

DFW Airport Public Facility Improvement Corporation Meeting

Monday, February 7, 2022 - 2:00 p.m.

Online viewers: to enable audio:

Please dial 800-779-1640 on your phone, then enter the code 1158861#

For Agendas and Actions:

Please visit dfwairport.com/board and click on the "Official Postings" Tab

The meeting will begin shortly.

Thank you for joining us today!



Rental Car Center (RAC) PFIC Briefing

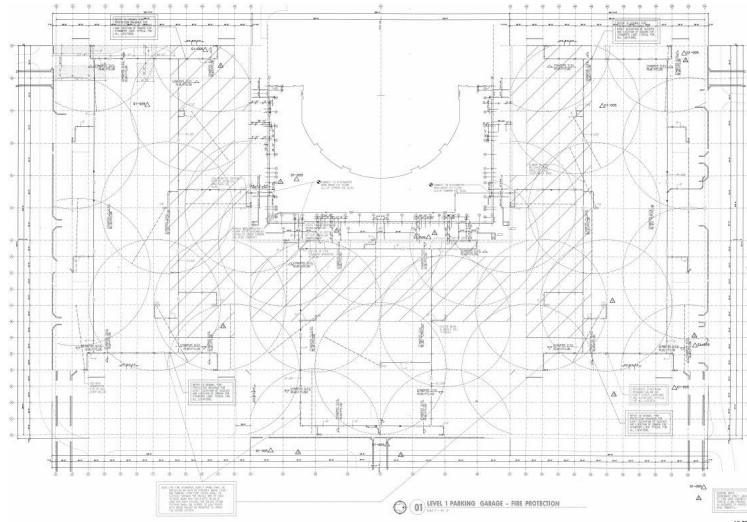
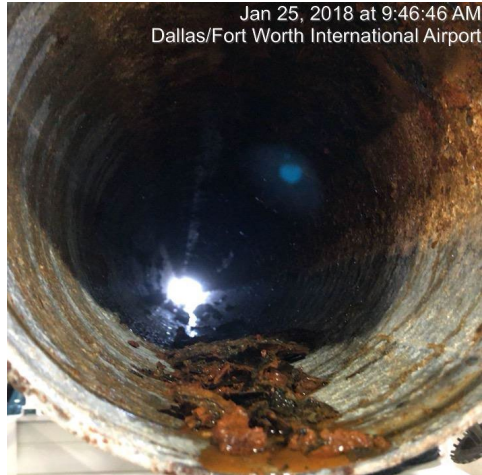




RAC Capital Projects

Consortium, Concessions, Finance

- Garage Dry Sprinkler System
- Car Wash Maintenance Areas
- RAC Restroom Projects – Phases 1 & 2



RAC Garage Dry Sprinkler System

PURPOSE:

This project includes design and construction for the replacement of the dry pipe system at the RCC garage levels 1 and 2. The project efforts will mainly consist of removal and replacement of old existing pipes and install a nitrogen-based system in place of the compressed air system.

DESCRIPTION:

The system has been and continues to have numerous corrosion issues and Microbiologically Influenced Corrosion (MIC). Based on the assessment findings, the piping system is compromised and needs to be replaced.

Action Amount: \$4,649,579

RAC Car Wash Maintenance Areas

PURPOSE:

This project consists of installing slot drains at the RAC car wash facilities. Project also includes the replacement of sanitary sewer along E Airfield Drive and Rental Car Drive.

DESCRIPTION:

Sanitary sewer line is in dire need of replacement. According to an assessment performed in May 2020, the pipe has deteriorated and is at risk of collapsing which can lead to hazardous conditions. If pipe is not replaced soon and emergency repairs becomes necessary, airport operations could be impacted.

Action Amount: \$2,652,930



Legend

- ★ Install slot drain
- ★ Redirect the roof drain away from grate inlet
- Relocation of the roof drain overflow
- ▲ Verify roof drain doesn't connect to grate inlet



RAC Restroom Project, Phase 1

Summary: Renovation of one set of public restrooms located on the southeast corner of the second level at the Rental Car Center (RCC)

Project Status:

- MK Construction Contract was terminated
- JOC Construction NTP can begin after PFIC approval
- Estimated Substantial Completion: 16 weeks from PFIC approval (12 weeks construction + 4 weeks Inspections/Cx)

Justification:

- Total budget prior to CIP request did not include Construction Management, Inspection, or Cx
- Due to previous contractor's poor performance, schedule went past substantial completion
- Restrooms will remain closed if renovations are not completed

Action Amount: Phase 1 - \$538,637



RAC Restroom Project, Phase 2

PURPOSE:

Renovation for the additional three sets of public restrooms at the Rental Car Center (RCC). Two restrooms are located on the northeast and southeast corners of the first level and the one restroom is located on the northeast corner of the second level. The design will slightly modify the existing footprint and to ensure consistency with all restrooms, the phase 1 design documents will be utilized as the basis of design for the project.

Project Status: Construction Solicitation

DESCRIPTION:

With the updating of the Phase 1 restroom at the RCC, the remaining restrooms will compare unfavorably, with inconsistencies in appearance and functionality. Also, the restrooms will remain in non-compliance with the Restroom Ambiance Guidelines.

Action Amount: Phase 2 - \$2,961,088

DFW Cargo – 19 Street Redevelopment Project

Milton De La Paz

February 7, 2022



West Cargo Business Opportunity

New opportunities and increased demand drive scope change and deliver greater benefits and financial returns

PFIC Project Approval

- Design and construction of two buildings for e-commerce operators and cargo handling company
- Three (3) cargo operators identified as potential tenants
- \$0 in Tenant Improvement Allowance
- ~300K Square Feet of Warehouse Space
- 8 ADG-VI Aircraft Parking Positions
- Total Cost - \$118M
- Preliminary Schedule –Building 1 2Q24; Building 2 4Q24

Current Challenges, Risks and Opportunities

Strong growth opportunities and potential to become the primary central US air cargo hub

- DFW is at risk being under-capacity during a major growth period in air cargo
- Competitor peer airports are adding capacity (warehouse and ramp) ATL, ORD, PIT, JFK, MIA
- Supply chain disruptions continue to drive modal shift to air freight
- Strong demand for a south-central USA international e-commerce hub
- Currently 100% of DFW cargo ramp is controlled by one cargo handler – ramp under-utilization
- DFW lacks diversity in cargo handling service providers – airlines dissatisfied, restricts growth
- DFW is constrained by both ramp and warehouse capacity, results in congestion, delays, lost opportunities

Outlook for air cargo industry is strong*:

- WTO forecast world trade at 9.5% in 2021 and 5.6% in 2022
- 2022, air cargo demand is projected to exceed pre-covid 2019 levels by 13%
- **The global freighter fleet is projected to grow over 60% over the next two decades

Broader Airline Benefits

Improves DFW's ability to attract new freighter service

- Estimated incremental air freighter service increase
 - E-commerce company A – 3 to 4 daily flights
 - E-commerce company B – 6 to 9 daily flights
 - Increase back-haul volumes to Asia and Latin America
 - Increase ability to attract additional air freighter operators
- Estimated annual landing fees \$5M*
- Estimated annual rent \$10M

Domestic

- Opportunity for domestic small parcel service beyond DFW

Latin America

- Potential for as much as 40% of inbound e-commerce to transfer to Latin America
- Cargo interline/contract opportunities beyond DFW to Latin & South America

*Landing fees estimate based on current signatory airline rate \$2.23 p/ 1000 lbs., assuming B747F, 9X daily

19 Street Cargo Redevelopment Project

Return on Investment (excluding demolition)

Total Investment	\$118,685,436
Discount Rate	5.0%
Ramp Sq. Ft. - Rentable	640,000
Office Sq. Ft.	incl. in warehouse sq. ft.
Warehouse Sq. Ft.	328,500
Ramp Rate	\$3.65
Warehouse Rate	\$22.00
Office Rate	\$22.00
Ground Lease Revenue	\$0.00
Property Management Fee	5.0%
DFW Initial Revenue	\$9,848,286
DFW NPV	\$58,431,779
DFW IRR	9.0%

Note:

Does not include potential AA lost rent through 2023 of approximately \$400K

Additional landing fee impacts of \$3M-\$5M per year, or approximately \$0.07 - \$0.11 reduction in landing fee rate

PFIC Proforma Cash Flow Summary

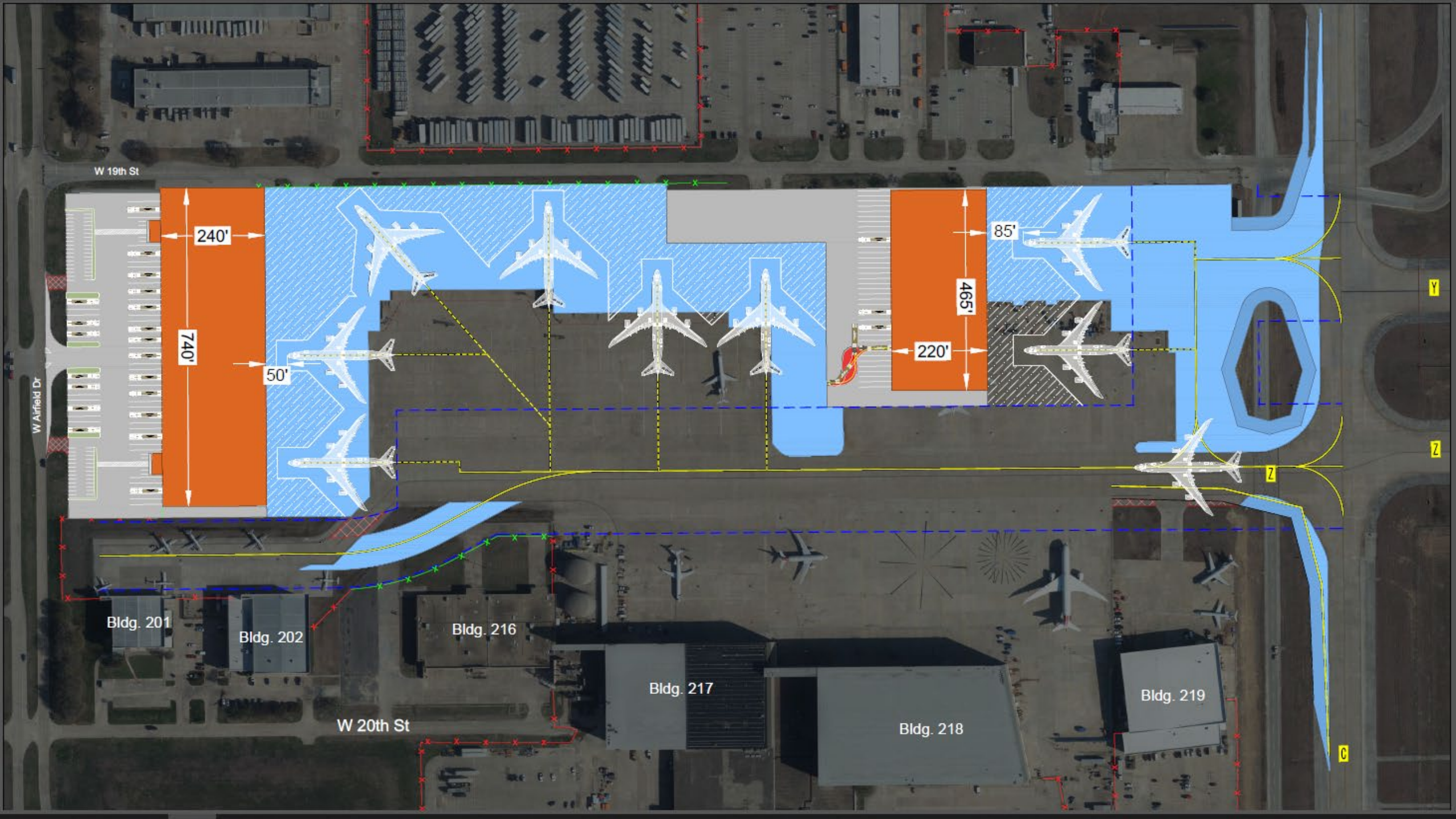
(in Millions)

	Budget FY22	Forecast				
		FY23	FY24	FY25	FY26	FY27
PFIC without 19th Street						
Beginning Cash	\$ 166.1	\$ 171.5	\$ 166.6	\$ 174.2	\$ 200.1	\$ 208.5
PFIC net revenues after debt service*	22.3	26.4	30.1	34.3	35.0	39.2
Planned capital projects*	(16.9)	(31.3)	(22.5)	(8.4)	(26.6)	(19.2)
Ending Cash	171.5	166.6	174.2	200.1	208.5	228.5
Add 19th Street cash flows						
Cash to fund construction	(3.1)	(22.3)	(25.3)			
Plus new net revenues				8.8	9.1	9.3
Less debt service**			(0.5)	(1.5)	(4.1)	(4.1)
Net cash flows from 19th street	(3.1)	(22.3)	(25.8)	7.2	5.0	5.2
Cumulative net cash flow from 19th Street	(3.1)	(25.4)	(51.2)	(44.0)	(39.0)	(33.8)
Ending PFIC cash with 19th Street	\$ 168.4	\$ 141.2	\$ 123.0	\$ 156.1	\$ 169.5	\$ 194.7

*CFC remains at \$4 and Hyatt House capital spend of \$34M remains on hold

**Financing assumptions 1% CP interest, 3.5% bond interest beginning mid-fy25

Appendix



W 19th St

240'

740'

50'

85'

465'

220'

W Airfield Dr

Bldg. 201

Bldg. 202

Bldg. 216

Bldg. 217

Bldg. 218

Bldg. 219

W 20th St

Y

Z

Z

C