

# DFW Airport Board of Directors Committee Meetings

Tuesday, March 30, 2021 12:30 p.m.

## To Enable Audio:

Please dial 800-857-0891 on your phone, then enter the code 1158038#

## For Agendas and Actions:

Please visit [dfwairport.com/board](https://dfwairport.com/board) and click on the "Official Postings" Tab

The meeting will begin shortly.  
Thank you for joining us today!



# Retirement and Investment Committee

March 30, 2021

---

# Retirement Incentive Program

March 30, 2021

# Objectives

- Address post COVID environment resulting in need for adjusted workforce.
- Financial – some cost savings

# Program Eligibility

- As of April 1, 2021, there are 598 employees in General Defined Benefit Plan
- Voluntary program will be available to 346 employees based on age and years of service:
  - Must be at least 55 years of age; and
  - Completed 12 years of service
- Employees in the Department of Public Safety Plan and Defined Contribution Plan are not eligible to participate
- Employees will have 60 days to consider incentive (April 1 – June 1) and will coordinate with management for retirement dates between June 1 and October 1
- Employee is required to sign Release of Claims

# Retirement Incentives

Incentive	Funding Source
Add 2 years to age & service	Pension
Lump sum payout: 12-17 yrs/6 mos 17+yrs/9 mos	Pension
Retiree Medical: Active premium for one year	Retiree Medical Fund (OPEB)
Earned Wellness Rewards	Budgeted
Prorated Longevity and Incentive Plans	Budgeted

- Employees will be provided various workshops on topics such as sources of income, budgeting and estate planning
- Employees will participate in structured knowledge transfer process

# Financial Impact

- Operating cost savings increases with higher participation and by not backfilling positions
- Positions backfilled will be hired at lower average salary and lower pension cost (defined contribution vs. defined benefit), offset by higher future pension contributions
- The future required pension contribution increase will be effective in FY22 and will increase total pension liability by \$24.7 million:

Retirement Plan	Projected 12-31-2020 GASB 67 Disclosure Information Before Window	Projected 12-31-2020 GASB 67 Disclosure Information After Window
General Employees	\$79.5	\$104.2
Percentage Funded	87.9%	84.8%

- Assuming that 20% to 25% of positions not backfilled saves approximately \$7.6 million to \$9.3 million over 7 years





# Summary: Retirement Incentive Program

## PURPOSE:

Board approval to amend the Defined Benefit Retirement Plan for Employees of the DFW Airport Board to allow for a retirement incentive.

## DESCRIPTION:

Addition of two years of service and two years of age to the benefit calculation; and

Lump sum payments of six months salary for 12-17 years of service and nine months for 17+ years of service with DFW Airport Board.



# Operations Committee

March 30, 2021





## 5. Security System Team Facility Reconfiguration

### PURPOSE:

Authorize execution of Contract No. 9500740, with Real Network Services, Inc., of Dallas, Texas.

### DESCRIPTION:

The ITS Infrastructure Team is being relocated to a vacant office space located in the Procurement & Materials Management building. The space must be reconfigured to support the operational functions and technology project development tasks.

The scope of the Contract will provide for build-out of a communications room, heating, ventilating and air conditioning system improvements, electrical and lighting improvements, updated security access, audio visual upgrades, interior finishes, and ADA compliance.



**\$622,674**

ACTION  
AMOUNT

**DFW Capital**

FUNDING  
SOURCE(S)

**18%**

D/S/M/WBE  
PARTICIPATION



## 6. Indoor Air Quality HVAC Improvement Ultraviolet Light Technology Installation

### PURPOSE:

Authorize an increase and extension to Contract No. 9500732, with Manhattan Construction Group, of Dallas, Texas.

### DESCRIPTION:

This increase and extension will provide for additional design and installation services of Ultraviolet C (UV-C) light technology in existing heating, ventilating and air conditioning (HVAC) systems of the Airport Headquarters, DPS Headquarters and the Integrated Operations Center.

The use of UV-C light technology, combined with other health and safety measures such as social distancing; use of face coverings; and janitorial sanitization practices, will significantly reduce viral exposure risk to guests and employees in Airport facilities.

**\$2,100,000**

ACTION  
AMOUNT

**DFW Capital**

FUNDING  
SOURCE(S)

**100%/15%**

D/S/M/WBE  
PARTICIPATION



---

# Finance and Audit Committee

March 30, 2021

# 12. Lease Amendments with American Airlines, Inc.



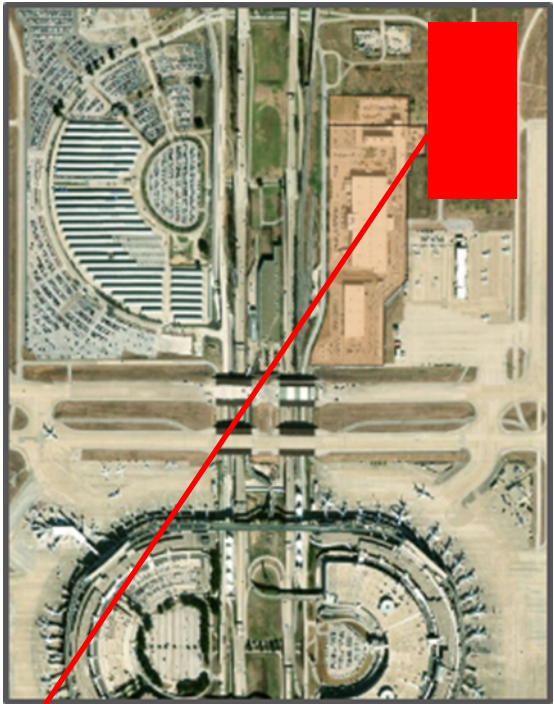
PURPOSE:

Execute amendments for two existing ground leases with American Airlines, Inc. (AA) covering a new parts distribution facility and a new flight kitchen

DESCRIPTION:

This action is a request from AA to provide \$205M in funding for a new parts distribution facility and flight kitchen. DFW is agreeable under the following terms:

- DFW to interim finance, then issue taxable bonds with a 25-year term
- AA to repay over 25 years in an amount equal to level principal, coverage, interest, plus a 200-basis point premium
- Premium to flow directly into the DFW Capital Account
- The term of each lease will be reduced from 40 to 25 years
- DFW will own all improvements
- AA to pay for all operating and maintenance costs of facilities



New Flight Kitchen

New Parts Distribution Facility

N/A  
ACTION  
AMOUNT

DFW Capital - Bonds      24/21%  
FUNDING      D/S/M/WBE  
SOURCE      PARTICIPATION

# 13. Non-Sterile Disposable Gloves

## PURPOSE:

Award a Contract for Non-Sterile Disposable Gloves for the Airport's Procurement and Materials Management Department to stock in the Central Warehouse in support of daily operations.

## DESCRIPTION:

This is a replacement for a Contract that has been in place for five years.

The Contract consists of both disposable gloves for custodial cleaning and other non-medical use.

**\$336,889.60**

ACTION  
AMOUNT

**Operating Fund**

FUNDING  
SOURCE(S)

**0% Goal**

D/S/M/WBE  
PARTICIPATION

# 14. Common Use System Equipment and Software Upgrade



## PURPOSE:

- Increase Contract 7006852 with ARINC, Incorporated (part of Collins Aerospace) of Annapolis, Maryland

## DESCRIPTION:

- Action provides for additional onsite Level 2 administrative support to year two of the existing Contract
- The upgrade will provide for enhanced security and reliability from migration of core software and airline connections to the cloud

**\$679,975.80**

ACTION  
AMOUNT

**Operating**

FUNDING  
SOURCE(S)

**0% Goal**

D/S/M/WBE  
PARTICIPATION

# 15. Digital Twin Platform



## PURPOSE:

- Award Contract 8005399 with Willow Technologies, LLC, of New York New York.

## DESCRIPTION:

- The Contract provides for software licenses and professional services for Digital Twin software platform
- This technology will enable DFW in development of computerized models to better design and maintain our facilities
- Initially to be used on Runway 18R and Terminal D and associated parking garage, roadways, etc.

**\$2,586,720**

ACTION  
AMOUNT

**Various**

FUNDING  
SOURCE(S)

**15.3% Goal**

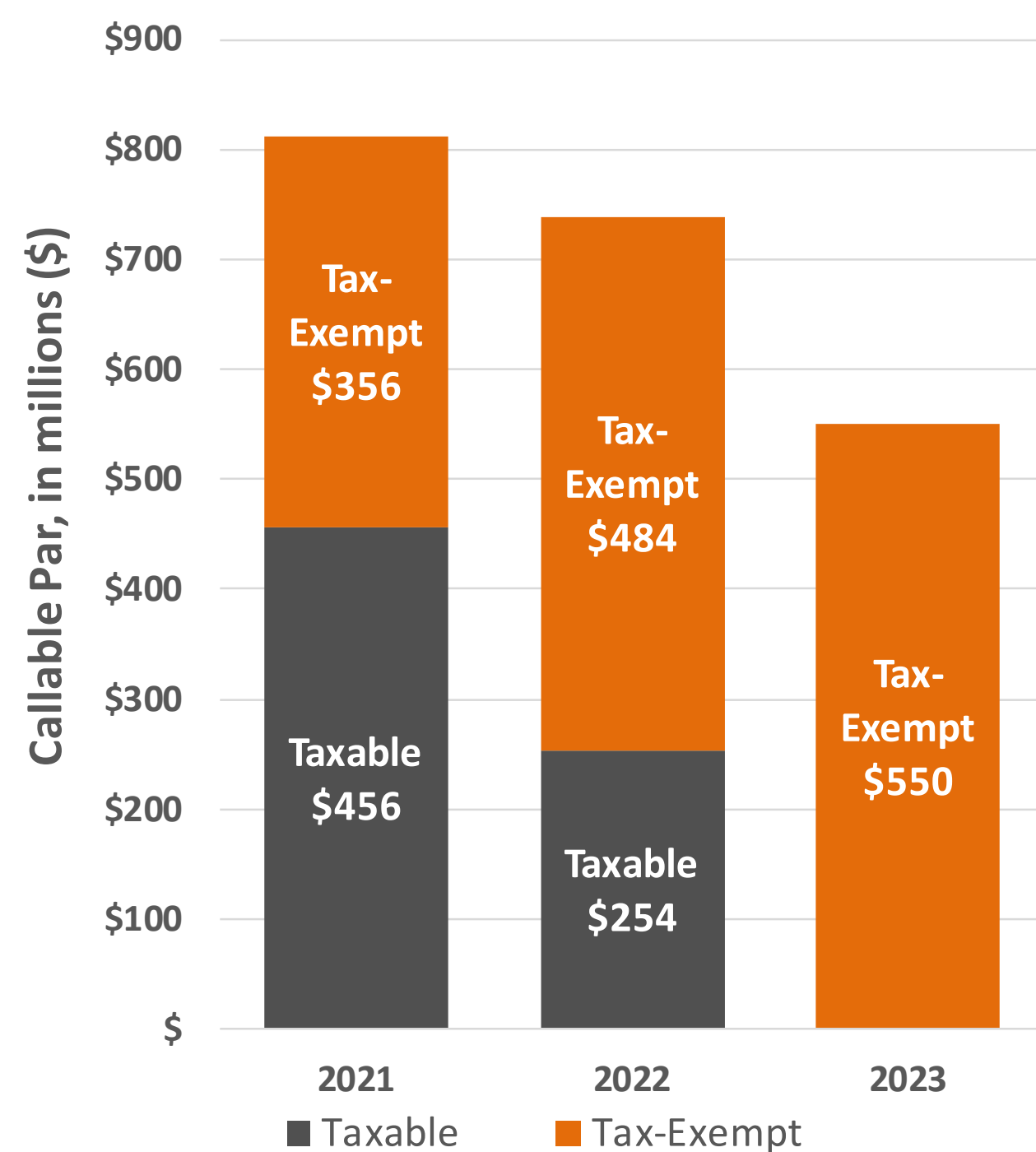
D/S/M/WBE  
PARTICIPATION





# FY 2021 Debt Financing Program Overview

March 30, 2021



# DFW's Refunding Plans

- Advance refund \$456MM of AMT debt callable on 11/1/2022, estimating gross savings of more than \$70 million
- Refund approximately \$356MM of tax-exempt debt, estimating gross savings of more than \$100 million
- Tax-exempt transaction will be structured to accelerate principal to maximize PFC revenue utilization
- Additional refundings are planned for 2022 and 2023

Series	Tax Status	Purpose	Approximate Par Amount
2021A June	Taxable	Advance Refunding of AMT Bonds Callable 2022 and Commercial Paper Takeout	\$640MM
2021B July	Tax-Exempt	Refunding of bonds Callable 2021 and Commercial Paper Takeout	\$415MM
2021C July	Tax-Exempt	New Money Proceeds and Commercial Paper Takeout	\$200MM

# FY2021 Financing Plan

## 60<sup>th</sup> Supplemental Bond Resolution

- 3 transactions, one taxable and two tax-exempt
- Not to exceed \$2.4 billion over 12 months
  - Planned issuance of approximately \$1.3 billion to refund existing bonds and commercial paper and issue \$150 million of new money bonds
  - Up to incremental \$254 million added to provide flexibility to advance refund bonds if financially advantageous
  - Up to incremental \$850 million for new money proceeds included to provide flexibility if financially advantageous
- Interest rates - not to exceed maximum allowed under state law
- Final maturity - not to exceed 11/1/2051

# Underwriter Syndicates

	2021A Taxable	2021B Tax-Exempt	2021C Tax-Exempt
Anticipated Issue Size (Par)	\$640MM	\$415MM	\$200MM
<b>Sr. Manager</b>	Banc of America Securities	RBC Capital Markets	<b>Academy Securities*</b>
Co-Senior	Citibank	<b>Stern Brothers*</b>	Jefferies
Co-Senior	JP Morgan		
Co-Manager	UBS	Raymond James	Wells Fargo
Co-Manager	<b>Cabrera*</b>	Piper Sandler	<b>Loop Capital Markets*</b>

## \*MWDVBE Firm

- Firms were selected from the pool approved by the Board in January 2018
- Anticipated MWDVBE participation will exceed 25% across the three transactions



# Financing Team

---

## **Co-Financial Advisors**

Hilltop Securities

Estrada Hinojosa

## **Bond Counsel**

McCall, Parkhurst & Horton, LLP

West and Associates, LLP

## **Co-Disclosure Counsel**

Bracewell, LLP

Hardwick Law Firm, LLC

## **Co-Underwriters' Counsel**

Kelly Hart & Hallman LLP

Escamilla Poneck, LLP





# New Interim Financing Credit Facility - May

- \$225 million
- Drawdown or line of credit facility
- Will function similar to commercial paper program
- Provides interim financing for capital projects, such as flight kitchen and parts distribution facility
- Will request Board approval in May 2021 as 62<sup>nd</sup> supplemental bond ordinance

# Approvals and Other Anticipated Actions

## DFW Board Approvals

April

- Approve three supplemental bond ordinances (SBO)

May

- Approve SBO for interim financing credit facility

June

- Approve the form of the Preliminary Official Statement which will be for all three transactions

## City Approvals

Dallas

- April 26 briefing
- May 12 approval

Fort Worth

- May 18  
(to be confirmed)

## Marketing/Ratings

June

- Rating agency presentations
- Investor outreach presentations

## Pricing

June

Taxable 2021A

July

Tax-Exempt 2021B  
Tax-Exempt 2021C



# Official Board Action Summary

## **59<sup>th</sup> Supplemental Bond Ordinance**

- Amends master bond ordinance to change definition of eligible security

## **60<sup>th</sup> 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 \$2.4 billion
  - Interest rates not to exceed maximum allowed under state law
  - Final maturity - not to exceed 11/1/2051

## **61<sup>st</sup> Supplemental Bond Ordinance**

- Annual request to authorize the refunding of entire commercial paper program through bonds

## **62<sup>nd</sup> Supplemental Bond Ordinance - New Interim Financing Credit Facility**

- Allows the Airport to enter into an interim financing credit facility with a financial institution, providing short-term capital project financing



# Concessions and Commercial Development Committee

March 30, 2021



## 23. DAS and Outdoor DAS Systems

### PURPOSE:

Agreements with Cellular Service Carriers for the Operation of DAS and Outdoor DAS Systems

### DESCRIPTION:

- DAS and oDAS is a wireless communications system for cellular customers.
- Carriers to invest an estimated \$30M+ over first five years to upgrade system to include 5G and oDAS.
- Carriers to increase total annual fees for DAS from \$839,000 per year in current contract to \$1.5 million per year in new contract (\$500,000 per carrier per year).
- Carriers to pay an upfront fee to DFW in the amount of \$4.5 million each (\$13.5 million total) within the first 90 days of the agreements.

### JUSTIFICATION:

- Total fees over 20-year life of contract is approximately \$96.4 million.
- This action requires an approval to exceed Concessions Policy 1.5 Term Limitation; the extended lease term will exceed the ten (10) year term limitation.

