

Memorandum



CITY OF DALLAS

DATE March 9, 2023

TO Members of the Government Performance and Financial Management Committee

SUBJECT **Dallas Fort Worth (DFW) International Airport Bond Financial Package**

Dallas Fort Worth International Airport (DFW) is seeking approval of two new bond ordinances from the Owner Cities of Dallas and Fort Worth to refinance some debt, and position DFW to fund certain capital projects.

DFW anticipates passenger traffic exceeding pre-pandemic levels, and with a busy summer ahead, plans to take action in preparation for the increased customer loads. The Airport is seeking authority to: (i) refund existing bonds, Subordinate Lien Bonds and outstanding commercial paper; and (ii) potentially issue new money bonds to finance Terminal C and other aging infrastructure, assuming market rates are favorable.

The Airport Board approved the two Supplemental Bond Ordinances at its March 2, 2023, meeting. The Owner City Approval schedule is below:

- March 7 – Fort Worth City Council Work Session Briefing (via Informal Report)
- March 21 – Briefing to the Government Performance and Financial Management Committee of the Dallas City Council
- April 11 – Fort Worth City Council Agenda Meeting
- April 12 – Dallas City Council Agenda Meeting

Attached to this email you will find background information, a presentation regarding the Debt Financing Program and associated resolutions.

For more information, please contact Chris Poinatte, Executive Vice President and Chief Financial Officer at 972-973-5210 or via email at capoinatte@dfwairport.com.

tc broadnax (Mar 9, 2023 10:16 CST)

T.C. Broadnax
City Manager

c: Tammy Palomino, Interim City Attorney
Mark Swann, City Auditor
Billieae Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Deputy City Manager
Jon Fortune, Deputy City Manager

Majed A. Al-Ghafry, Assistant City Manager
M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
Dr. Robert Perez, Assistant City Manager
Carl Simpson, Assistant City Manager
Jack Ireland, Chief Financial Officer
Genesis D. Gavino, Chief of Staff to the City Manager
Directors and Assistant Directors



FY 2023 Debt Financing Program Overview

City of Dallas

Dallas Government Performance and Financial Management Committee

March 21, 2023

FY2023 Financing Plan

Current planned refundings over next 12 months estimated at approximately \$1.305 billion, plus additional \$1 billion of new money if needed.

Series	Tax Status	Purpose	Approximate Par Amount
2023A July	Taxable	Takeout of subordinate lien joint revenue bond, taxable series 2021	\$225M*
2023B August	Tax-Exempt	Refund \$550M of callable bonds and \$275M of commercial paper	\$825M*
2023C August	Alternative Minimum Tax (AMT) or Taxable	Refund callable AMT bonds	\$255M*
n/a	Taxable/AMT/Tax-Exempt	Issue new money if needed or if deemed financially desirable	Up to \$1,000M*

*Preliminary—Subject to change

DFW Airport—Supplemental Bond Ordinance Summary

65th Supplemental Bond Ordinance

- Permits the Authorized Officers to request passage of the bond ordinance by the Owner Cities
- Establishes parameters:
 - Debt issuance not to exceed \$2.305 billion
 - Refund Senior Lien Bond principal
 - Refund Subordinate Lien Commercial Paper principal
 - Refund Subordinate Lien Bond principal
 - Issue up to incremental \$1 billion of new money proceeds to provide flexibility if financially advantageous
 - Interest rates not to exceed maximum allowed under state law
 - Final maturity - not to exceed 11/1/2053

66th Supplemental Bond Ordinance

- Annual request to authorize the refunding of entire commercial paper program through bonds
- Allows DFW to refund in case of a failed remarketing

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*

UBS

Wells Fargo

**MWDVBE qualified firm*





Financing Team

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

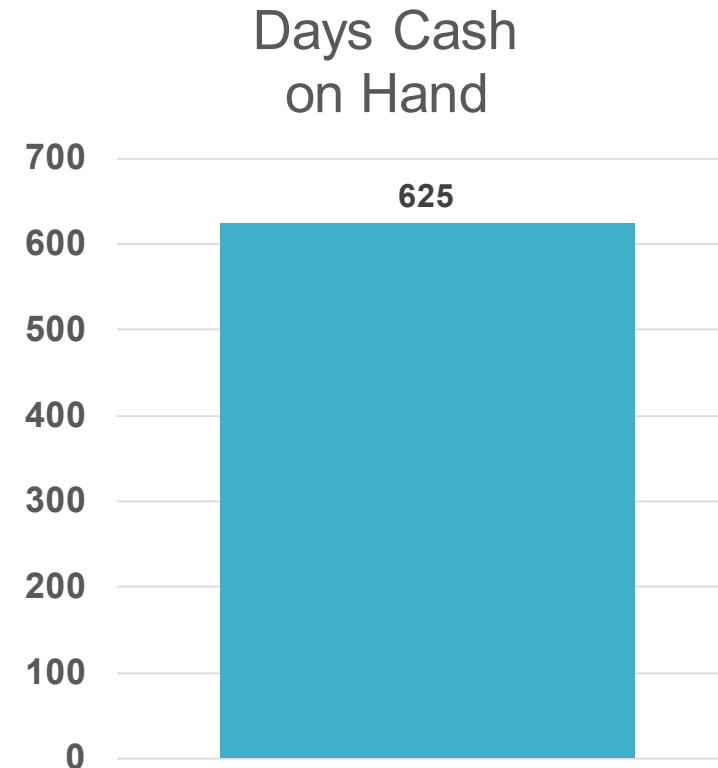
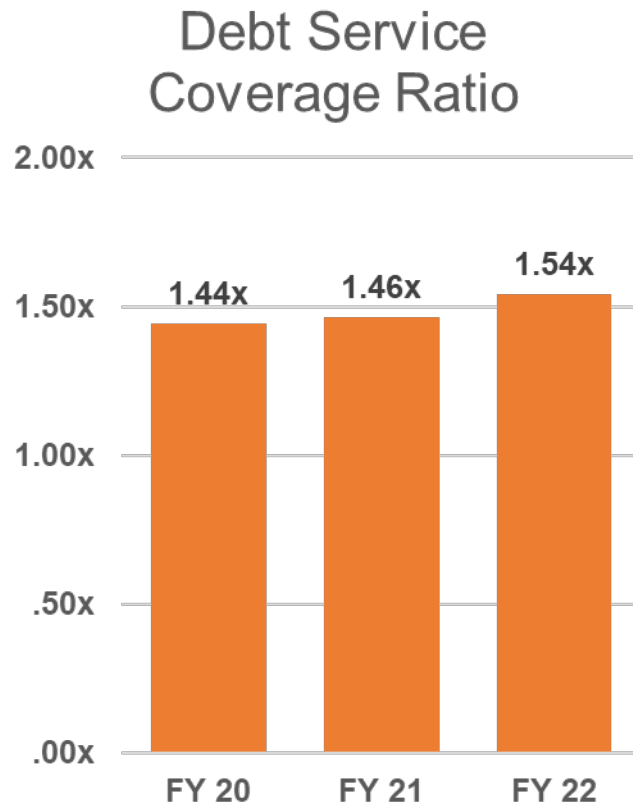
Kelly Hart & Hallman LLP

Escamilla Poneck, LLP

Strong Debt Service Coverage and Liquidity

DFW has sufficient cash on hand to pay debt service and operating expenses for over 20 months with no new revenue.

Current Bond Ratings:
Kroll(AA), Moody's(A1), S&P(A+), Fitch(A+)



2023 Bond Transaction Schedule

DFW Board Approvals	City Approvals	Marketing/Ratings	Pricing
<p>March</p> <ul style="list-style-type: none">• Approve two supplemental bond ordinances (SBO) <p>June</p> <ul style="list-style-type: none">• Approve the form of the preliminary official statement for the 2023 bond transactions	<p>Dallas</p> <ul style="list-style-type: none">• March 21 briefing of SBOs• April 12 approval of SBOs <p>Fort Worth</p> <ul style="list-style-type: none">• March 7 briefing of SBOs• April 11 approval of SBOs	<p>April</p> <ul style="list-style-type: none">• JPM Investor Conference <p>June</p> <ul style="list-style-type: none">• Rating agency presentations <p>July</p> <ul style="list-style-type: none">• Investor Outreach <p>August</p> <ul style="list-style-type: none">• Investor Outreach	<p>July</p> <ul style="list-style-type: none">• Taxable 2023A <p>August</p> <ul style="list-style-type: none">• Tax-Exempt 2023B• AMT 2023C

Airport Board Resolution

RESOLUTION NO. 2023-__-__

APPROVING THE FORM OF THE SIXTY-FIFTH SUPPLEMENTAL CONCURRENT BOND ORDINANCE AND REQUESTING ITS PASSAGE BY THE CITY COUNCILS OF THE CITIES OF DALLAS AND FORT WORTH; AUTHORIZING THE PREPARATION OF THE OFFICIAL STATEMENT; AND AUTHORIZING THE AUTHORIZED OFFICERS TO TAKE OTHER NECESSARY ACTIONS IN CONNECTION THEREWITH

THE STATE OF TEXAS	§
COUNTIES OF DALLAS AND TARRANT	§
DALLAS FORT WORTH INTERNATIONAL AIRPORT BOARD	§

WHEREAS, prior to the adoption of this resolution (herein defined and cited as the "Resolution"), the City Councils of the Cities of Dallas and Fort Worth (the "Cities") passed the Master Bond Ordinance (defined and cited herein as the "Master Bond Ordinance") relating to the Dallas Fort Worth International Airport (the "Airport"); and

WHEREAS, terms not defined herein shall have the meanings set forth in the Master Bond Ordinance; and

WHEREAS, the Master Bond Ordinance is the controlling document that relates to the financing of the Airport and that (i) prescribes the terms and conditions upon the basis of which the Additional Obligations, Credit Agreements, and Parity Credit Agreement Obligations may be issued and executed, and (ii) provides and establishes the pledge, security, and liens securing the Cities' special obligations to pay when due the Outstanding Obligations and Parity Credit Agreement Obligations, and any Additional Obligations; and

WHEREAS, this Resolution is adopted for the purposes set forth below; and

WHEREAS, in accordance with the Master Bond Ordinance, the Dallas Fort Worth International Airport Board (the "Board") has sought and obtained the preparation of a proposed ordinance to be passed concurrently by said Cities authorizing the issuance of one or more series of Dallas Fort Worth International Airport Joint Revenue Bonds (the "Bonds") which shall constitute Additional Obligations pursuant to the Master Bond Ordinance the proceeds of which will be used, among other things, to pay the cost of capital improvements at the Airport and to refund all or a portion of the obligations set forth in Schedule I of the attached Sixty-Fifth Ordinance (as defined below)(collectively, the "Refunded Bonds") and for other purposes as permitted by the Master Bond Ordinance; and

WHEREAS, it is the desire of the Board by this Resolution to approve the Sixty-Fifth Ordinance (as defined below) in substantially the form attached hereto and to respectfully request the City Councils of the Cities of Dallas and Fort Worth to pass said ordinance and thus authorize the issuance and sale of the Bonds and the other matters authorized thereby; and

WHEREAS, the Sixty-Fifth Ordinance provides parameters subject to which the Bonds are to be sold to certain purchasers in accordance with the terms of an Underwriting Agreement (in the case of a negotiated sale) or Bidding Instructions (in the case of a competitive sale); and

WHEREAS, it is the desire of the Board to authorize the preparation of such Underwriting Agreements (in the case of a negotiated sale) and Bidding Instructions (in the case of a competitive sale) and authorize their execution by the proper officers of the Board, with parameters set forth in the Sixty-Fifth Ordinance and with such subsequent modifications and terms as may be determined by the Authorized Officers; and

WHEREAS, it is the desire of the Board to authorize the preparation of one or more Official Statements to be used in connection with the issuance and sale of the Bonds; and

WHEREAS, it is the desire of the Board to authorize the preparation of one or more Escrow Agreements to be used in connection with the issuance and sale of the Bonds and the refunding of all or a portion of the Refunded Bonds; and

WHEREAS, the Board hereby determines that the meeting at which this Resolution is adopted is open to the public, and public notice of the time, place and subject matter of the public business to be considered and acted upon at said meeting, including this Resolution, was given, all as required by Applicable Law;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE DALLAS FORT WORTH INTERNATIONAL AIRPORT:

Section 1. That the proposed concurrent ordinance of the City Councils of the Cities of Dallas and Fort Worth, bearing the short title "Sixty-Fifth Supplemental Concurrent Bond Ordinance" (the "Sixty-Fifth Ordinance") be and the same is hereby in all respects approved by the Board, with the parameters set forth therein and in substantially the form and substance attached hereto and made a part hereof. The Board hereby acknowledges and accepts its duties of continuing disclosure.

Section 2. That it is hereby recommended to the City Councils of the Cities of Dallas and Fort Worth that they pass the Sixty-Fifth Ordinance with the parameters set forth and in the forms attached hereto and said City Councils are hereby requested to so do.

Section 3. That the Chief Executive Officer is hereby directed to promptly forward copies of the Sixty-Fifth Ordinance to the City Councils of said Cities along with a copy of this Resolution, together with the exhibits attached hereto.

Section 4. That, in accordance with the requirements of the Contract and Agreement and the Controlling Ordinances, the Chief Executive Officer is further directed to forward by the earliest practical means a copy of the Sixty-Fifth Ordinance to the City Attorney of each of the Cities with the request that each present the same at a meeting of the respective City Council, along with the request of the Board, respectfully submitted, that the Sixty-Fifth Ordinance be approved and passed.

Section 5. That upon the passage of the Sixty-Fifth Ordinance by said City Councils the appropriate officers of this Board are hereby authorized and directed to take such steps as

may be necessary or considered appropriate to accomplish the issuance, sale and delivery of one or more series of Bonds in accordance with the Sixty-Fifth Ordinance.

Section 6. That the Chief Executive Officer is hereby authorized to prepare the Official Statements and Escrow Agreements.

Section 7. That the Official Statements, with such subsequent modifications or amendments as shall be approved by subsequent action of the Board and in writing by the Chief Executive Officer, shall be used by the Underwriters in the sale of the Bonds.

Section 8. That the Chief Executive Officer is hereby authorized to execute one or more Underwriting Agreements (in the case of a negotiated sale) or Bidding Instructions and Official Bid Forms (in the case of a competitive sale), providing for the terms of sale of the Bonds by the Cities of Dallas and Fort Worth to the purchasers therein named, at such price, in the aggregate principal amount, with such installments of principal, with such interest rates and such other matters as shall be determined in accordance with the Sixty-Fifth Ordinance, upon a determination by the Chief Executive Officer that the requirements of Article III of the Sixty-Fifth Ordinance have been met.

Section 9. That each Authorized Officer (as defined in the Sixty-Fifth Ordinance) is hereby authorized to take any other actions appropriate or necessary in connection with the issuance, sale and delivery of the Bonds, the preparation of any of the documents described or referenced herein, or the delivery of copies of any such documents to the City Councils of the Cities. In the absence of the Chief Executive Officer, the Executive Vice President and Chief Financial Officer and the Vice President of Treasury Management are hereby authorized to act in his stead with respect to such matters.

ADOPTED BY THE DALLAS FORT WORTH INTERNATIONAL AIRPORT BOARD ON THIS _____, 2023.

THE STATE OF TEXAS §
COUNTIES OF DALLAS AND TARRANT §
DALLAS FORT WORTH INTERNATIONAL AIRPORT BOARD §

1. That the Dallas Fort Worth International Airport Board convened in Regular Meeting on the ____ day of _____, 2023, at the Airport Administration Building, 2400 Aviation Drive, Dallas Fort Worth Airport, Texas, its regular meeting place, and the roll was called of the duly constituted officers and members of said Board, to wit:

*non-voting member

was duly introduced for the consideration of said Board of Directors. It was then duly moved and seconded that said Resolution be adopted; and said motion, carrying with it the adoption of said Resolution, prevailed and carried by the following vote:

ABSTENTIONS:

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Board as indicated therein; that each of the officers and members of said Board was duly and sufficiently notified officially and personally in advance, of the time, place and purpose of the aforesaid meeting, and that said Resolution would be introduced and considered for adoption at said meeting, and each of said officers and members consented, in advance, to the holding of said meeting for such purpose; and that said meeting was open to the public, and public notice of the time, place and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code, as amended.

3. That the Resolution has not been modified, amended or repealed and is in full force and effect on and as of the date hereof.

SIGNED AND SEALED the ____ day of _____, 2023.

Staff Secretary, Dallas Fort Worth
International Airport Board

RESOLUTION NO. 2023-__-__

**APPROVING THE FORM OF THE SIXTY-SIXTH SUPPLEMENTAL
CONCURRENT BOND ORDINANCE AND REQUESTING ITS PASSAGE
BY THE CITY COUNCILS OF THE CITIES OF DALLAS AND FORT
WORTH; AUTHORIZING THE PREPARATION OF THE OFFICIAL
STATEMENT; AND AUTHORIZING THE AUTHORIZED OFFICERS TO
TAKE OTHER NECESSARY ACTIONS IN CONNECTION THEREWITH**

THE STATE OF TEXAS	§
COUNTIES OF DALLAS AND TARRANT	§
DALLAS/FORT WORTH INTERNATIONAL AIRPORT BOARD	§

WHEREAS, prior to the adoption of this resolution (herein defined and cited as the "Resolution"), the City Councils of the Cities of Dallas and Fort Worth (the "Cities") passed the Master Bond Ordinance (defined and cited herein as the "Master Bond Ordinance") relating to the Dallas Fort Worth International Airport (the "Airport"); and

WHEREAS, terms not defined herein shall have the meanings set forth in the Master Bond Ordinance; and

WHEREAS, the Master Bond Ordinance is the controlling document that relates to the financing of the Airport and that (i) prescribes the terms and conditions upon the basis of which the Additional Obligations, Credit Agreements, and Parity Credit Agreement Obligations may be issued and executed, and (ii) provides and establishes the pledge, security, and liens securing the Cities' special obligations to pay when due the Outstanding Obligations and Parity Credit Agreement Obligations, and any Additional Obligations; and

WHEREAS, this Resolution is adopted for the purpose of, among the other purposes set forth below, refunding all or part of the outstanding Refunded Notes, (as defined below); and

WHEREAS, in accordance with the Master Bond Ordinance, the Dallas Fort Worth International Airport Board (the "Board") has sought and obtained the preparation of a proposed ordinance to be passed concurrently by said Cities authorizing the issuance of one or more series of Dallas Fort Worth International Airport Joint Revenue Bonds (the "Bonds") which shall constitute Additional Obligations pursuant to the Master Bond Ordinance the proceeds of which will be used, among other things, to refund all or a portion of the Dallas Fort Worth International Airport Subordinate Lien Commercial Paper Notes, Series I (the "Series I Notes") and for other purposes as permitted by the Master Bond Ordinance; and

WHEREAS, it is the desire of the Board by this Resolution to approve the Sixty-Sixth Ordinance (as defined below) in substantially the form attached hereto and to respectfully request the City Councils of the Cities of Dallas and Fort Worth to pass said ordinance and thus authorize the issuance and sale of the Bonds and the other matters authorized thereby; and

WHEREAS, the Sixty-Sixth Ordinance provides parameters subject to which the Bonds are to be sold to certain purchasers in accordance with the terms of an Underwriting Agreement

(as defined in the Sixty-Sixth Ordinance) (in the case of a negotiated sale) or Bidding Instructions (as defined in the Sixty-Sixth Ordinance) (in the case of a competitive sale); and

WHEREAS, it is the desire of the Board to authorize the preparation of such Underwriting Agreements (in the case of a negotiated sale) or Bidding Instructions (in the case of a competitive sale) and authorize their execution by the proper officers of the Board, with parameters set forth in the Sixty-Sixth Ordinance and with such subsequent modifications and terms as may be determined by the Authorized Officers; and

WHEREAS, it is the desire of the Board to authorize the preparation of one or more Official Statements to be used in connection with the issuance and sale of the Bonds; and

WHEREAS, it is the desire of the Board to authorize the preparation of one or more Escrow Agreements, if applicable, to be used in connection with the issuance and sale of the Bonds and the refunding of all or a portion of the Refunded Notes; and

WHEREAS, the Board hereby determines that the meeting at which this Resolution is adopted is open to the public, and public notice of the time, place and subject matter of the public business to be considered and acted upon at said meeting, including this Resolution, was given, all as required by Applicable Law;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE DALLAS FORT WORTH INTERNATIONAL AIRPORT:

Section 1. That the proposed concurrent ordinance of the City Councils of the Cities of Dallas and Fort Worth, bearing the short title "Sixty-Sixth Supplemental Concurrent Bond Ordinance" (the "Sixty-Sixth Ordinance" be and the same is hereby in all respects approved by the Board, with the parameters set forth therein and in substantially the form and substance attached hereto and made a part hereof. The Board hereby acknowledges and accepts its duties of continuing disclosure pursuant to Rule 15c2-12, as amended from time to time, adopted by the United States Securities and Exchange Commission under the Securities Exchange Act of 1934.

Section 2. That it is hereby recommended to the City Councils of the Cities of Dallas and Fort Worth that they pass the Sixty-Sixth Ordinance with the parameters set forth and in the forms attached hereto and said City Councils are hereby requested to so do.

Section 3. That the Chief Executive Officer is hereby directed to promptly forward copies of the Sixty-Sixth Ordinance to the City Councils of said Cities along with a copy of this Resolution, together with the exhibits attached hereto.

Section 4. That, in accordance with the requirements of the Contract and Agreement and the Controlling Ordinances, the Chief Executive Officer is further directed to forward by the earliest practical means a copy of the Sixty-Sixth Ordinance to the City Attorney of each of the Cities with the request that each present the same at a meeting of the respective City Council, along with the request of the Board, respectfully submitted, that the Sixty-Sixth Ordinance be approved and passed.

Section 5. That upon the passage of the Sixty-Sixth Ordinance by said City Councils the appropriate officers of this Board are hereby authorized and directed to take such steps as may be necessary or considered appropriate to accomplish the issuance, sale and delivery of one or more series of Bonds in accordance with the Sixty-Sixth Ordinance.

Section 6. That the Chief Executive Officer is hereby authorized to prepare the Official Statements and Escrow Agreements, if applicable.

Section 7. That the Official Statements, with such subsequent modifications or amendments as shall be approved by subsequent action of the Board and in writing by the Chief Executive Officer, shall be used by the Underwriters in the sale of the Bonds.

Section 8. That the Chief Executive Officer is hereby authorized to execute one or more Underwriting Agreements (in the case of a negotiated sale) or Bidding Instructions and Official Bid Forms (in the case of a competitive sale), providing for the terms of sale of the Bonds by the Cities of Dallas and Fort Worth to the Purchasers therein named, at such price, in the aggregate principal amount, with such installments of principal, with such interest rates and such other matters as shall be determined in accordance with the Sixty-Sixth Ordinance, upon a determination by the Chief Executive Officer that the requirements of Article III of the Sixty-Sixth Ordinance have been met.

Section 9. That each Authorized Officer (as defined in the Sixty-Sixth Ordinance) is hereby authorized to take any other actions appropriate or necessary in connection with the issuance, sale and delivery of the Bonds, the preparation of any of the documents described or referenced herein, or the delivery of copies of any such documents to the City Councils of the Cities. In the absence of the Chief Executive Officer, the Executive Vice President and Chief Financial Officer, and the Vice President of Treasury Management are hereby authorized to act in his stead with respect to such matters.

ADOPTED BY THE DALLAS FORT WORTH INTERNATIONAL AIRPORT BOARD
ON THIS _____, 2023.

THE STATE OF TEXAS \$
COUNTIES OF DALLAS AND TARRANT \$
DALLAS FORT WORTH INTERNATIONAL AIRPORT BOARD \$

1. That the Dallas Fort Worth International Airport Board convened in Regular Meeting on the __ day of _____, 2023, at the Airport Administration Building, 2400 Aviation Drive, Dallas Fort Worth Airport, Texas, its regular meeting place, and the roll was called of the duly constituted officers and members of said Board, to wit:

*non-voting member

was duly introduced for the consideration of said Board of Directors. It was then duly moved and seconded that said Resolution be adopted; and said motion, carrying with it the adoption of said Resolution, prevailed and carried by the following vote:

2. That a true, full and correct copy of the aforesaid Resolution adopted at the meeting described in the above and foregoing paragraph is attached to and follows this Certificate for Resolution; that said Resolution has been duly recorded in the minutes of said Meeting; that the above and foregoing paragraph is a true, full and correct excerpt from the minutes of said meeting pertaining to the adoption of said Resolution; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of said Board as indicated therein; that each of the officers and members of said Board was duly and sufficiently notified officially and personally in advance, of the time, place and purpose of the aforesaid meeting, and that said Resolution would be introduced and considered for adoption at said meeting.

and each of said officers and members consented, in advance, to the holding of said meeting for such purpose; and that said meeting was open to the public, and public notice of the time, place and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code, as amended.

3. That the Resolution has not been modified, amended or repealed and is in full force and effect on and as of the date hereof.

SIGNED AND SEALED the __ day of _____, 2023.

Staff Secretary, Dallas Fort Worth
International Airport Board