

Memorandum



DATE May 19, 2011

TO Honorable Members of the Budget, Finance & Audit Committee: Jerry R. Allen (Chair), Ann Margolin (Vice Chair), Vonciel Jones Hill, Angela Hunt, Delia Jasso, David A. Neumann, Ron Natinsky

SUBJECT Dallas/Fort Worth International Airport Approval of the 45th, 46th and 47th Supplemental Bond Ordinance

On May 23, 2011 you will be briefed by Christopher A. Poinsette, Executive Vice President – Chief Financial Officer, of Dallas/Fort Worth International Airport on the 45th, 46th and 47th Supplemental Bond Ordinances. The materials are attached for your review.

Please contact me if you need additional information.



Jeanne Chipperfield
Chief Financial Officer

- c: Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Thomas P. Perkins, Jr. City Attorney
Deborah Watkins, City Secretary
Craig Kinton, City Auditor
Judge C. Victor Lander, Administrative Judge
Ryan S. Evans, First Assistant City Manager
A.C. Gonzalez, Assistant City Manager
Forest Turner, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Frank Libro, Public Information Office
Theresa O'Donnell, Director, Sustainable Development and Construction
Helena Stevens-Thompson, Assistant to the City Manager
Edward Scott, Director, Controller's Office

Dallas/Fort Worth International Airport Approval of the 45th, 46th and 47th Supplemental Bond Ordinances

Dallas City Council
Budget, Finance and Audit Committee Briefing
May 23, 2011



DFW Debt Profile

- Approximately \$3.8 billion outstanding.
- Approximately \$1.5 billion callable in 2011.
- Approximately \$2 billion of new debt will be issued for TRIP construction and other capital projects over the next five years.
 - No incremental “new money” needed until FY 2012
- Additional refundings in FY 2013.

Requested Actions

- Approval of 45th Supplemental Concurrent Bond Ordinance.
- Approval of 46th Supplemental Concurrent Bond Ordinance.
- Approval of 47th Supplemental Concurrent Bond Ordinance.

45th Supplemental Bond Ordinance

RAC/Facility Improvement Corporation (FIC) Refunding

- Cities issued \$160 million of FIC taxable bonds in 1998 and 1999 for RAC Facility.
 - Debt Service paid from \$4 Customer Facility Charge (CFC).
- Currently \$112 million of bonds outstanding, with final maturity of 2024.
- Ordinance provides refunding with DFW bonds.
 - Lower interest rates, significant NPV savings.
 - Bond will be retired at least two years early.
- DFW and FIC will enter into an agreement, whereby FIC will transfer CFC revenues to pay debt service.
 - No impact on airline rates and charges.
- Excess CFC revenues will be retained by FIC and may be used to maintain bus fleet, RAC facilities and other DFW projects.



46th Supplemental Bond Ordinance

\$1M Private Placement for Skylink Bonds

- Airport is seeking a “Reviewable Ruling” from IRS, if bonds issued for SkyLink are non-AMT.
- Prior to requesting a “Reviewable Ruling” the Cities must approve bond issuance.
- To provide the best test case scenario, a small private placement issuance is recommended.
- Bonds will not be issued until all reviews and appeals are completed.
- Ordinance grants authority to issue bond until May 1, 2012.
- Likely maturity 1-3 years.



47th Supplemental Bond Ordinance

DFW Joint Revenue Bond Refundings

- Authorization to refund \$1.475 billion of outstanding bonds.
- Approximately \$900 million of bonds are currently “in the money.”
- Goal: Reduce and restructure debt service to achieve an agreed-upon Airline Cost each year through FY 2019.
 - Part of Use Agreement negotiations.
 - Assumed in current Financial Plan.
 - Saves Airlines approximately \$150 million through 2020.
 - Interest savings will offset or minimize principal deferrals.
- Some maturities may be extended to FY 2036.
- Up to six bond series may be issued – two AMT, two non-AMT and two Skylink (dependent on ruling).
- Ordinance provides authority to sell bond until May 1, 2012.

Underwriters

Overall program M/WBE participation is estimated at 32.1% after these deals.

Series	Size (Ms)	Schedule	Tax Status	Senior Bookrunner	Co-Senior	Co-Manager
2011A	\$112	June	Taxable	Morgan Keegan	Morgan Stanley	n/a
2011B*	\$1*	June	Skylink*	JP Morgan	n/a	n/a
2011C	\$210	July	Non-AMT	Cabrera	Raymond James	Jefferies
2011D	\$260	Aug	AMT	Citigroup	Ramirez	Morgan Stanley
2011E	\$175	Sep	Non-AMT	MR Beal	RBC Capital	Stifel
2011F	\$130	Oct	AMT	Barclays	Seibert Branford & Shank	n/a
2011G/H**	\$410**	TBD**	Skylink**	JP Morgan	Merrill Lynch	RBC Capital, Stifel, Loop, & Ramirez

* 2011B will be private placement to seek an IRS Ruling to determine if Skylink bonds are AMT or non-AMT.

** If classified as AMT, then the 2011G issue may be split into two series with Merrill Lynch as the other senior.

Financing Team

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

Summary of Requested Actions - Parameters

- Approval of 45th Supplemental Concurrent Bond Ordinance.
 - Maximum term of November 1, 2024
 - Issue date prior to December 1, 2011
 - Maximum amount not to exceed \$115M

- Approval of 46th Supplemental Concurrent Bond Ordinance.
 - Maximum term of November 1, 2036
 - Issue date prior to May 1, 2012
 - Maximum amount not to exceed \$1M

- Approval of 47th Supplemental Concurrent Bond Ordinance.
 - Maximum term of November 1, 2036
 - Issue date prior to May 1, 2012
 - Maximum amount not to exceed \$1.5B

Dallas/Fort Worth International Airport Board Approval of the 45th, 46th and 47th Supplemental Bond Ordinances

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