supplemental Bond Ordinance

City of Dallas
Budget, Finance and Audit Committee
February 18, 2014

