



Legislation Text

File #: 19-1169, **Version:** 1

STRATEGIC PRIORITY: Government Performance and Financial Management
AGENDA DATE: September 25, 2019
COUNCIL DISTRICT(S): Outside City Limits
DEPARTMENT: Office of Strategic Partnerships & Government Affairs
EXECUTIVE: Kimberly Bizer Tolbert

SUBJECT

Authorize a concurrent resolution with the City Council of the City of Fort Worth that: **(1)** finds and determines that Dallas Fort Worth International Airport ("Airport") public facility projects that have been financed or refinanced with the proceeds of Airport bond obligations are public facilities within the meaning of the Airport's Public Facility Improvement Corporation's ("PFIC") Articles of Incorporation; **(2)** finds and determines that the payment of debt service on Airport bond obligations is consistent and in furtherance of the purposes of the PFIC; and **(3)** approves the payment of debt service of the Airport bond obligations that have been issued for Airport public facility projects as an "Approved Airport Project" (as defined in the Articles of Incorporation and Rules and Regulations of the PFIC) - Financing: No cost consideration to the City

BACKGROUND

The Airport's PFIC was created in 2001 as a separate entity for financing, planning, constructing, equipping, owning, renovating, repairing, improving, maintaining and/or operating one or more public facilities ("Public Facilities") within the boundaries of the Airport and to and to ensure revenues generated at these facilities are used to maintain and improve the facilities. PFIC funds are separately managed by the PFIC and are not shared with the airlines.

Dallas and Fort Worth have adopted a Master Bond Ordinance (the "Master Bond Ordinance"), as amended by Supplemental Bond Ordinances, that authorize the issuance of certain obligations (as defined in the Master Bond Ordinance) for the purposes of improving, constructing, replacing or otherwise extending the Airport or for the purpose of refunding and refinancing of debt or obligation relating to the Airport, as may be permitted by law.

The PFIC's Articles of Incorporation and Rules and Regulations state that the PFIC cannot conduct any activity relating to the Airport or its facilities, or the issuance of bonds, notes or other obligations, unless the activity relates to a project that the Dallas Fort Worth International Airport Board ("DFW Airport Board") and Dallas and Fort Worth have found and determined to be consistent and in furtherance of the purposes of the PFIC and have approved the project as an Approved Airport Project.

The Airport would like to designate the servicing of the obligations for approved Public Facility projects as an “Approved Airport Project” so that unencumbered funds generated by the PFIC may be used to pay debt service on the Airport bond obligations, if necessary. This approval would allow rating agencies to include unencumbered PFIC revenues in their calculation of coverages ratios related to the obligations.

The Airport has no intention of using PFIC funds for debt service of the Airport bond obligations unless it is necessary. However, the Airport would like to get the authority now to ensure that rating agencies and investors have a clear understanding that the unencumbered cash is available, if needed.

The PFIC annual budget is presented to the DFW Airport Board each year. Any proposed use of PFIC funds for debt service would be reviewed and approved by the DFW Airport Board. Any issuance of additional debt under the Master Bond Ordinance would still require the approval of both Dallas and Fort Worth.

The DFW Airport Board approved this item at its August 1, 2019 Board Meeting.

The City of Fort Worth will consider this item at its September 10, 2019 City Council Meeting.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On April 25, 2018, City Council authorized approval of the Hyatt House Hotel as an Approved Airport Project of the Dallas Fort Worth International Airport’s Public Facility Improvement Corporation by Resolution No. 18-0620.

On December 12, 2018, City Council authorized approval of the Verizon Place as an Authorized Public Facility Improvement Corporation Project at Dallas/Fort Worth International Airport by Resolution No. 18-1426.

FISCAL INFORMATION

No cost consideration to the City.