



**To the Mayor and Members of the City Council**

**January 9, 2024**

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**SUBJECT: DALLAS FORT WORTH INTERNATIONAL AIRPORT BOND FINANCING PACKAGE 2024**

Dallas Fort Worth International Airport (DFW) is seeking approval of three new bond ordinances from the Owner Cities of Dallas and Fort Worth for DFW's 2024 debt management plan. With the new 10-year use and lease agreement with the airlines in place, DFW is taking on a significant capital program including the Central Terminal Area Expansion Program and a new Terminal F in the coming years. These financing items are critical to ensure the timely availability of funds for the program. The Airport is seeking authority to: (i) create a tax-exempt extendable commercial paper program, (ii) authorization to issue up to \$1.5 billion in new money bonds in 2024, and (iii) authorization to refund any outstanding commercial paper with long-term bonds.

Action Item	Amount	Summary
<b>67<sup>th</sup> Supplemental Bond Ordinance</b>	\$600 million	Creates the addition of an extendable commercial paper program (Series II) which will provide a more cost-effective interim financing tool for tax-exempt eligible projects than the existing taxable commercial paper program (Series I). The primary feature of this program is it is extendable beyond 90 days (up to 270 days) so it does not require a bank liquidity facility or self-liquidity as a backstop making it a cost effective short-term financing option. The approval is to create the program in an amount not to exceed \$600 million in principal and approve associated legal documents.
<b>68<sup>th</sup> Supplemental Bond Ordinance</b>	Up to \$1.5 billion	This is DFW's annual debt financing request. It provides for the authorization to issue up to \$1.5 billion in new money bonds for DFW's capital program.
<b>69<sup>th</sup> Supplemental Bond Ordinances</b>	CP Series I - \$750 million CP Series II - \$600 million	This is the annual request to provide DFW with the ability to refund commercial paper with long-term bonds. The programs approved by the Owner Cities in 2019 (Series I) and 2023 (Series II) requires the Airport to request this authorization annually.

The Airport Board approved the three Supplemental Bond Ordinances at its December 7, 2023, meeting. The Owner City Approval schedule is below:

**January 9, 2024** – Fort Worth City Council Work Session Briefing (via Informal Report)

**January 22, 2024** – Briefing to the Government Performance and Financial Management Committee of the Dallas City Council

**January 23, 2024** – Fort Worth City Council Agenda Meeting

**February 14, 2024** – Dallas City Council Agenda Meeting

For more information, please contact Chris Poinsett, Executive Vice President and Chief Financial Officer at 972-973-5210 or via email at [capoinsett@dfwairport.com](mailto:capoinsett@dfwairport.com).

**David Cooke**  
City Manager

# DFW International Airport FY2024 Debt Management Plan

City of Fort Worth  
City Council Work Session  
January 9, 2024

# DFW Overview

DFW achieved record passengers, revenues and net revenues in FY23, all exceeding pre-COVID levels

DFW and Airlines signed a new Use Agreement effective October 1, 2023

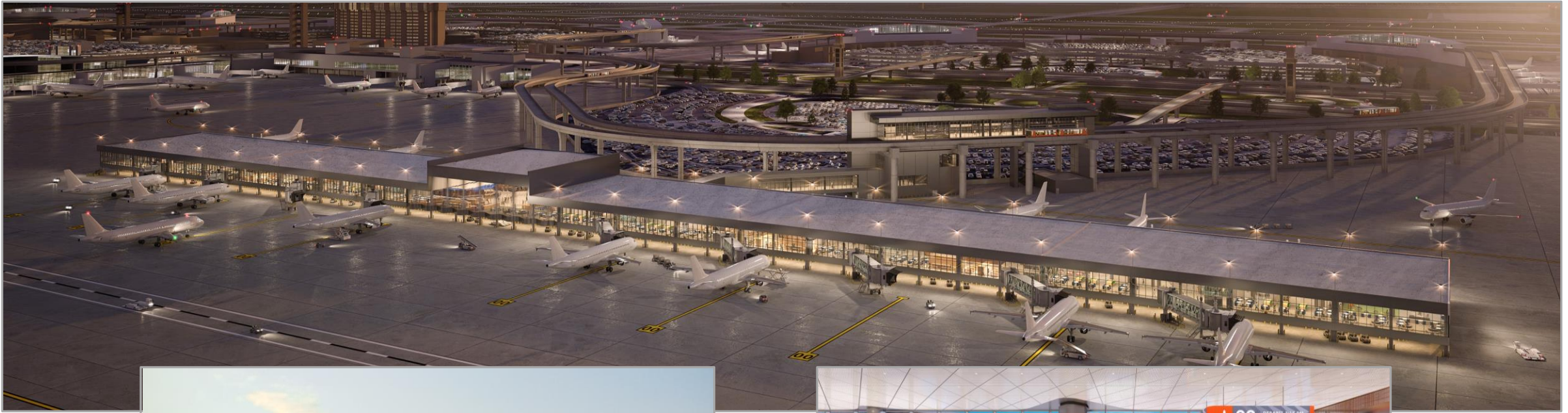
- Ten-year term
- Included almost \$5 billion of preapproved capital projects
- Terminal F – 15 new gates, \$1.6 billion
- Central Terminal Area Redevelopment – 9 new gates, \$2.7 billion
- Infrastructure Capital Program – 17 projects, \$0.5 billion





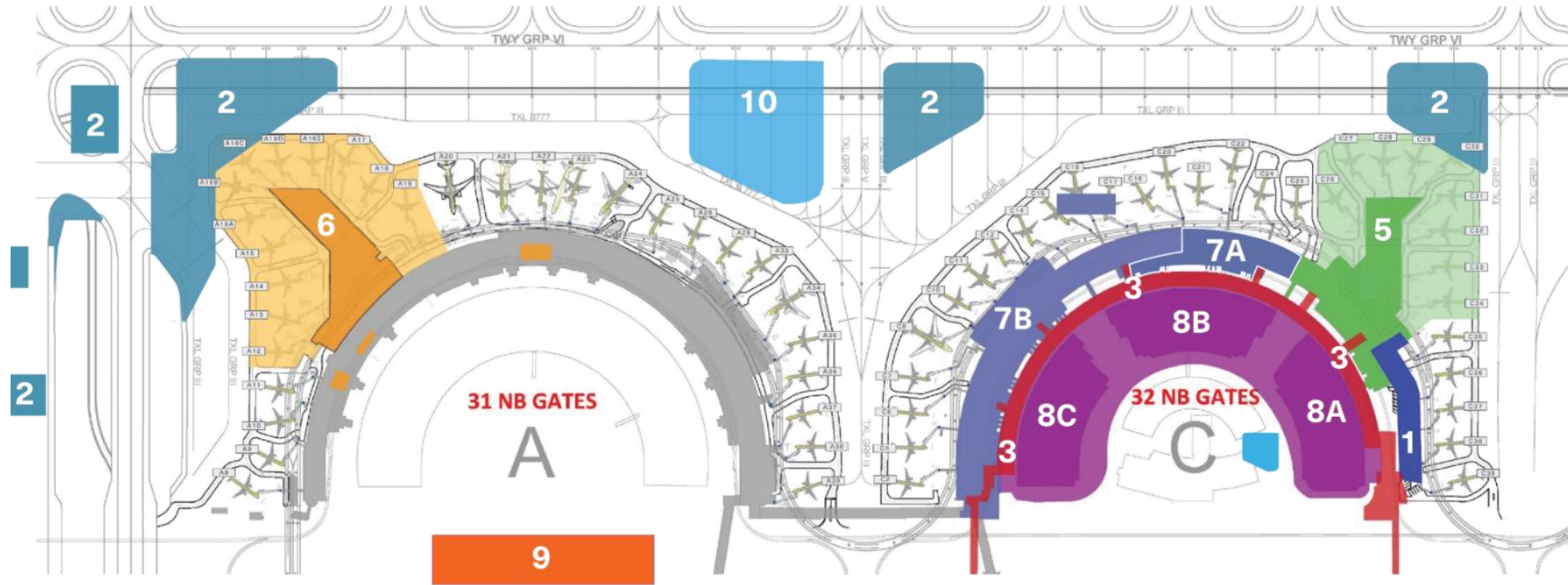
# Terminal F – West Concourse & Skylink Station

The Terminal F West Concourse will be comprised of 15 narrow body gates constructed in as a double-loaded, modular concourse.



# Central Terminal Area Redevelopment Program

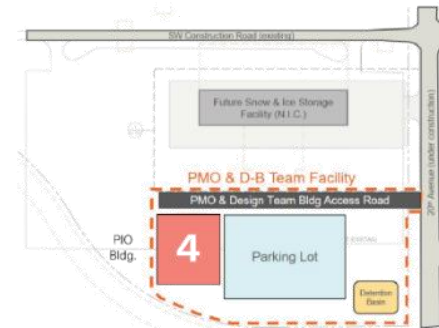
DFW will add 9 new gates on 2 piers on Terminals A and C and tear down and reconstruct two-thirds of Terminal C, including a new parking garage.



PROJECT 3  
AIRFIELD EFFICIENCY  
NOT VISIBLE FOR  
TERMINAL B



LEGEND	<b>1</b> High C Gates - <b>COMPLETE</b>	<b>6</b> Terminal A Pier
	<b>2</b> Airfield Ramp Efficiencies	<b>7</b> Terminal C Renovations
	<b>3</b> Service Delivery Systems	<b>8</b> Terminal C Garage and Roadways
	<b>4</b> PIO Building	<b>9</b> Electric Central Utility Plant (E-CUP)
	<b>5</b> Terminal C Pier	<b>10</b> Southwest Airfield Safety & Efficiency

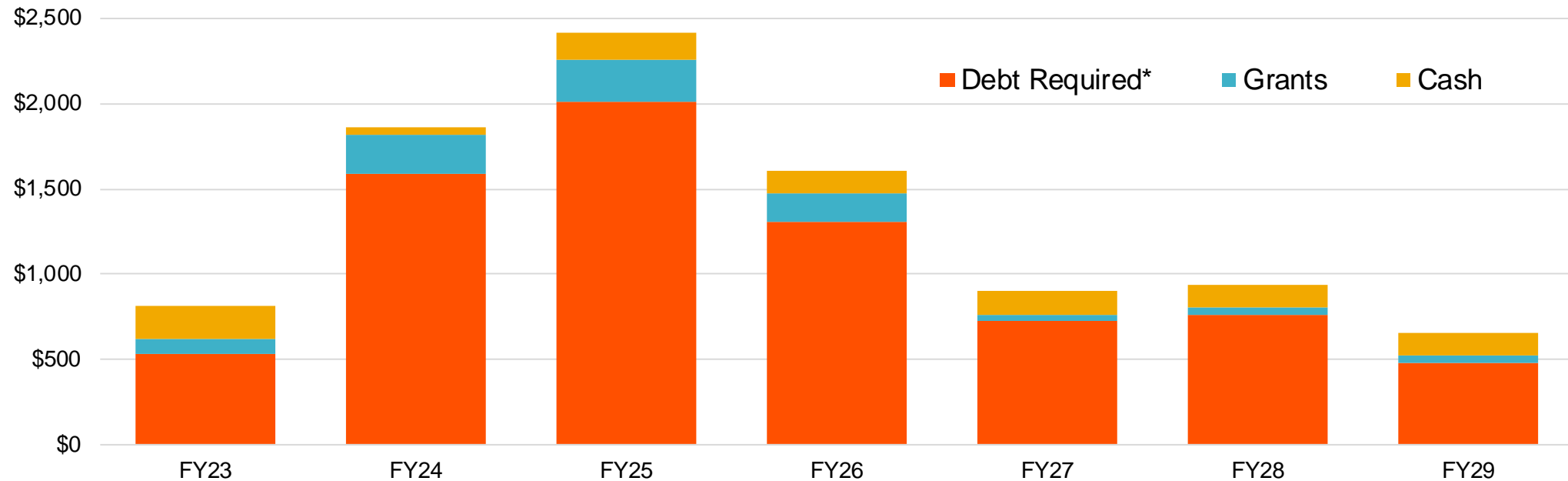




# Capital Program and Funding Sources

DFW's total capital program is \$9.2 billion through FY29 with approximately 80% to be funded with debt, of which approximately \$6 billion will be new debt over the next five years.

Capital Program - Funding Sources (\$9.2B)



\* Includes previously issued debt of approx \$1.4B

# Supplemental Bond Ordinance Summary

## 67<sup>th</sup> Supplemental Bond Ordinance

- Creates tax-exempt Extendable Commercial Paper (ECP) program
- DFW's current commercial paper program is taxable
- ECP allows for extendable maturity beyond 90 days and has lower interest rates compared to DFW's taxable commercial paper program
- Authorization in an amount not to exceed \$600 million in principal and approves the related documents including the form of a dealer agreement and offering memorandum

## 68<sup>th</sup> Supplemental Bond Ordinance

- Provides for the authorization of new debt in an amount not to exceed \$1.5 billion in 2024
- Sets parameters for bond sales including maximum interest rate allowed by law and final maturity not to exceed 11/1/2054
- Issuance anticipated in late summer-fall of 2024

## 69<sup>th</sup> Supplemental Bond Ordinance

- Provides for authorization to refund commercial paper

# DFW Debt Overview

\$7.4 billion of debt outstanding as of 9/30/23

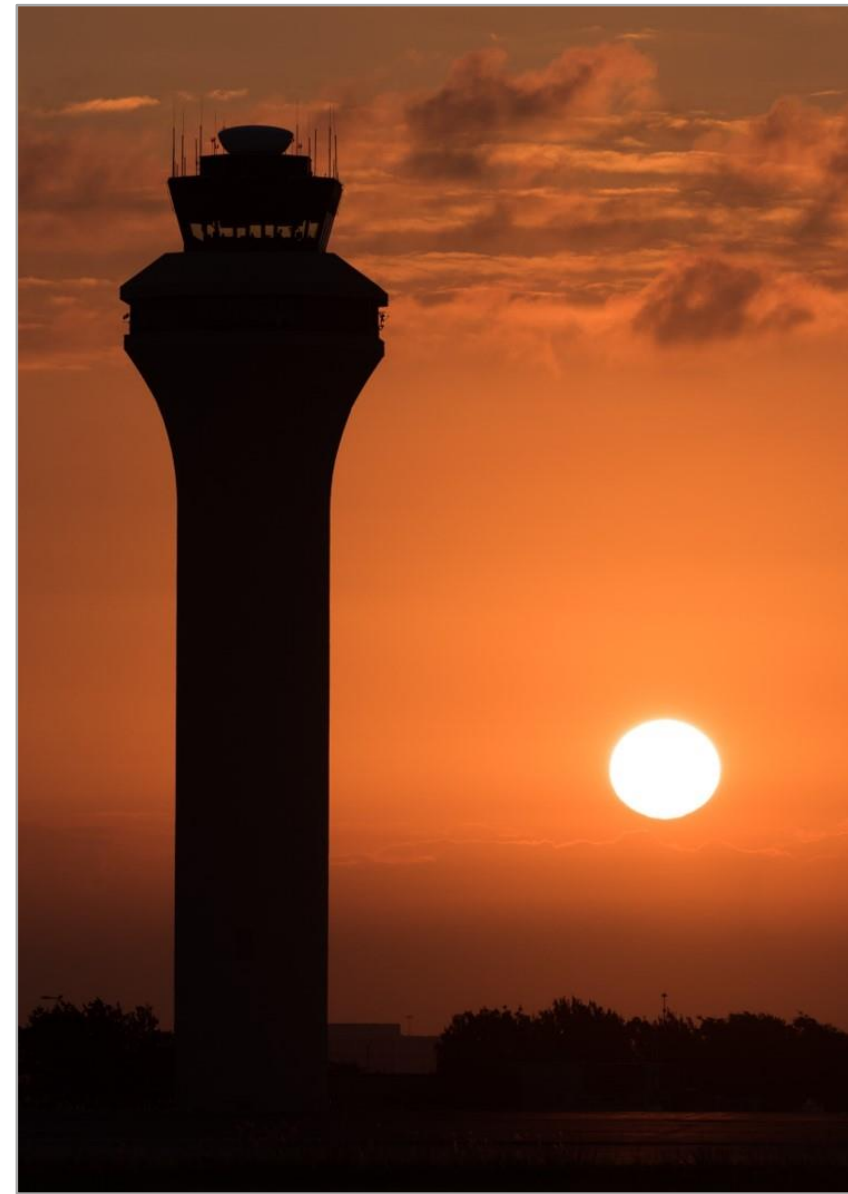
- \$ 1.63 billion to be retired through FY29
- \$ 6.0 billion of new debt planned to be issued through FY29
- \$11.7 billion of debt projected outstanding at end of FY29

Liquidity summary for FY23\*

- Debt service coverage - 1.64x\*
- Days cash on hand – 653\*
- Sufficient liquidity to pay debt service and OPEX for 20 months with no revenues

Debt repayment is solely from airport revenues; cities have no liability for DFW debt

\* Preliminary FY23 Results



## Current Bond Ratings:

Kroll (AA)

Moody's (A1)

Fitch (A+)

S&P (A+)





# Financing Team

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## Financial Advisors

Hilltop Securities

Estrada Hinojosa

## Bond Counsel

McCall, Parkhurst & Horton, LLP

West and Associates, LLP

## Disclosure Counsel

Bracewell, LLP

Hardwick Law Firm, LLC

## Underwriters' Counsel

Kelly Hart & Hallman LLP

Escamilla Poneck, LLP

# Underwriting Pool

Academy Securities\*

Bank of America Securities

Barclays

Cabrera Capital\*

Citigroup

Goldman Sachs

Jefferies

JP Morgan

Loop Capital Markets\*

Morgan Stanley

Piper Sandler

Ramirez & Co\*

Raymond James

RBC Capital

Rice Financial\*

Siebert Williams Shank\*

Stern Brothers\*

Wells Fargo

*\*MWDVBE qualified firm*

