

Memorandum



CITY OF DALLAS

DATE May 18, 2012

TO Honorable Members of the Budget, Finance & Audit Committee: Jerry R. Allen (Chair), Tennell Atkins (Vice Chair), Monica R. Alonzo, Scott Griggs, Ann Margolin

SUBJECT Dallas/Fort Worth International Airport Approval of Designation of Rental Car Center and Hyatt Place Hotel as "Approved Airport Projects".

On May 21, 2012, the Budget, Finance and Audit Committee will be briefed by Christopher A. Poinsette, Executive Vice President – Chief Financial Officer, of Dallas/Fort Worth International Airport on approving the DFW Rental Car Facility (the RAC) and the proposed Southgate Hyatt Place Hotel as public facilities and approved projects of DFW's Public Facility Improvement Corporation.

Please contact me if you need additional information.


A handwritten signature in blue ink that reads "Jeanne Chipperfield". The signature is fluid and cursive.

Jeanne Chipperfield
Chief Financial Officer

Cc: Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Thomas P. Perkins, Jr., City Attorney
Rosa A. Rios, City Secretary
Craig D. Kinton, City Auditor
Judge C. Victor Lander, Administrative Judge
A.C. Gonzales, First Assistant City Manager
Ryan S. Evans, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Forest E. Turner, Assistant City Manager
Joey Zapata, Assistant City Manager
Frank Libro, Public Information Office
Stephanie Pegues-Cooper, Assistant to the City Manager
Jack Ireland, Director, Office of Financial Services
Edward Scott, Director, City Controller

Designation of Rental Car Center and Hyatt Place Hotel as “Approved Airport Projects”

Dallas City Council
Budget, Finance & Audit Committee
May 21, 2012



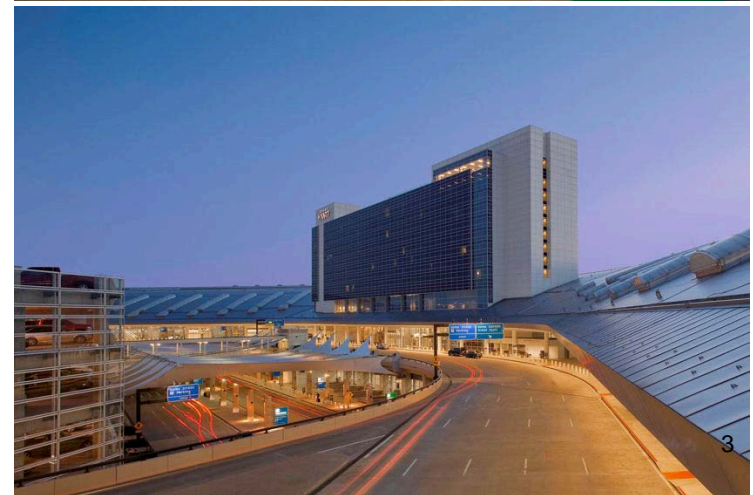
Requested Council Actions

- Approve the DFW Rental Car Center (the “RAC”) and the proposed Southgate Hyatt Place Hotel as “Public Facilities” and as “Approved Airport Projects” of DFW’s Public Facility Improvement Corporation (“PFIC”).
- Approve the assignment and transfer by the DFW Facility Improvement Corporation (“FIC”) of all assets, rights, duties and obligations relating to the RAC and bus fleet to the PFIC.

Background

Cities have authorized two public facility corporations at DFW: the Facility Improvement Corporation (“FIC”) and the Public Facility Improvement Corporation (“PFIC”)

- FIC was formed in 1998
 - To provide tax exempt conduit financing for third parties on the airport
 - In 1998 and 1999, FIC issued bonds to finance DFW’s Rental Car Center (the “RAC”) and busses
- PFIC was formed in 2001
 - To finance, construct, and operate facilities on the airport
 - First approved project was Grand Hyatt Hotel (opened 2005)
 - May operate other “Approved Airport Projects” with Owner City concurrence



Rental Car Center

- FIC collects two fees related to the RAC
 - Customer Facility Charge (CFC) is used to repay debt and purchase buses and other capital projects
 - Customer Transportation Charge (CTC) is used to pay for bus operations and maintenance
- Obligations and assets related to the RAC would be transferred from the FIC to the PFIC
- Allows the FIC to be solely a conduit financing vehicle with no cash or assets, as originally intended
- Consolidates revenue producing operations in the PFIC



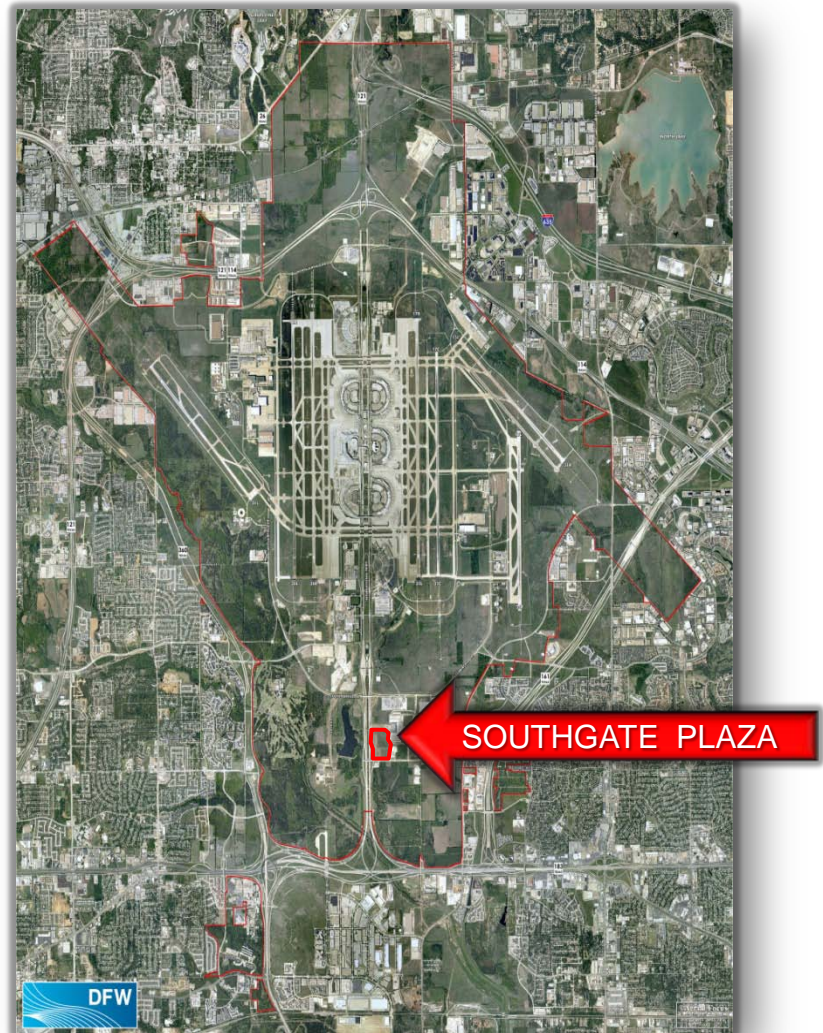
Southgate Hyatt Place Hotel Concept

Hyatt Place Conceptual Images



Southgate Hyatt Place Hotel Concept

- To be located near RAC in DFW's Southgate development
- 137 rooms
- Estimated Cost
 - \$20 to \$23 million
- Estimated opening
 - October 2014
- Estimated operating income
 - \$1.3 to \$1.7 million on occupancy of 70%-74%
 - Financed with PFIC cash
- Estimated annual tax income to the city of Dallas
 - \$123,000 (Hotel Occupancy Tax)
 - \$1.04 million (at full build out of Southgate Plaza)



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