

CITIES OF DALLAS AND FORT WORTH, TEXAS DALLAS FORT WORTH INTERNATIONAL AIRPORT

\$2.045 BILLION JOINT REVENUE
REFUNDING BONDS
SERIES 2020A, 2020B, AND
TAXABLE 2020C

THE CHALLENGE

Dallas Fort Worth International Airport (the Airport or DFW) planned to refund \$1.807 billion of bonds for debt service savings in the summer of 2020. The original financing plan was to issue four series of bonds leading with a large taxable deal.

Beginning in March 2020, COVID-19 brought significant financial pressures to DFW's operations. In order to offset lost passenger and airline revenues, the Airport needed to shift its refunding strategy to structure more savings in fiscal year 2020 through fiscal year 2023.

However, the pandemic's blow to the airline industry presented DFW with further challenges: market acceptance of transportation credits, particularly airports, was almost non-existent in March, April, and May. Not only was access to the bond market in question, the Airport also needed to find ways to ensure market access for its commercial paper program that was being supported by self-liquidity.

THE SOLUTION

The Airport and its co-financial advisors, underwriters, and attorneys (collectively, the DFW team) initially prioritized robust voluntary disclosure filings to provide transparency to investors. The entire DFW team worked in close coordination on the draft offering document that would become the basis for the deals.

TRANSACTION TEAM

Role	Co-municipal advisor with Estrada Hinojosa
Firm Bankers	Laura Alexander, Rick Fox, and Ester Flores
Lead Book Runners	Seibert Williams Shank & Co., Ramirez & Co., and Morgan Stanley
Underwriting Team	UBS RBC Capital Markets Barclays Goldman Sachs & Co. Cabrera Capital Markets Loop Capital Markets Rice Financial Products Company Academy Securities Piper Sandler & Co. Stern Brothers Wells Fargo Securities Jefferies Raymond James
Bond Counsel	McCall, Parkhurst & Horton
Airport Team	DFW CFO/Executive Vice President Chris Poinatte DFW Vice President Treasury Management James Mauldin
Disclosure Counsel	Bracewell LLP West & Associates
Underwriters' Counsel	Kelly Hart & Hallman Escamilla & Poneck

While monitoring the bond market for a window to price, DFW consolidated the three tax-exempt financings into two and decided to lead with the tax-exempt current refundings to ensure the needed \$25 million in debt service savings would be realized in the current fiscal year ending September 30. The taxable advance refunding—which didn't include refunding candidates that would materially impact the FY2020 debt service—was less time-sensitive.

On the heels of significant premarketing and many individual investor calls, the DFW team priced the 2020A bonds on July 14 with significant investor interest. DFW's 2020A pricing was 8.2 times oversubscribed with a 15-basis point reduction in rates in certain maturities.

To capitalize on the strong market and momentum from the 2020A bonds, the DFW team quickly pivoted and made the decision to accelerate the pricing of the Series 2020B bonds from August to the following week. A week after the 2020Bs priced, the Airport followed up with the large taxable financing. This compressed time period allowed the Airport to provide consistent disclosure to the market, which included 12 pages of coronavirus-related disclosures and scenarios.

To provide itself with additional liquidity, the Airport also issued \$200 million of commercial paper and refinanced all its outstanding commercial paper (\$250 million) as part of the 2020B and 2020C deals, taking advantage of low long-term fixed rates.

THE RESULT

In the end, DFW achieved total savings of \$613 million and net present value savings of \$471 million (24.4%). During the 16-day period, a total of 183 unique investors (including eight international investors) placed 859 orders for bonds totaling \$15.6 billion. The three deals were oversubscribed 8.2, 5.1, and 8.3 times, respectively. The refunded commercial paper was originally used for interim financing primarily for the construction of four new gates at the south end of Terminal D, DFW's

new Integrated Operations Center, and several airfield projects.

The tremendous savings realized by DFW during a challenging time for the airport industry make the Joint Revenue Refunding Bonds notable. So much so that the airport won The Bond Buyer's 2020 Southwest Region Deal of the Year award. Significant aspects of the financing include:

- DFW was the first major airport to issue bonds during COVID-19, opening the market for seven other major U.S. airports in the following two months.
- DFW's voluntary disclosure efforts were a leader in the airport industry, helping to ease investor concerns and create market support for its bond offerings.
- DFW's forward-planning team approach and significant investor outreach paved the way for DFW to nimbly price three deals totaling over \$2 billion in par in 16 days.

ABOUT THE ISSUER

Dallas Fort Worth International Airport warmly welcomed more than 75 million customers in 2019, making it one of the most frequently visited superhub airports in the world. Centered between owner cities Dallas and Fort Worth, Texas, the Airport also serves as a major job generator for the North Texas region by connecting people through business and leisure travel.

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