

# Memorandum



CITY OF DALLAS

DATE August 14, 2017

Members of the Government Performance & Financial Management Committee:

TO Jennifer S. Gates (Chair), Scott Griggs (Vice Chair), Sandy Greyson, Lee M. Kleinman, Philip T. Kingston, Tennell Atkins, Kevin Felder

SUBJECT **Dallas/Fort Worth International Airport Approval of the 52<sup>nd</sup> Supplemental Bond Ordinance**

On Monday, August 21, 2017, the Dallas/Fort Worth International Airport will brief the Government Performance & Financial Management Committee on Dallas/Fort Worth International Airport Approval of the 52<sup>nd</sup> Supplemental Bond Ordinance. I have attached the briefing for your review.

Please let me know if you need additional information.

*M. Elizabeth Reich*

M. Elizabeth Reich  
Chief Financial Officer

## Attachment

c: Honorable Mayor and Members of the City Council  
T.C. Broadnax, City Manager  
Larry Casto, City Attorney  
Craig D. Kinton, City Auditor  
Rosa A. Rios, City Secretary  
Daniel F. Solis, Administrative Judge  
Kimberly Bizzor Tolbert, Chief of Staff to the City Manager  
Majed A. Al-Ghafry, Assistant City Manager

Jo M. (Jody) Puckett, P.E., Assistant City Manager (Interim)  
Jon Fortune, Assistant City Manager  
Joey Zapata, Assistant City Manager  
Raquel Favela, Chief of Economic Development & Neighborhood Services  
Nadia Chandler Hardy, Chief of Community Services  
Theresa O'Donnell, Chief of Resilience  
Directors and Assistant Directors

# Dallas Fort Worth International Airport Approval of the 52<sup>nd</sup> Supplemental Bond Ordinance



DFW

# Background

In September 2016, the Dallas Fort Worth International Airport issued approximately \$280 million of Airport Revenue Improvement and Refunding Bonds to fund the final phase of the DFW's Terminal Renewal and Improvement Program (TRIP) and to refund the 2009A Bonds. This action was approved by the Cities of Dallas and Fort Worth in August 2016.

The 2016 Bonds were sold under a direct bond purchase agreement with Citibank.

Terminal A and E are now completed and Terminal B will be completed in December 2017.

DFW bonds are rated AA- by Kroll; A+ by Standard and Poor's; and A by Fitch. Moody's had a surveillance rating of A1.

The Airport currently has \$6.2 billion of debt outstanding (net of unamortized premiums)

# 52<sup>nd</sup> Supplemental Bond Ordinance

Provides authority to issue Airport Revenue Bonds subject to parameters:

- Amount not to exceed \$350 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
- At least one 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. The 2016 Bonds had a all-in true Interest rate of 1%

# 2017 Bonds

Bonds will be used to finance the following projects:

- Rehab of Runway 17C/35C, along with related taxiways and high speed exits
- Construction of TexRail Station at Terminal B
- Landside roads, lighting and bridges
- Various improvements to utilities systems
- Winter equipment storage facility
- Employee parking
- Various other projects and cost of issuance

# Financial Advisors and Bond Counsel

## Financial Advisors

- Hilltop Securities
- Estrada Hinojosa

## Bond Counsel

- McCall Parkhurst
- Bracewell