

**Dallas/Fort Worth International Airport
Presentation to City of Dallas
Finance, Audit and Accountability Committee**

Creation of Public Facility Development Corporation
and Approval of 2007 Rental Car (RAC) Facility
Advanced Refunding Bonds

October 22, 2007

Overview

- Background
- Resolution 1 - Public Facility Development Corporation
- Resolution 2 - Rental Car Facility Advanced Bond Refunding

Background



Background - DFW's Corporate Structure

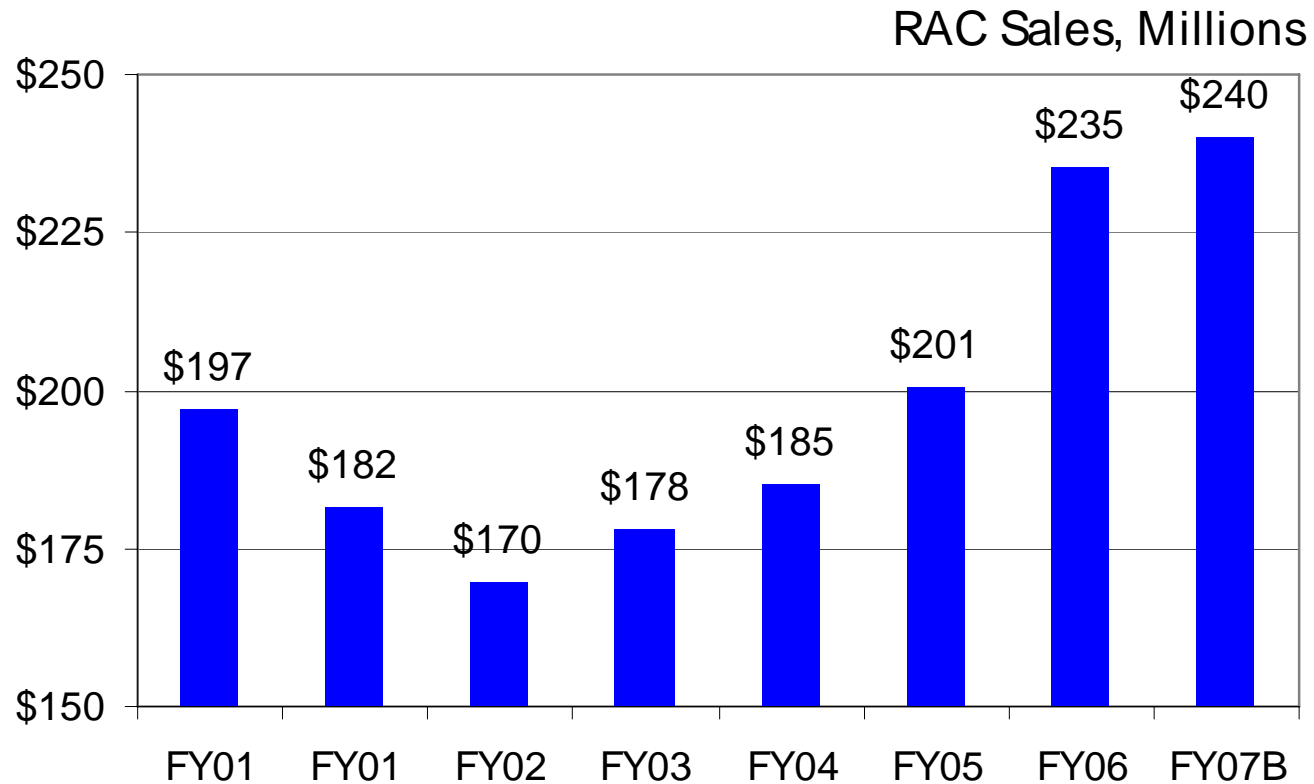
- DFW currently has three “corporate” entities
 - The Airport Board
 - Facility Improvement Corporation (FIC)
 - Public Facility Improvement Corporation (PFIC)
- FIC
 - Created to issue “conduit financing” for third parties (airlines) to construct facilities on airport
 - Also used to issue bonds to finance Rental Car Facility
 - Limited powers - financing
- PFIC
 - Formed to build, finance and operate the Grand Hyatt Hotel
 - Limited powers – Grand Hyatt Hotel only
- All bonds require approval of DFW Board and the Cities

Background - Consolidated Rent-a-Car (RAC) Facility

- Opened March 26, 2000
- FIC issued \$130 million in taxable bonds to fund facility construction and initial bus purchase
 - Second consolidated RAC in country
 - Debt to be repaid with Customer Facility Charge (CFC) of \$3.00
 - CFC raised to \$4.00 after 9-11
- 5 million transactions in FY 2007
- 9 rental car companies
- 81% of customers – business
- Rental car companies required to buy future buses and provide bus maintenance and operations

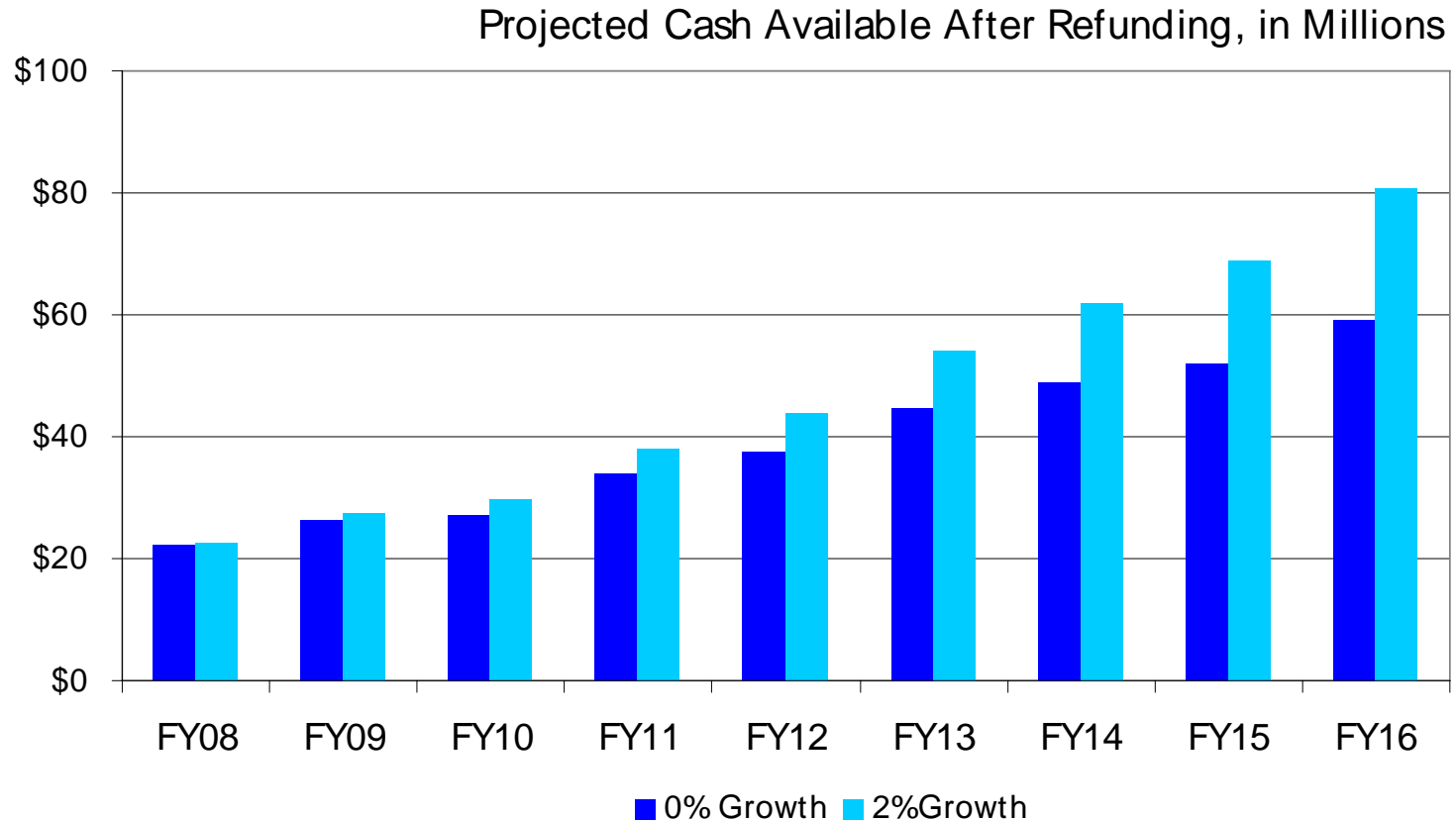
Background – Consolidated Rent-a-Car (RAC) Facility

Sales have increased every year since 9/11.



Background – Consolidated Rent-a-Car (RAC) Facility

RAC has significant cash balances that are expected to grow.





Public Facility Development Corporation

Public Facility Development Corporation (the “Corporation”)

- Three events occurred in past year
 - FIC has accumulated significant cash balances (\$28 million)
 - Opportunity for advance refunding - NPV savings (\$8 million)
 - Rental Car companies requested DFW to
 - Assume responsibility to buy new buses
 - Provide financial assistance for operation/maintenance of buses
- Why form new Corporation?
 - Desire to remove cash from FIC to reduce risk of Airline bankruptcy
 - Corporation needs ability to purchase, operate, & maintain buses
 - Powers not give to FIC
 - Will allow rental car companies to collect and transfer to the Corporation a Customer Transportation Fee of \$1.95 per day to offset bus operating costs
 - Rental car companies charging different rates today
 - This makes rates consistent between companies
 - Limits any new below-the-line charges



Public Facility Development Corporation

RAC Advanced Refunding Opportunity

Bonds originally issued by Facility Improvement Corporation (FIC)

- Bonds available to be refunded
 - 1998 Fixed Rate Taxable Bonds
 - \$112.4 million
 - Average coupon 6.9%
 - Callable in 2008
 - 1999 Fixed Rate Taxable Bonds
 - \$17.4 million
 - Average coupon 7.8%
 - Callable in 2009
- Debt service payments are made from Customer Facility Charges (\$4.00 per day) collected by RAC companies

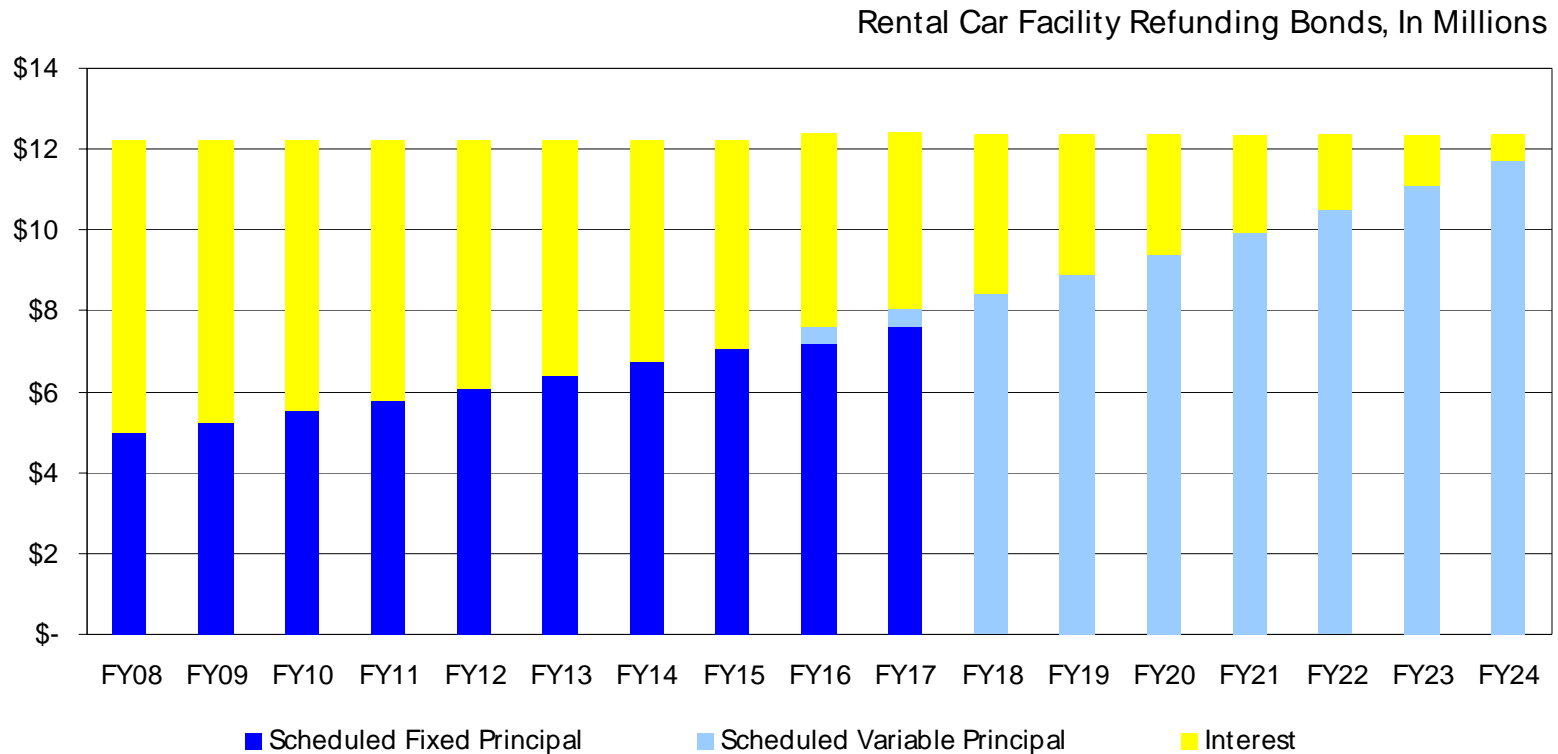
RAC Advanced Refunding Opportunity

Bonds to be issued in two sub-series

- **2007 A-1 Fixed Rate Bonds**
 - Approximately \$70 million
 - Present Value Savings \$4.2 million
 - Total savings over life of bonds \$4.7 million
 - Assumes TIC of 5.4%
- **2007 A-2 Variable Rate Auction Bonds**
 - Approximately \$70 million
 - Present Value Saving between \$3.8 million
 - Total savings over life of bonds \$6.5 million
 - Assumes TIC of 5.8%

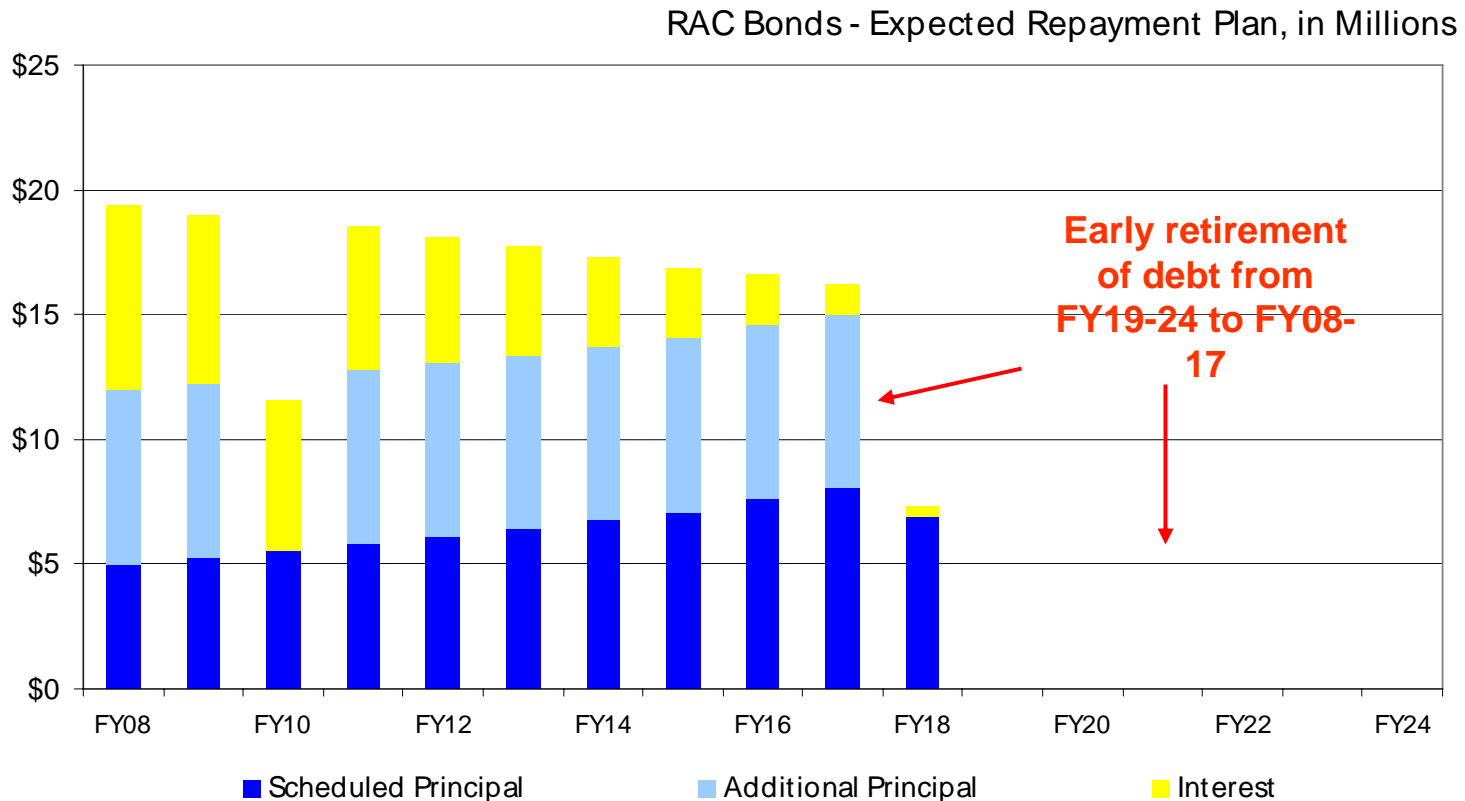
Current Refunding - Scheduled Repayments

The refunding will be split into two series, fixed and variable, and scheduled to be repaid based on the current schedule.



Planned Repayment Schedule

The chart shows the planned repayment schedule, assuming cash is available, **saving \$30 million in interest payments** and retiring the bonds 7-8 years early.



RAC Refunding Opportunity

Bonds to be issued subject to the following parameters

- Total issue not to exceed amount \$140 million
- Maximum interest rate not to exceed 6.5%
- Final maturity not to exceed current outstanding bonds – 2024
- Total Savings \$11 million
- NPV Saving \$8 million (before early retirement of VRABs)

RAC Refunding Opportunity

Transaction Team

Financial Advisors First Southwest Company
Estrada Hinojosa & Company (MWBE)

Co-Bond Counsel Vinson & Elkins
McCall, Parkhurst & Horton
Renee Higginbotham-Brooks (MWBE)

2007-A1

Senior Manager
(Book Runners) Morgan Keegan

Co-Senior Lehman Brothers

RAC Refunding Opportunity

Transaction Team

2007 A-1

Co-Managers

Jackson Securities (MWBE)

Cabrera Capital (MWBE)

M.R. Beal (MWBE)

2007 A-2

Remarketing Agents

UBS

Merrill Lynch

Lehman Brothers

Loop Capital (MWBE)

RAC Refunding Opportunity

Go Forward Schedule

October 22	Dallas Finance Committee Briefing
October 30	Fort Worth City Council Briefing
November 5	Dallas City Council Briefing
November 6	Fort Worth City Council Approval
November 12	Dallas City Council Approval
November 29	Fixed Rate Pricing
December 5	Auction Rate Pricing
December 13	Closing