

THE BOND BUYER

DFW terminal announcement sets stage for billions of new bonds

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Dallas-Fort Worth International Airport is approaching its next major round of bond issuance with plans for sixth terminal and improvements to another that could cost up to \$3.5 billion.

Revenue bonds backed by airline fees will be used to finance the project, expected to cost between \$3 billion and \$3.5 billion, officials said. Michael Phemister, DFW's vice president for treasury services, has previously declared that the airport will abandon the tax-exempt market and issue all future debt as taxable bonds.



Passengers in Dallas-Fort Worth International Airport's Terminal E, funded through an earlier bond program.**DFW**

The decision to bypass the tax-exempt market comes amid an unprecedented flood of billions of dollars of bond issues from airports across the United States.

DFW is planning [a refunding deal](#) this summer that could be as high as \$1.3 billion, officials said.

Design work for Terminal F will begin immediately, airport officials said Monday at the "State of the Airport" conference that included major tenant American Airlines.

DFW and American will consider design options for Terminal F, which could break the mold of the horseshoe or semi-circular design of the five existing terminals that were built on both sides of the major roadway that bisects the airport.

"Today's announcement sets the stage for DFW Airport's next 50 years," said Sean Donohue, CEO of DFW. "The new Terminal F and the expansion that could follow will provide the region with the growth it needs to compete with international business centers."

Dallas Mayor Mike Rawlings, Fort Worth Mayor Betsy Price, and DFW Board chairman Bill Meadows took part in the announcement.

"We look forward to accommodating the continued growth of our city and the region through infrastructure improvements and expansion at DFW Airport," said Price, noting that American Airlines headquarters at the south end of DFW Airport is on the Fort Worth side of the dividing line between the two cities.

Rawlings called the decision to continue expansion of the 45-year-old airport "one of the most significant announcements in my eight years as mayor." When DFW Airport opened in 1974, American Airlines was headquartered in New York. When American emerged from a two-year Chapter 11 bankruptcy in 2013 after its acquisition by Arizona-based U.S. Airways, the new AMR Corp. decided to keep the headquarters in Fort Worth.

"The fact that American Airlines believes in the DFW International Airport Board and management enough to make this tremendous investment in the future of the airport is something we should all celebrate," Rawlings said. "This will further solidify DFW's standing as one of the best international airports in the world."

American Airlines Chairman and CEO Doug Parker noted that DFW is American's largest hub.

"The plans we're announcing today will allow for the continued growth of DFW and ensure the airport remains a premier gateway for American for many more years to come," Parker said.

DFW and American plan to significantly improve the customer experience at Terminal C, bringing it in line with Terminals A, B and E, on which renovations were completed in 2018 under a \$2.3 billion Terminal Renewal and Improvement Program. Those renovations included redesigned check-in areas, larger security checkpoints, expanded concessions spaces, and improved lighting and flooring.

DFW Airport counted 69 million customers in 2018, and expects more passengers and air service to be added in the next two years than in the past two decades.

In 2018, DFW announced 28 new destinations, giving it a larger domestic footprint than any other U.S. airport. Customers also have access to more than 60 international destinations from DFW, with double the number of European destinations and frequencies since 2015.

Over the past several years, American has expanded with additional DFW service, and by June 2019, the airline will operate more than 900 daily flights from the airport. In total, customers have access to more than 230 nonstop destinations on American from DFW.

DFW has not issued bonds since a \$302.4 million joint revenue improvement series in December 2017.gh JP Morgan Securities as book-runner and Citigroup, Inc. and Bank of America Merrill Lynch as co-senior managers. Ramirez and Co. and Siebert Cisneros Shanks & Co. are co-managers.