

**DALLAS FORT WORTH INTERNATIONAL AIRPORT**

**CITIES OF DALLAS AND FORT WORTH, TEXAS**

**\$400,280,000\***

**Dallas Fort Worth International Airport  
Joint Revenue Refunding Bonds**

**Series 2020A  
(Non-AMT)**



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\* Preliminary, subject to change.

**PRELIMINARY OFFICIAL STATEMENT DATED JUNE 26, 2020**

NEW ISSUE–Book–Entry–Only

**Ratings:**  
**Fitch: A+**  
**KBRA: AA**  
**Moody's: A1**  
**S&P: A**  
**(See "RATINGS" herein)**

*In the opinion of Bond Counsel, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986 and is not a specific preference item for purposes of the alternative minimum tax. See "TAX MATTERS" for a discussion of the opinion of Bond Counsel.*

**CITIES OF DALLAS AND FORT WORTH, TEXAS**

**\$400,280,000\***

**Dallas Fort Worth International Airport**

**Joint Revenue Refunding Bonds**

**Series 2020A**

**(Non-AMT)**



**Dated Date: August 1, 2020**

**Due: November 1, as shown on page i**

**Interest Accrues: Date of Initial Delivery**

The Dallas Fort Worth International Airport Joint Revenue Refunding Bonds, Series 2020A (Non-AMT) (the "Bonds") are being issued jointly by the Cities of Dallas and Fort Worth, Texas (the "Cities") for the purpose of (1) refunding certain outstanding bonds with respect to the Dallas Fort Worth International Airport (the "Refunded Bonds") (see **SCHEDULE I – "SCHEDULE OF REFUNDED BONDS"**) and (2) paying the costs associated with the issuance of the Bonds. The Bonds constitute "Additional Obligations" under the Master Bond Ordinance described herein and are limited obligations of the Cities payable solely from and secured by a pledge of Pledged Revenues and Pledged Funds (as defined in the Master Bond Ordinance) derived from the ownership and operation of the Dallas Fort Worth International Airport (the "Airport"). For a description of the security for the Bonds, see "**SECURITY FOR THE BONDS**" herein. Potential investors should carefully consider the investment considerations described herein. See "**CERTAIN INVESTMENT CONSIDERATIONS.**"

**The Bonds are subject to redemption prior to maturity as described herein.**

Interest will accrue on the Bonds from their date of initial delivery, and will be payable November 1 and May 1 of each year commencing November 1, 2020, until maturity or prior redemption. The Bonds are initially issuable only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry System described herein. Beneficial ownership may be acquired in denominations of \$5,000 or integral multiples thereof within a maturity. No physical delivery of Bonds will be made to the purchasers. Principal of and interest on the Bonds will be payable by The Bank of New York Mellon Trust Company, N.A., as the initial Paying Agent/Registrar, to DTC, which will make distribution of the amounts so paid to the beneficial owners thereof. See "**THE BONDS-Book-Entry System**" herein.

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**See the inside cover page for maturities, principal amounts, interest rates, prices and yields.**

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The Bonds are offered when, as, and if issued by the Cities and accepted by the Underwriters, subject to prior sale, withdrawal or modification of the offer without notice, the approval of legality by the Attorney General of the State of Texas, and by McCall, Parkhurst & Horton L.L.P., Dallas, Texas Bond Counsel, and certain other conditions. Certain matters will be passed upon for the Cities and the Airport by Bracewell LLP, Dallas, Texas and West & Associates L.L.P., Dallas, Texas, Co-Disclosure Counsel. Certain legal matters will be passed upon for the Underwriters by Kelly Hart & Hallman LLP, Fort Worth, Texas and Escamilla & Poneck, LLP, San Antonio, Texas. It is expected that delivery of the Bonds in book-entry form will be made through the facilities of DTC in New York, New York, on or about August 4, 2020.

**SIEBERT WILLIAMS SHANK & CO., LLC**  
**CABRERA CAPITAL**  
**MARKETS LLC**

**LOOP CAPITAL**  
**MARKETS**

**UBS**  
**RICE FINANCIAL**  
**PRODUCTS COMPANY**

\* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy these securities nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

## MATURITY SCHEDULE

**\$400,280,000\***

**Dallas Fort Worth International Airport  
Joint Revenue Refunding Bonds  
Series 2020A  
(Non-AMT)**

<u>Maturity</u> (November 1)	<u>Amount</u>	<u>Interest</u> <u>Rate</u> (%)	<u>Price</u>	<u>CUSIP</u> <sup>1</sup>
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(Interest to accrue from Date of Initial Delivery)

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\* Preliminary, subject to change.

<sup>1</sup> CUSIP<sup>®</sup> is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services (CGS), which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP numbers have been assigned by an independent company not affiliated with the Cities and are included solely for the convenience of the registered owners of the Bonds. Neither the Cities nor the Underwriters are responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

## REGARDING THE USE OF THIS OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 (the "Rule") of the Securities Exchange Act of 1934, as amended, this document constitutes an Official Statement of the Cities with respect to the Bonds that has been "deemed final" by the Airport on behalf of the Cities.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACT. THE REGISTRATION OR QUALIFICATION OF THE BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAW OF THE STATES IN WHICH THE BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. THE BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Cities or the Airport or the other matters described herein since the date hereof. See "**CONTINUING DISCLOSURE**" for a description of the Cities' undertaking to provide certain information on a continuing basis.

This Official Statement includes descriptions and summaries of certain events, matters and documents. Such descriptions and summaries do not purport to be complete and all such descriptions, summaries and references thereto are qualified in their entirety by reference to this Official Statement in its entirety and to each such document, copies of which may be obtained from the Airport. Any statements made in this Official Statement or the appendices hereto involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such opinions or estimates will be realized.

**Except as specifically noted herein, references contained in this Official Statement to the Airport's website are for informational purposes, and neither the website nor the information contained on such website shall be deemed incorporated herein by reference. Neither the Airport nor the Cities are obligated to continue to provide information on the Airport's website.**

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

This Official Statement is delivered in connection with the sale of securities referred to herein and may not be reproduced or used, in whole or in part, for any other purposes. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation, or sale. No dealer, salesperson, or other person has been authorized by the Cities or the Airport to give any information or to make any representation other than those contained herein, and, if given or made, such other information or representation must not be relied upon as having been authorized by the Cities, the Airport, the Underwriters, or any other person.

The prices and other terms respecting the offering and sale of the Bonds may be changed from time to time by the Underwriters after such Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including to dealers who may sell the Bonds into investment accounts.

None of the Cities, the Airport or the Underwriters makes any representation as to the accuracy, completeness, or adequacy of the information supplied by The Depository Trust Company for use in this Official Statement.

THIS OFFICIAL STATEMENT CONTAINS "FORWARD-LOOKING" STATEMENTS WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS TO BE DIFFERENT FROM FUTURE RESULTS, PERFORMANCE AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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**DALLAS FORT WORTH INTERNATIONAL AIRPORT**  
**P.O. Drawer 619428**  
**DFW Airport, Texas 75261-9428**  
**(972) 973-8888**

**AIRPORT BOARD**

Matrice Ellis-Kirk, Chair  
Henry Borbolla, III, Vice Chair  
Gloria Tarpley, Secretary  
Mayor Eric Johnson, City of Dallas  
Mayor Betsy Price, City of Fort Worth  
Vernon Evans  
Ben Leal  
William Meadows  
Raj Narayanan  
Mario Quintanilla  
Eddie Reeves  
Mayor Linda Martin, City of Eules\*  
\*Non-voting member

APPOINTED BY:

Dallas  
Fort Worth  
Dallas  
Dallas  
Fort Worth  
Fort Worth  
Dallas  
Fort Worth  
Dallas  
Dallas  
Dallas  
Eules

**AIRPORT STAFF**

Sean P. Donohue	Chief Executive Officer
Christopher A. Poinatte	Executive Vice President-Chief Financial Officer
Chad Makovsky	Executive Vice President-Operations
Linda Valdez Thompson	Executive Vice President-Administration and Diversity
Kenneth Buchanan	Executive Vice President-Revenue Management
Paul Puopolo	Executive Vice President-Innovation
John Ackerman	Executive Vice President-Global Strategy & Development
Khaled Naja	Executive Vice President-Infrastructure & Development
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Robert Horton	Vice President-Environmental Affairs
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Zenola Campbell	Vice President-Concessions
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Tammy Huddleston	Vice President-Energy, Transportation, and Asset Management

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**OFFICIAL STATEMENT**  
**relating to**  
**Cities of Dallas and Fort Worth, Texas**  
**\$400,280,000\***  
**Dallas Fort Worth International Airport**  
**Joint Revenue Refunding Bonds**  
**Series 2020A**  
**(Non-AMT)**

**INTRODUCTION**

The purpose of this Official Statement, including the cover page, Schedules, and the Appendices hereto, is to furnish information with respect to \$400,280,000\* aggregate principal amount of Dallas Fort Worth International Airport Joint Revenue Refunding Bonds, Series 2020A (Non-AMT) (the "Bonds") being issued jointly by the Cities of Dallas and Fort Worth, Texas (the "Cities"). The Bonds are limited obligations of the Cities and are payable solely from and secured solely by a pledge of Pledged Revenues and Pledged Funds derived from the ownership and operation of the Dallas Fort Worth International Airport ("DFW" or "Airport"). The Bonds are "Additional Obligations" under the Master Bond Ordinance adopted by the Cities and effective as of September 22, 2010 (as amended, the "Master Bond Ordinance". Upon the issuance of the Bonds, \$5,968,635,000\* (which excludes the Refunded Bonds) in aggregate principal amount of Obligations will be Outstanding pursuant to the Master Bond Ordinance. Capitalized terms used herein not otherwise defined shall have the meanings assigned to them in the Master Bond Ordinance. See **APPENDIX B — "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE"** for a summary of certain terms applicable to the Bonds, including certain proposed amendments to the Master Bond Ordinance, to which purchasers of the Bonds are deemed to have given consent.

As noted under "**SECURITY FOR THE BONDS**" herein, the Master Bond Ordinance allows for the issuance of Additional Obligations on a parity with the Bonds and the other Outstanding Obligations and any Parity Credit Agreement Obligations, subject to meeting certain tests under the Master Bond Ordinance. The Master Bond Ordinance also allows for the issuance of Subordinate Lien Obligations, Special Revenue Bonds, and Special Facility Bonds.

**Prospective purchasers of the Bonds are urged to carefully review "CERTAIN INVESTMENT CONSIDERATIONS." The Airport's ability to generate Pledged Revenues in an amount sufficient to pay debt service on the Bonds depends upon sufficient levels of aviation activity and passenger traffic at the Airport.**

The Cities anticipate the issuance of multiple series of Additional Obligations in an aggregate amount not to exceed \$2.6 billion (including the Bonds) within the next 10 months to refund certain Outstanding Obligations and Series I Notes (as defined herein), subject to market conditions.

**PURPOSE AND PLAN OF FINANCING**

The Bonds are being issued under the provisions of the Master Bond Ordinance, as supplemented and amended by the Fifty-Seventh Supplemental Concurrent Bond Ordinance and the Officer's Pricing Certificate authorized therein (together, the "Fifty-Seventh Supplement") for the purpose of (1) refunding certain Outstanding Obligations with respect to the Airport (the "Refunded Bonds") (see **SCHEDULE I –**

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\* Preliminary, subject to change.

"**SCHEDULE OF REFUNDED BONDS**") and (2) paying the costs associated with the issuance of the Bonds.

The principal and interest due on the Refunded Bonds are to be paid on the scheduled interest payment dates and respective maturity or redemption dates from funds to be deposited pursuant to a certain Escrow Agreement (the "Escrow Agreement") between the Cities and the Bank of New York Mellon Trust Company, N.A. (the "Escrow Agent"). The Fifty- Seventh Supplement provides that from a portion of the proceeds from the sale of the Bonds and other available Airport Funds, the Cities will deposit with the Escrow Agent, the amount necessary to accomplish the discharge and final payment of the Refunded Bonds on the respective maturity or redemption dates. Such funds will be held by the Escrow Agent in a special account (the "Escrow Account") and used to purchase certain "Escrowed Securities" that mature at such times and in such amounts sufficient to pay principal and accrued interest on the Refunded Bonds on the respective maturity or redemption dates. Under the Escrow Agreement, the Escrow Account is irrevocably pledged to the payment of the principal of and interest on the Refunded Bonds.

By the deposit of the Bond proceeds and other funds with the Escrow Agent pursuant to the Escrow Agreement, the Cities will have effected the defeasance of the Refunded Bonds in accordance with laws of the State of Texas (the "State"). As a result of such defeasance, the Refunded Bonds will be outstanding only for the purpose of receiving payments from funds on deposit in the Escrow Account and held for such purpose by the Escrow Agent, and such Refunded Bonds will not be deemed as being Outstanding Obligations under the Master Bond Ordinance. See "**VERIFICATION OF ARITHMETICAL AND MATHEMATICAL COMPUTATIONS.**"

**SOURCES AND USES OF FUNDS**

The following table sets forth the estimated application of the proceeds of the Bonds and available Airport funds:

<u>Source of Funds</u>	<u>Amount</u>
Principal Amount of Bonds	\$
Premium	
Debt Service Reserve Fund Transfer	
<b>Total</b>	\$ <u>                    </u>
 <u>Use of Funds</u>  	
Deposit to Escrow Fund	\$
Underwriters' Discount	
Costs of Issuance	
<b>Total</b>	\$ <u>                    </u>

**THE BONDS**

**Interest Payments**

The Bonds will accrue interest from their date of initial delivery, which interest shall be payable on November 1 and May 1 of each year, commencing November 1, 2020, until maturity or prior redemption. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

## **Optional Redemption\***

The Cities reserve the right, at their option, to redeem Bonds maturing on and after November 1, 20\_\_, on November 1, 20\_\_ and any day thereafter, at par plus accrued interest to the date of redemption, without premium.

If less than all of the Bonds are to be redeemed by the Cities, the Cities shall determine the maturity or maturities and the amounts thereof to be redeemed and shall direct the Paying Agent/Registrar to call, by lot, the Bonds, or portions thereof, within such maturity or maturities and in such principal amounts for redemption.

The Cities may condition any election to redeem Bonds upon the receipt of the proceeds of refunding obligations on or before the redemption date or upon any other condition specified by the Cities and provided in the notice of redemption required under the Master Bond Ordinance.

## **Notice of Redemption**

Not less than 30 days prior to any redemption date for the Bonds, the Cities shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to each Holder of a Bond to be redeemed, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the time such notice of redemption is mailed, which will be Cede & Co. as long as the Book-Entry System is in effect. Interest on such Bonds will cease to accrue from and after the redemption date.

With respect to any optional redemption of Bonds, unless the prerequisites to such redemption required by the Master Bond Ordinance have been met and moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Paying Agent prior to the giving of such notice of redemption, such notice shall state that said redemption may, at the option of the Cities, be conditional upon the satisfaction of such prerequisites and any other conditions set forth in such notice and receipt of such moneys by the Paying Agent on or prior to the date fixed for such redemption. If a conditional notice of redemption is given and such prerequisites to the redemption and sufficient moneys are not received, such notice shall be of no force and effect, the Cities shall not redeem such Bonds and the Paying Agent shall provide notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

## **Book-Entry System**

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully registered certificate will be issued for each maturity of the Bonds in the aggregate principal amount of such maturity and will be deposited with DTC. For additional information with respect to DTC see **APPENDIX D — "DTC INFORMATION."**

In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry System, references in other sections of this Official Statement to registered owners should be read to include the person for whom the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry System, and (ii) except as described above, notices that are to be given to registered owners under the Master Bond Ordinance will be given only to DTC.

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\* Preliminary, subject to change.

## **Paying Agent/Registrar**

The Bank of New York Mellon Trust Company, N.A., is the initial Paying Agent/Registrar. In the Master Bond Ordinance, the Cities retain the right to replace the Paying Agent/Registrar. The Cities covenant to maintain and provide a Paying Agent/Registrar at all times while the Bonds are outstanding, and any successor Paying Agent/Registrar shall be a bank, trust company, financial institution, or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Bonds. Upon any change in the Paying Agent/Registrar for the Bonds, the Cities agree to promptly cause a written notice thereof to be sent to each registered Owner of the Bonds by the United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

## **Record Date for Interest Payment**

The record date ("Record Date") for the interest payable on any interest payment date shall be the 15th day of the preceding month. In the event of non-payment of interest on the Bonds on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment for such maturity or maturities (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Airport. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date" which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by first class United States mail, postage prepaid, to the address of each registered owner of a Bond appearing on the books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

## **Transfer, Exchange and Registration**

The Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar, and such transfer or exchange shall be without expense or service charge to the Holder, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. A Bond may be assigned by the execution of an assignment form on the Bond or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Bond or Bonds of the same maturity will be delivered by the Paying Agent/Registrar, in lieu of the Bond being transferred or exchanged, at the office of the Paying Agent/Registrar, or sent by first class United States mail, postage prepaid, to the new registered Holder or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered Holder or assignee of the Holder in not more than three business days after the receipt of the Bonds to be canceled, and the written instrument of transfer or request for exchange duly executed by the Holder or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of \$5,000 for any one maturity and for a like aggregate principal amount of the same series as the Bond or Bonds surrendered for exchange or transfer. Neither the Cities, the Airport, nor the Paying Agent/Registrar is required to issue, transfer, or exchange any Bond called for redemption, in whole or in part, where such redemption is scheduled to occur within 45 calendar days after the transfer or exchange date; provided, however, such limitation is not applicable to an exchange by the Holder of the uncalled principal of a Bond.

## SECURITY FOR THE BONDS

### Authority

The Cities, pursuant to a certain Contract and Agreement (the "Contract and Agreement"), dated and effective as of April 15, 1968, authorized and directed the Dallas-Fort Worth International Airport Board (the "Board"), acting on behalf of the Cities, to proceed with the development of the Airport. Pursuant to the Contract and Agreement, the Cities adopted the 1968 Ordinance (the "1968 Ordinance") authorizing the issuance of Joint Revenue Bonds for financing of the Airport. The 1968 Ordinance was amended by the Thirtieth Supplement which became effective as of February 23, 2000. The 1968 Ordinance and the Thirtieth Supplement were amended and restated by the Master Bond Ordinance effective as of September 22, 2010. The Cities have adopted the Fifty-Third Supplemental Concurrent Bond Ordinance (the "Fifty-Third Supplement"), which provides for certain amendments to the Master Bond Ordinance. Such amendments will become effective upon the consent of Holders of not less than a majority of the principal amount of the Outstanding Obligations and each Credit Provider, if applicable. **Purchasers of the Bonds are deemed to have given consent to such amendments. See APPENDIX B — "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE-Proposed Amendments."**

The Bonds are being issued pursuant to the Fifty-Seventh Supplement (the "Fifty-Seventh Supplement") as Additional Obligations under the Master Bond Ordinance. The Fifty-Seventh Supplement, effective April 8, 2020, authorized the issuance, pursuant to certain parameters set forth therein, of up to \$2.6 billion in principal of the Bonds to refund certain Outstanding Obligations and certain Series I Notes. The Fifty-Seventh Supplement provides for the designation of an "Authorized Officer" to approve the specific terms of the Bonds within the parameters set forth therein and provides that the Bonds may be issued in multiple series within 10 months of the effective date of the Fifty-Seventh Supplement. The Bonds will be issued under provisions of Applicable Law, including Chapter 22 of the Transportation Code, Chapters 1207 and 1371 of the Texas Government Code, as amended, and the provisions of the Master Bond Ordinance.

### Pledge

The Bonds are payable solely from and secured by an irrevocable first lien on and pledge of Pledged Revenues and Pledged Funds on parity with all Parity Credit Agreement Obligations and other Obligations issued or to be issued under the Master Bond Ordinance.

Pledged Revenues include as Gross Revenues the revenues received by the Airport from the rentals, fees and charges collected from the Signatory Airlines (as defined herein) and other airlines and from other non-airline sources. See the subcaption "**—Agreements with Airlines**" below. For the definitions of Pledged Revenues, Pledged Funds, Gross Revenues and Special Revenues see **APPENDIX B — "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE - Selected Definitions."**

### Funds and Flow of Funds

**Funds.** The Master Bond Ordinance provides for five funds (the "Funds"), each a part of the Joint Airport Fund originally created pursuant to the 1968 Ordinance. Each of these Funds is governed by the terms of the Master Bond Ordinance:

- (i) the Debt Service Fund;
- (ii) the Debt Service Reserve Fund;

- (iii) the Capital Improvements Fund;
- (iv) the Operating Revenue and Expense Fund; and
- (v) the Construction Fund.

The Debt Service Fund and the Debt Service Reserve Fund are special trust funds, to be held by the Airport for the benefit of the Holders of Obligations, the Credit Providers holding Parity Credit Agreement Obligations, and Persons to whom Administrative Expenses are owed, due and payable. All funds and accounts created or confirmed in the Master Bond Ordinance and in any Additional Supplemental Ordinance, and the books and records of account with respect thereto, will be kept and maintained in such manner as will record on a regular basis all deposits therein and the source thereof, withdrawals therefrom and the purposes therefor, and the earnings realized with respect thereto. All moneys on deposit in the special funds described under this caption on the date of delivery of any of the Bonds will be held therein and thereafter will be maintained, supplemented, invested, and applied as directed in the Master Bond Ordinance and in Additional Supplemental Ordinances, as applicable.

**Flow of Funds.** All Gross Revenues, when and as received by the Airport, will be promptly deposited to the credit of the Operating Revenue and Expense Fund.

Unless made more frequent by an Additional Supplemental Ordinance, the Airport will transfer, only to the extent required, all amounts on deposit in the Operating Revenue and Expense Fund monthly on or before the last Business Day of each month to the following Funds and in the following order of priority:

(i) **First**, to the Debt Service Fund, an amount equal to the lesser of (A) all funds available for transfer, or (B) an amount equal to the Accrued Aggregate Debt Service for such monthly period, subject to the provisions under the subcaption "**Adjustments in Transfer Requirements**";

(ii) **Second**, if and to the extent required by an Additional Supplemental Ordinance pursuant to which Obligations are issued and/or related Parity Credit Agreements are authorized, to a special account or accounts, such amount as is necessary to pay any Administrative Expenses that are due and payable during the succeeding month;

(iii) **Third**, to the Debt Service Reserve Fund, the lesser of (A) all funds available for transfer, or (B) subject to the alternative funding methods permitted under the Master Bond Ordinance and described herein, up to the amount required to cause the amount on deposit therein to be equal to the lesser of (y) the Debt Service Reserve Requirement, or (z) the amount then required to be on deposit therein, plus any amounts required to restore or replenish any deficiencies in the Debt Service Reserve Fund so that the amounts required by the Master Bond Ordinance are on deposit therein when, as, and in the amounts therein required;

(iv) **Fourth**, to any other fund or account required by any Additional Supplemental Ordinance authorizing Obligations and/or Parity Credit Agreement Obligations, the amounts required to be deposited therein; and

(v) **Fifth**, to a special account or fund, if any, created by the Cities in an Additional Supplemental Ordinance, for the purpose of paying the principal and redemption price of, the interest on, and reserves for Subordinate Lien Obligations, and paying Credit Agreement Obligations that are declared to be on parity therewith.

Unless otherwise directed by an Additional Supplemental Ordinance, during each month, subject to the requirements as described above under this subcaption, the Airport is authorized to expend or set aside any money on deposit in the Operating Revenue and Expense Fund for the following purposes, in the following order of priority:

(i) **First**, expending such money for the purpose of paying the Operation and Maintenance Expenses of the Airport in accordance with the current annual budget of the Airport; and

(ii) **Second**, setting aside into a separate account an amount sufficient to pay Operation and Maintenance Expenses for the ensuing period of ninety (90) days, as estimated by an Authorized Officer.

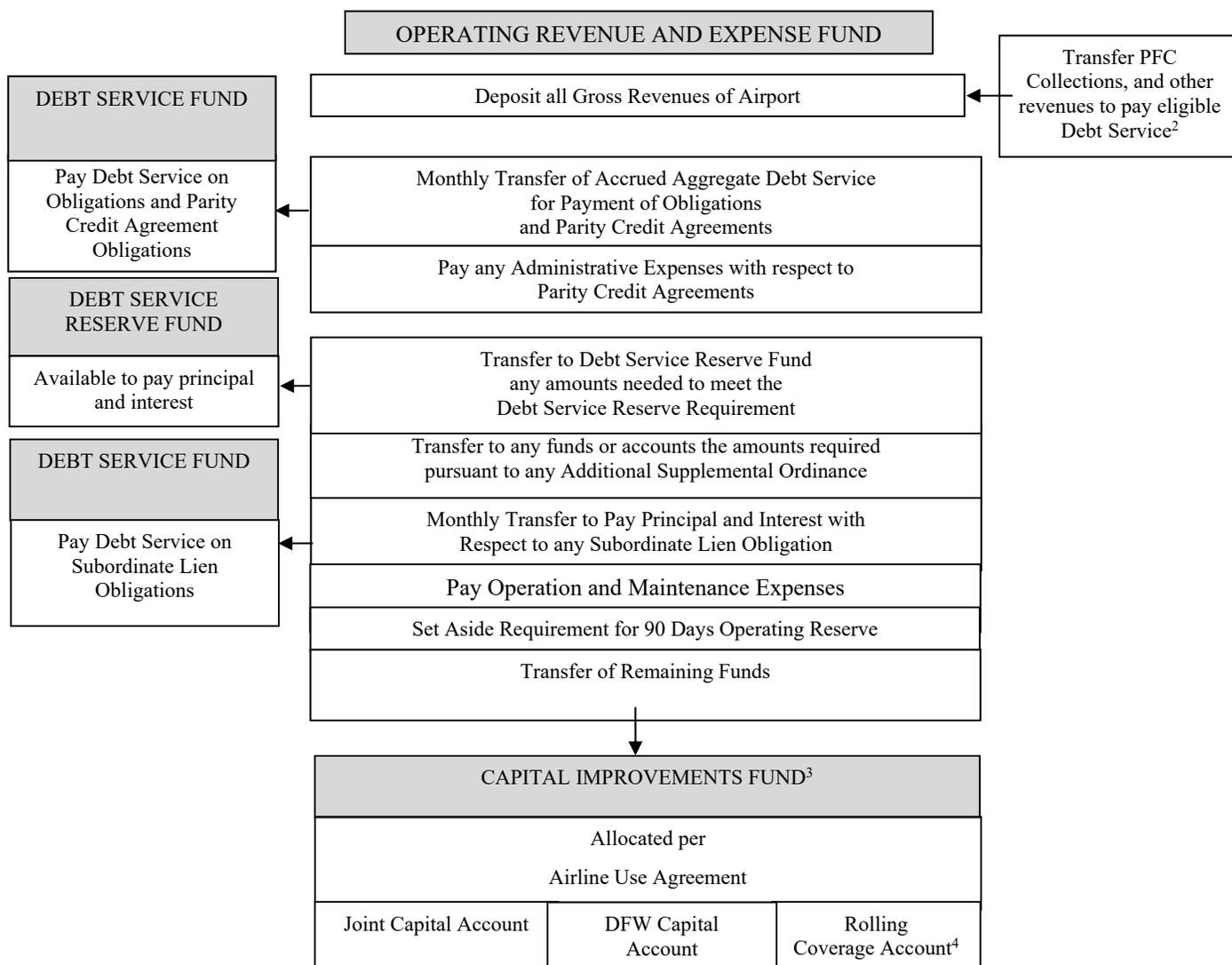
Gross Revenues remaining unexpended at the close of business on the last day of each Fiscal Year, after expending or setting aside the money required for the purposes set forth in the above paragraphs of this subcaption, will be deposited to the credit of the Capital Improvements Fund for use, deposit and application as described under the subcaption "**Capital Improvements Fund**"; provided, however, an Authorized Officer may, at such time, elect to keep all or a portion of such unexpended funds in the Operating Revenue and Expense Fund.

Notwithstanding the deposits to the Capital Improvements Fund described immediately above, an Authorized Officer may transfer amounts in the Operating Expense and Revenue Fund to the Capital Improvements Fund at any time and from time to time to the extent it can be certified by an Authorized Officer that: (A) the rate covenants described in the second and third paragraphs under the caption "**SECURITY FOR THE BONDS—Rate Covenant**" have been met to date and (B) there is no information available that the Airport will not satisfy such rate covenants for the remainder of the Fiscal Year.

Notwithstanding the other provisions of this subcaption, Gross Revenues received from or through the United States of America, the State, or other sources, the use of which is limited, will be used as Gross Revenues in compliance with any requirements placed on the use of such funds.

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## FLOW OF FUNDS<sup>1</sup>



<sup>1</sup> This diagram is merely a summary of, and is qualified in all respects by reference to, the provisions contained in the Master Bond Ordinance. See **APPENDIX B – "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE—Funds and Flow of Funds."**

<sup>2</sup> Although not included as part of Gross Revenues, Passenger Facility Charges and certain payments made by the Public Facility Improvement Corporation ("PFIC") pursuant to agreements made with the Airport to pay debt service on certain previously issued Obligations are currently committed to pay debt service on the Airport's Obligations. In addition, unencumbered PFIC funds are available to pay debt service on Airport Obligations. Upon deposit to the Operating Revenue and Expense Fund such amounts become a part of the Pledged Funds. See **"OPERATIONAL INFORMATION – Passenger Facility Charges"** and **"NON-AIRLINE BUSINESS UNITS INFORMATION-Rental Cars"** and **"Public Facility Improvement Corporation."**

<sup>3</sup> See **APPENDIX B - "SUMMARY OF CERTAIN PROVISIONS OF MASTER BOND ORDINANCE—Particular Covenants—Transfers of Airport and Facilities."** Currently such revenues are deposited to the DFW Capital Account.

<sup>4</sup> The Rolling Coverage Account must equal 25% of aggregate debt service each year. See **"RATE SETTING – Airline Use Agreement Rate Model – Rolling Coverage Account."**

**Adjustments in Transfer Requirements.** The Accrued Aggregate Debt Service required to be transferred to the Debt Service Fund as described in clause (i) under the subcaption **"SECURITY FOR THE BONDS—Funds and Flow of Funds—Flow of Funds"** for the respective monthly period will be

reduced by an amount equal to the total of any moneys already on deposit in the Debt Service Fund and in any account created therein, or on deposit in another Pledged Fund, if any, that is created in an Additional Supplemental Ordinance, and after taking into account investment earnings actually realized and on deposit therein (inclusive of accrued interest and amortization of original issue discount or premium), excess deposits made on account of Variable Rate Obligations and the assumed interest rates thereof and money deposited therein from the proceeds of Obligations as capitalized interest or otherwise. It is provided, however, that the amounts required to be transferred will never be reduced to an amount below the amount necessary to pay all amounts then due and owing on the Obligations and Parity Credit Agreement Obligations when due and payable.

Other than termination payments, in the event the counterparty to a Swap Agreement becomes obligated to make payments to the Airport, such amounts will be deposited to the Debt Service Fund. Currently, the Airport has no swaps outstanding.

The Airport may at any time increase the amounts of any transfers required under the subcaption "**SECURITY FOR THE BONDS—Funds and Flow of Funds—Flow of Funds**" from funds on deposit in the Operating Revenue and Expense Fund, or from any other lawfully available moneys, so long as such transfers do not reduce the amounts required to be transferred to any particular fund or account under such subcaption.

**Debt Service Fund.** The Airport will pay, out of the Debt Service Fund, to the respective Paying Agents for any of the Obligations from time to time Outstanding, or directly to a Credit Provider holding a Parity Credit Agreement Obligation, as applicable (i) on the date specified in the Outstanding Ordinances and in any Additional Supplemental Ordinances or Credit Agreements pursuant to which Parity Credit Agreement Obligations are created, but in no event later than each Interest Payment Date, the amount (as determined by each Paying Agent or other party designated in each applicable Outstanding Ordinance and Additional Supplemental Ordinance) required for the payment of interest on the Obligations or Parity Credit Agreement Obligations due on such Interest Payment Date, and (ii) on the date specified in the Outstanding Ordinances and Additional Supplemental Ordinances or Credit Agreements pursuant to which Parity Credit Agreement Obligations are created, but in no event later than the redemption date, the amount required for the payment of accrued interest on Obligations or Parity Credit Agreement Obligations to be redeemed or paid unless the payment of such accrued interest is otherwise provided for. Such amounts described in clause (ii) above and paid to Paying Agents will be held and applied by the Paying Agents solely to pay the amounts due and owing on the Obligations with respect to which such transfers were made and upon demand for such payment by a proper Holder.

The Airport will pay, out of the Debt Service Fund, to the respective Paying Agents, on the dates specified in the Outstanding Ordinances and each Additional Supplemental Ordinance, but in no event later than each Principal Payment Date for any of the Obligations from time to time Outstanding or Parity Credit Agreement Obligations coming due, the amount (as determined by each Paying Agent or other party designated in each applicable Additional Supplemental Ordinance) required for the payment of any Principal Installments and any Redemption Price that are due on Obligations, and similar amounts that are due and payable on Parity Credit Agreement Obligations on such Principal Payment Date and such amounts paid to Paying Agents or Credit Providers shall be held and applied by the Paying Agents or Credit Providers as directed in each Outstanding Ordinance and in each Additional Supplemental Ordinance.

The amount accumulated in the Debt Service Fund for each Sinking Fund Installment may, and if so directed and authorized by an Additional Supplemental Ordinance shall, be applied prior to a day preceding the due date of such Sinking Fund Installment, as fixed in the Additional Supplemental Ordinance, to:

(i) the purchase of Obligations of the series and maturity for which such Sinking Fund Installment was established, at prices (including any brokerage and other charges) not exceeding the Redemption Price payable from Sinking Fund Installments for such Obligations when such Obligations are redeemable by application of said installments plus unpaid interest accrued to the date of purchase, such purchases to be made in such manner as is specified in the Additional Supplemental Ordinance, or

(ii) the redemption of Obligations pursuant to the provisions of the applicable Additional Supplemental Ordinance authorizing such Obligations, if then redeemable by their terms, at a price not exceeding the Redemption Price.

If a stated Interest Payment Date or a Principal Payment Date, or a date fixed for redemption of Obligations or Parity Credit Agreement Obligations, is not a Business Day, then the Interest Payment Date, Principal Payment Date or redemption date will be deemed to be the next succeeding Business Day and no interest will accrue between the stated day and the applicable succeeding Business Day.

**Capital Improvements Fund.** Moneys transferred to the Capital Improvements Fund will be:

(i) used for any purpose permitted by Applicable Law related to the Airport.

(ii) notwithstanding the provision described in (i) immediately above, moneys on deposit in the Capital Improvements Fund shall be used to prevent a default in the payment of any Obligations or Parity Credit Agreement Obligations.

*Current Disposition of Capital Improvements Fund Amounts.* The Airport has entered an agreement with certain airlines called "Signatory Airlines," regarding use, operation, and charges of the Airport. These agreements are collectively referred to herein as "Use Agreements." The Use Agreements provide for the creation of three accounts within the Capital Improvements Fund: DFW Capital Account, Joint Capital Account and Rolling Coverage Account. Funds in the DFW Capital Account may be used for any lawful purpose related to the Airport to fund costs and projects. The DFW Capital Account will be funded with amounts deposited in the Capital Improvements Fund from the net proceeds of the DFW Cost Center ("DFWCC"), which consists of non-airline business units, plus interest income earned on the DFW Capital Account, and amounts representing reimbursable PFCs and grants.

The Joint Capital Account is funded primarily with: proceeds from the sale of natural gas and interest in real property, subject to the limitations set forth in the Master Bond Ordinance (see **APPENDIX B — "SUMMARY OF CERTAIN PROVISIONS OF MASTER BOND ORDINANCE—Particular Covenants—Transfers of Airport and Facilities"**); interest income earned from the Joint Capital Account; amounts representing reimbursable PFCs and grants; and amounts deposited thereto from the issuance of debt. Funds in the Joint Capital Account may be used for any lawful purpose that is approved by a majority-in-interest of the Signatory Airlines and the Airport. The Signatory Airlines have pre-approved spending from this Account for certain purposes as part of the Use Agreements.

The Rolling Coverage Account was initially funded from existing funds. At the beginning of each Fiscal Year, the Airport is required to transfer the amounts in the Rolling Coverage Account to the Operating Revenue and Expense Fund as Gross Revenues to be included in the calculation of its rate covenants. Each Fiscal Year, the Airport will determine the amount to be deposited to the Rolling Coverage Account, plus any incremental coverage collected during the Fiscal Year.

**Restoration of Deficiencies.** Should the Debt Service Fund or the Debt Service Reserve Fund, or any other fund or account of any of the types described in the second paragraph under the subcaption

**"SECURITY FOR THE BONDS—Funds and Flow of Funds—Flow of Funds,"** contain less than the amount required to be on deposit therein, then such deficiency will be restored from Pledged Revenues over a period not longer than sixty (60) months, and further transfers to the Capital Improvements Fund as described in the next to last paragraph of the subcaption **"SECURITY FOR THE BONDS—Funds and Flow of Funds—Flow of Funds"** will be suspended until such deficiency has been restored.

### **Reserves Established for Outstanding Obligations**

The Master Bond Ordinance provides for the establishment of a Debt Service Reserve Fund for Obligations in the amount of the Debt Service Reserve Requirement. The amount of the Debt Service Reserve Requirement to be deposited and maintained in the Debt Service Reserve Fund on account of the Outstanding Obligations is an amount equal to the average annual Debt Service on and with respect to the Outstanding Obligations from time to time. The amount of the Debt Service Reserve Requirement to be deposited, accumulated, and maintained, or alternatively funded on account of the Bonds and Outstanding Obligations, including any Additional Obligations, will be established and funded, or funding will be provided therefor, in accordance with the provisions of Additional Supplemental Ordinances authorizing their issuance, but will be in an amount that is not less than the average annual Debt Service that will be required to be paid on or with respect to all Outstanding Obligations from time to time, except that no increase in the Debt Service Reserve Requirement is required on account of any series of Interim Obligations that are secured, guaranteed, or insured by a Credit Provider. Under the Master Bond Ordinance the Debt Service Reserve Requirement may be satisfied in whole or in part by one or more Credit Agreements, such as surety bonds.

Upon the issuance of the Bonds, the Debt Service Reserve Requirement will be \$303,109,234\*. In accordance with the Master Bond Ordinance, the Airport has funded the Debt Service Reserve Requirement for the Outstanding Obligations with a combination of cash and Investment Securities. As of June 26, 2020, the Debt Service Reserve Fund is funded with approximately \$314,450,619 in cash and Investment Securities. The difference will be contributed to the refunding.

For a complete discussion of the Debt Service Reserve Fund and the Debt Service Reserve Requirement, see **APPENDIX B — "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE—Funds and Flow of Funds—Debt Service Reserve Fund."**

### **Rate Covenant**

In the Master Bond Ordinance the Cities have covenanted that the Airport will fix and place into effect, directly or through leases, contracts or agreements with users of the Airport, a schedule of rentals, rates, fees and charges for the use, operation and occupancy of the Airport premises and Facilities and related services (collectively, the "Airport Rates") which is reasonably estimated to produce the amounts set forth in the following two paragraphs (the "Rate Covenant"). From time to time and as often as it appears necessary, the Authorized Officers will make recommendations to the Airport as to the revision of the Airport Rates. Upon receiving such recommendations, the Airport will revise, insofar as it may legally do so, the Airport Rates for the use, operation and occupancy of the Airport, its Facilities, and related services in order to continually fulfill the requirements set forth in the Master Bond Ordinance. This Rate Covenant is not to be construed to require adjustment or revision in long-term agreements which by their terms are not subject to adjustment or revision.

The schedule of rentals, rates, fees and charges required above shall be at least sufficient to produce in each Fiscal Year Gross Revenues sufficient to pay (i) the Operation and Maintenance Expenses, plus (ii)

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\* Preliminary, subject to change.

1.25 times the amount of Accrued Aggregate Debt Service, as adjusted by taking into consideration certain investment earnings accruing during each Fiscal Year, respectively, plus (iii) an amount equal to the amounts required to pay any other obligations payable from Gross Revenues of the Airport, including Subordinate Lien Obligations, but excluding Special Revenue Bonds and Special Facility Bonds, and plus (iv) any additional amounts required by the terms of an Additional Supplemental Ordinance.

Additionally, such schedule shall be at least sufficient to produce in each Fiscal Year Current Gross Revenues sufficient to pay the amounts provided in clauses (i), (iii) and (iv) of the paragraph immediately above, plus 1.00 times the amount of Accrued Aggregate Debt Service accruing during each Fiscal Year, respectively.

The Airport will cause all rentals, fees, rates and charges pertaining to the Airport to be collected when and as due, will prescribe and enforce rules and regulations for the payment thereof and for the consequences of nonpayment for the rental, use, operation and occupancy of and services by the Airport, and will provide methods of collection and penalties to the end that the Gross Revenues and the Current Gross Revenues will be adequate to meet these respective requirements.

A significant portion of Gross Revenues is generated from payments from airlines using the Airport. For a discussion of the current agreements with the Signatory Airlines, see "**AIRLINE AGREEMENTS.**" See also "**CERTAIN INVESTMENT CONSIDERATIONS.**"

#### **Additional Obligations**

The Cities reserve the right to issue additional debt securities for the purpose of improving, constructing, replacing, or otherwise extending the Airport, or for the purpose of refunding or refinancing any debt or obligation of or relating to the Airport permitted by Applicable Law. The Master Bond Ordinance provides that the Cities may issue several categories of Airport-related debt: Additional Obligations; Subordinate Lien Obligations; Special Revenue Bonds; and Special Facility Bonds. In addition, the Cities may enter into various Credit Agreements, including Parity Credit Agreement Obligations, to provide credit support for any series of Obligations, Subordinate Lien Obligations [or Net Revenue Obligations.] See "**OUTSTANDING OBLIGATIONS AND OTHER AIRPORT RELATED DEBT**" for a discussion of the currently outstanding amounts of Airport-related debt.

Of these types of debt and debt-related securities, only Additional Obligations and Parity Credit Agreement Obligations would be on parity with the Bonds with respect to the pledge of Pledged Revenues and Pledged Funds. The Cities may not issue Additional Obligations unless the Airport delivers the following certifications and orders:

(1) an Authorized Officer's certification that all conditions relating to the issuance of the Additional Obligations contained in the Master Bond Ordinance and any Additional Supplemental Ordinances have been satisfied;

(2) an Authorized Officer's certification that no Event of Default has occurred and is then continuing under the Master Bond Ordinance or under any Additional Supplemental Ordinances that will not be cured by the issuance of the Additional Obligations;

(3) an Authorized Officer's written order directing that the Additional Obligations be authenticated, if they are required to be authenticated under the terms of the Additional Supplemental Ordinance; and

(4) an Authorized Officer's certification that the Cities have received at least one of the following:

(i) an Airport Consultant's written report (or Certificate of an Authorized Officer)\* projecting Gross Revenues and Operation and Maintenance Expenses and indicating that (A) the estimated Net Revenues for each of the three consecutive Fiscal Years, beginning with the first Fiscal Year in which Debt Service on the Additional Obligations is due, are equal to at least 125% of the Debt Service that will be due for each of the three consecutive Fiscal Years and (B) the schedule of rentals, rates, fees and charges then in effect meets the requirements of certain provisions of the Master Bond Ordinance's Rate Covenant; or

(ii) a Certificate of the Airport's Chief Financial Officer showing that (A) for either the Airport's most recent complete Fiscal Year, or for any twelve consecutive months out of the most recent eighteen months, the Net Revenues were equal to at least 125% of the maximum Debt Service scheduled to be paid during the then-current or any future Fiscal Year, taking into consideration the proposed Additional Obligations and (B) the schedule of rentals, rates, fees and charges then in effect meets the requirements of certain provisions of the Master Bond Ordinance's Rate Covenant.

Set forth above is a summary description of the certificates and orders the Airport must deliver in order for the Cities to issue Additional Obligations; for a more complete description see **APPENDIX B — "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE—Additional Indebtedness" and —"Proposed Amendments."**

Under the Master Bond Ordinance, the Cities may not issue any debt, other than Additional Obligations and Parity Credit Obligations, on parity with the Bonds and the other Outstanding Obligations. Subordinate Lien Obligations are payable from a pledge of Gross Revenues that is subordinate to the pledge of Gross Revenues supporting payment of the Outstanding Obligations. Such debt may also be secured by a pledge of Special Revenues as provided in the documents authorizing their issuance. Special Revenue Bonds are payable in whole or in part from a pledge of Special Revenue, and payments made pursuant to Net Rent Leases secure the payment of Special Facility Bonds. For a more complete description of Subordinate Lien Obligations, Special Revenue Bonds and Special Facility Bonds, and the security for each of them, see "**OUTSTANDING OBLIGATIONS AND OTHER AIRPORT RELATED DEBT.**"

### **Agreements with Airlines**

The Use Agreements provide that each Signatory Airline will pay rentals, rates, fees and charges for its use, operation (or right to operate) and occupancy of the Airport premises and facilities, and services appertaining thereto. The Use Agreements also provide for the setting of landing fees sufficient, after taking into consideration other revenues, to satisfy the Rate Covenant each Fiscal Year. The Use Agreements establish cost centers and contain formulas and methodologies to develop rates and charges for various services. On May 7, 2020, the Airport approved a one-year extension of the expiration of the Use Agreements with the Signatory Airlines from September 30, 2020 to September 30, 2021. For a further discussion of the Use Agreements, see "**RATE SETTING**" and "**AIRLINE AGREEMENTS.**" See also "**IMPACT OF COVID-19 PANDEMIC ON THE AIRPORT**" and "**CERTAIN INVESTMENT CONSIDERATIONS.**"

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\* See **APPENDIX B — "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE — Additional Indebtedness and - Proposed Amendments"** regarding an amendment to this requirement.

## **Enforceability; Bondholders' Remedies**

The Master Bond Ordinance provides that if the Cities default in the payment of principal of or interest on any Outstanding Obligations, including the Bonds, or the performance of any duty or covenant provided by law or in the Master Bond Ordinance, Owners of such Outstanding Obligations, including the Bonds, may pursue all legal remedies afforded by the Constitution and the laws of the State to compel the Cities to remedy such default and to prevent further default or defaults.

The Master Bond Ordinance neither appoints nor makes any provision for the appointment of a trustee to protect the rights of Owners of the Bonds. Furthermore, the Master Bond Ordinance does not provide for acceleration of maturity of the Bonds or for foreclosure on Pledged Revenues or possession of Pledged Revenues by a trustee or agent for Owners of the Bonds or for operation of the Airport by an independent third party in the event of default.

No lien has been placed on any of the physical properties comprising the Airport to secure the payment of or interest on the Bonds. Moreover, in the event of default, the owners of the Bonds have no right or claim under the laws of the State against the Airport or any property of the Cities other than their right to receive payment from Pledged Revenues and Pledged Funds maintained pursuant to the Master Bond Ordinance. Owners of the Bonds have no right to demand payment of principal of or interest or premium, if any, on the Bonds from any funds raised or to be raised by taxation or from any funds of the Cities except those specifically pledged by the Master Bond Ordinance. Further, unless sovereign immunity is expressly waived by the Texas Legislature or it is determined that the provision of airport services is a proprietary rather than a governmental function of the Cities, local governmental immunity would be available as a defense against suits for money damages against the Cities or the Airport in connection with the Bonds. The Cities will not waive sovereign immunity against suit in connection with the issuance of the Bonds. Accordingly, the only practical remedy in the event of a default may be a mandamus proceeding to compel the Cities to increase rates and charges reasonably required for the use and service of the Airport or perform its other obligations under the Master Bond Ordinance, including the deposit of the Pledged Revenues into the special Funds provided in the Master Bond Ordinance and the application of such Pledged Revenues and such Pledged Funds in the manner required in the Master Bond Ordinance. Such remedy may need to be enforced on a periodic basis because maturity of the Bonds is not subject to acceleration. In addition, the Cities' ability to comply with the Rate Covenant will be limited by contractual and competitive supply and demand constraints. See **APPENDIX B — "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE—Particular Covenants--Rates, Charges and Free Use of Land."**

The enforcement of a claim for payment of principal of or interest on the Bonds and the Cities' other obligations with respect to the Bonds are subject to the applicable provisions of the federal bankruptcy laws and to any other similar laws affecting the rights of creditors of political subdivisions generally. The Cities may seek relief from their creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"); however, Chapter 9 recognizes a security interest in a specifically pledged source of revenues, such as the Pledged Revenues. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the pursuit of any other legal action by creditors or bondholders against an entity that seeks protection under Chapter 9. Therefore, should either City avail itself of Chapter 9 protection from creditors, the ability to enforce any other remedies available to the registered owners, may be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the U.S. Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it.

## RATE SETTING

### Controlling Documents and Budgetary and Rate Setting Processes

The Cities entered into the Contract and Agreement in 1968 for the purpose of developing and operating the Airport as a joint venture. In addition to the Contract and Agreement, the Airport is governed by several other key documents, including the Master Bond Ordinance and the Use Agreements. Collectively, these documents are called the "Controlling Documents." The Controlling Documents establish the framework for much of DFW's budgeting, rate setting and financial reporting processes. See "**AIRLINE AGREEMENTS.**"

Each year, management prepares an annual budget of projected expenditures for the Operating Revenue and Expense Fund. This budget includes the Airport's projected operating expenses, plus an amount equal to at least 1.25 times the amount of Accrued Aggregate Debt Service accruing during such Fiscal Year, plus any incremental amount required to maintain a 90-day operating reserve.

The budget also includes airline and tenant revenues (primarily landing fees and terminal rents), non-airline revenues (e.g., parking and concessions) and non-operating revenues (e.g., interest income and PFCs). The revenues and expenses are allocated among three cost centers: Airfield Cost Center, Terminal Cost Center and DFW Cost Center ("DFWCC"). Management uses this information to prepare an annual Schedule of Rates, Fees, and Charges which is approved by the Board in September and which is the basis for charging the airlines, tenants, and other airport users for Airport services.

The annual budget is prepared by management, reviewed with the Signatory Airlines, approved by the Board and the Cities by September 30 each year. Management has the authority to adjust individual line items within the budget provided the total budget is not exceeded.

For additional financial information regarding the Airport refer to [www.dfwairport.com/investors](http://www.dfwairport.com/investors). Information provided by the Airport on its website is not a part of the Cities' continuing disclosure obligations under its continuing disclosure agreement relating to the Bonds ("Continuing Disclosure Agreement"). This reference to the Airport's website is for informational purposes only, and neither the website nor the information contained on such website shall be deemed incorporated herein by reference. Neither the Airport nor the Cities are obligated to continue to provide information on the Airport's website.

### Airline Use Agreement Rate Model

The Use Agreement is a hybrid model, whereby the Signatory Airlines pay landing fees and terminal rentals based on the net cost to provide those services, and DFW retains a portion of the net revenues from non-airline business units in the DFWCC.

**Airline Cost Centers.** The Airline Cost Centers are cost recovery in nature, such that the amount charged to the airlines equals the cost of DFW to provide services, after certain adjustments. Landing fees and terminal rental rates are based on the net cost to operate and maintain the airfield and terminals, respectively. DFW charges the direct operating and maintenance costs for the airfield and terminals, plus allocated Department of Public Safety and overhead costs, plus debt service net of PFCs to each cost center; then DFW subtracts ancillary revenues generated in these cost centers; and credits or charges certain transfers and/or adjustments (see True-Up Adjustments below). The budgeted landing fee rate is determined by dividing the net cost of the airfield by projected landed weights. The budgeted average terminal rental rate is determined by dividing the net cost of the Terminal Cost Center by leasable square footage. The Use Agreement requires the Airport to charge an equalized terminal rental rate for all five terminals.

**DFW Cost Center (DFWCC).** All non-airline business units, plus interest income, are included in the DFWCC. The DFWCC also pays for the costs associated with the Skylink people mover system and makes a contribution to the Terminal Cost Center based on unused leasable space. A portion of the net revenues from this cost center are transferred to the DFW Capital Account.

**Joint Capital Account ("JCA").** Funds in the JCA generally require DFW and Signatory Airline approval before money can be spent. The JCA is funded from the proceeds from natural gas royalties and the sale of land, plus interest income on the account. Supplemental funding for projects paid from the JCA comes from grants and the issuance of debt.

**Rolling Coverage Account.** The Rolling Coverage Account was established by the Use Agreement to implement "rolling coverage." Each year, the Rolling Coverage Account is rolled into the Operating Revenue and Expense Fund as a source of revenue and then transferred back into the Rolling Coverage Account as excess revenue at the end of the year. The Rolling Coverage Account must equal 25% of aggregate debt service each year. If new debt is issued during a Fiscal Year or if the Rolling Coverage Account balance is otherwise reduced, rates under the Use Agreement are established to generate the incremental coverage required to fund 25% of the new debt service.

**DFW Capital Account.** This is DFW's discretionary account and is funded primarily from the DFWCC Net Revenues plus interest income. Supplemental funding for projects paid from the DFW Capital Account comes from grants and the issuance of debt. Funds in this account may be used for any legal purpose without airline approval.

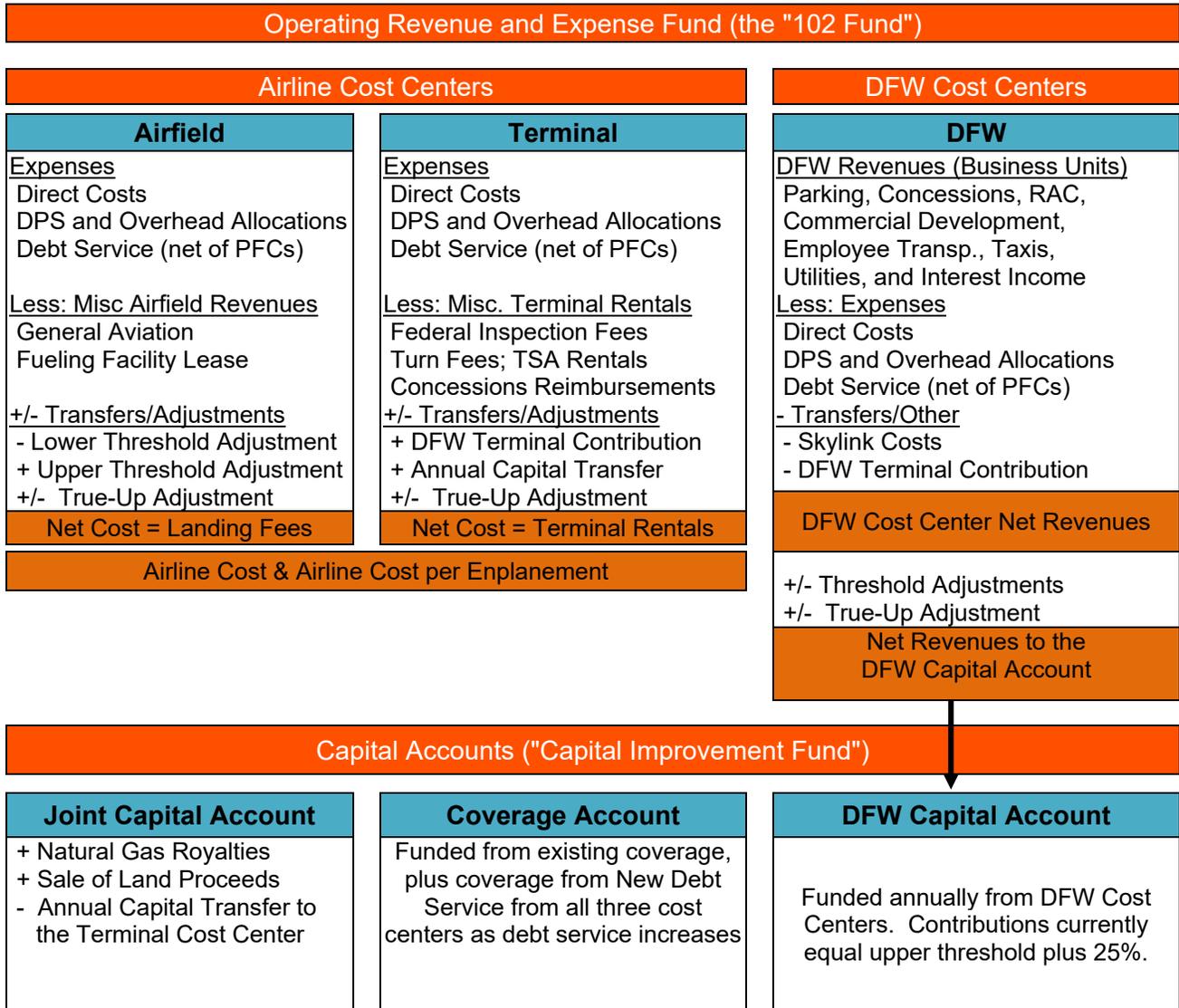
**Threshold Adjustments.** The Use Agreement established Lower and Upper Thresholds for DFWCC Net Revenues (the "Threshold Amounts"). If DFWCC Net Revenues are budgeted to be less than the Lower Threshold (\$45.6 million in Fiscal Year 2020), an incremental charge (i.e., a Lower Threshold Adjustment) is collected through landing fees in an amount sufficient to achieve the Lower Threshold amount. The benefit of the Lower Threshold Adjustment is that it guarantees that DFW will have a minimum level of cash to transfer to the DFW Capital Account to replace assets on a timely basis and pay debt service. If DFWCC Net Revenues are budgeted to be greater than the Upper Threshold (\$70.0 million in Fiscal Year 2020), then 75% of the excess is credited to the Airfield Cost Center as an Upper Threshold Adjustment. This reduces budgeted landing fees. The remaining 25% is transferred to the DFW Capital Account at the end of the fiscal year. The Threshold Amounts are adjusted annually for inflation.

**True-Up Adjustments.** At the end of each Fiscal Year, DFW performs a reconciliation or true-up, such that revenues collected equal the actual net cost to operate and maintain the airfield and terminals. Any difference becomes a True-Up Adjustment and must either be charged or credited to the appropriate cost center in the next Fiscal Year beginning no later than April 1.

**DFW Terminal Contribution.** Per the terms of the Use Agreement, an annual transfer is made from the DFWCC to the Terminal Cost Center to pay for DFW's share of common use and leasable but unleased space in Terminals D and E. This amount was \$3.3 million in Fiscal Year 2019.

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The following chart is a summary of the current Airline Use Agreement rate model.



See "AIRLINE AGREEMENTS."

## Average Landing Fees and Terminal Rental Rates

Table 1 shows average landing fee rates and average terminal rental rates for the past five Fiscal Years. Average rates are shown because the Airport makes rate adjustments during the year.

**Table 1**  
**Average Signatory Landing Fee and Terminal Rental Rates (Unaudited)**

	Fiscal Year Ended, September 30				
	2019	2018	2017	2016	2015
<b>Average Landing Fee Rates*</b>					
Final Rates at the True-up	\$ 2.31	\$ 3.09	\$ 2.44	\$ 2.05	\$ 2.47
Budgeted	\$ 2.65	\$ 3.57	\$ 2.40	\$ 2.56	\$ 2.69
<b>Average Terminal Rental Rates</b>					
Final Rates at the True-up	\$ 308.79	\$ 271.62	\$ 229.01	\$ 204.69	\$ 164.02
Budgeted	\$ 310.26	\$ 274.93	\$ 258.98	\$ 209.83	\$ 184.80

Source - DFW Finance Department.

\* Per 1,000 pounds

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## Airline Cost and Passenger Airline Cost Per Enplanement (CPE)

Airline cost measures the total payments by the passenger and air cargo carriers primarily for landing fees and terminal rentals. CPE measures the passenger airline (only) payments divided by the number of enplanements. The Airport's goal is to maintain a CPE that is competitive with other major large hub airports.

Table 2 shows airline cost and CPE on a Final Rate at the True-Up and Budgeted Rate basis for the last five fiscal years. Airline cost and CPE have been adjusted to reflect rebates paid by the Airport to certain airlines under the Airport's Air Service Incentive Program ("ASIP") from the DFW Capital Account for Fiscal Years 2015 to 2019. ASIP payments do not flow through the Operating Revenue and Expense Fund or airline rate base as described above because FAA regulations do not allow ASIP rebates to be included in airline rate base calculations.

**Table 2**  
**Airline Cost and Passenger Airline Cost Per Enplanement (CPE)**  
**(Unaudited)**

	Fiscal Year Ended, September 30				
	2019	2018	2017	2016	2015
<b>Airline Cost (millions)</b>					
Final Rates at the True-up	\$ 485.5	\$ 458.7	\$ 383.2 <sup>(1)</sup>	\$ 319.6 <sup>(1)</sup>	\$ 286.0 <sup>(1)</sup>
Budgeted	\$ 498.4	\$ 482.8	\$ 401.5	\$ 340.5	\$ 299.1
<b>Cost per Enplanement</b>					
Final Rates at the True-up	\$ 12.95	\$ 12.90	\$ 11.28 <sup>(1)</sup>	\$ 9.50 <sup>(1)</sup>	\$ 8.75 <sup>(1)</sup>
Budgeted	\$ 13.28	\$ 13.87	\$ 11.59	\$ 10.32	\$ 9.29

Source - DFW Finance Department.

<sup>(1)</sup> Includes adjustment for ASIP.

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## DFW Cost Center Net Revenues

Table 3 provides a financial summary of the revenues and expenses of the DFW Cost Center for the past five Fiscal Years and the six months ended March 31, 2020 and 2019.

**Table 3**  
**DFW Cost Center Net Revenues**  
**(Amounts in Millions)**

	<b>6 Months Ended</b>		<b>Fiscal Year Ended September 30,</b>				
	<b>Mar-20</b>	<b>Mar-19</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Revenues <sup>(1)</sup>							
Parking and Ground Transportation.....	\$ 79.5	\$ 83.2	\$ 179.3	\$ 170.6 <sup>(3)</sup>	\$ 163.7	\$ 156.7	\$ 144.7
Concessions .....	42.8	44.5	94.2	86.5	81.8	73.4	68.5
Rental Car .....	15.7	16.2	33.5	33.1	32.6	33.6	31.8
Commercial Development .....	27.0	24.5	49.7	45.7	44.2	49.9	37.7
Other Revenues.....	23.2	21.4	42.7	40.0	36.2	35.1	29.2
Total Revenues .....	<u>188.2</u>	<u>189.8</u>	<u>399.4</u>	<u>375.9</u>	<u>358.5</u>	<u>348.7</u>	<u>311.9</u>
DFW Cost Center Expenditures							
Operating Expenses .....	(69.0)	(67.9)	(150.4)	(141.4)	(137.3)	(133.3)	(124.6)
Debt Service, net of PFCs.....	(31.0)	(30.9)	(66.3)	(72.9)	(60.8)	(51.5)	(46.5)
Total Expenditures.....	<u>(100.0)</u>	<u>(98.8)</u>	<u>(216.7)</u>	<u>(214.3)</u>	<u>(198.1)</u>	<u>(184.8)</u>	<u>(171.1)</u>
Gross Margin - DFW Cost Center.....	88.2	91.0	182.7	161.6	160.4	163.9	140.8
Less Transfers and Skylink							
DFW Terminal Contribution.....	(1.4)	(1.5)	(3.3)	(4.0)	(1.9)	(4.2)	(3.5)
Skylink Costs.....	(20.0)	(20.9)	(27.0)	(25.3)	(26.5)	(21.6)	(21.4)
Net Revenues from DFW Cost Center .....	<u>\$ 66.8</u>	<u>\$ 68.6</u>	<u>\$ 152.4</u>	<u>\$ 132.3</u>	<u>\$ 132.0</u>	<u>\$ 138.1</u>	<u>\$ 115.9</u>
Threshold adjustment to Airfield Cost Center .....	-	-	63.2	49.4	50.3	55.2	38.3
Net to DFW Capital Account <sup>(2)</sup> .....	<u>\$ 66.8</u>	<u>\$ 68.6</u>	<u>\$ 89.2</u>	<u>\$ 82.9</u>	<u>\$ 81.7</u>	<u>\$ 82.9</u>	<u>\$ 77.6</u>

Source: DFW Airport, Rates, Fees and Charges

(1) Revenue classifications based on Use Agreement

(2) Reporting additional information for rates, fees and charges to GAAP reconciliation beginning in Fiscal Year 2018

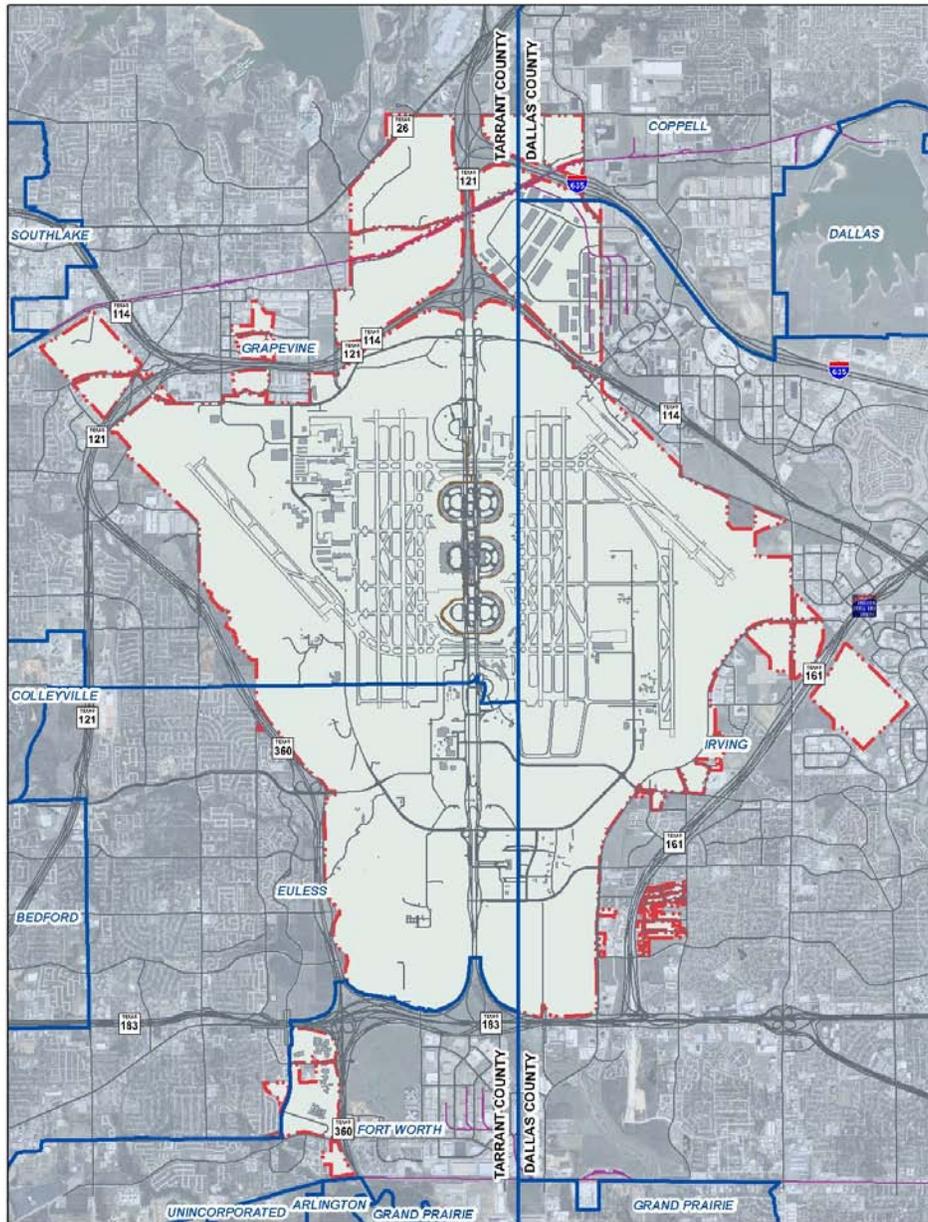
(3) Reclassification of parking fees to contract expenses, increased revenues by \$5.3 million.

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## THE AIRPORT

### General

The Airport is the principal air carrier facility serving the North Central region of the State and the Dallas Fort Worth metropolitan area, also referred to as the Metroplex. The Airport is located within a four-hour flight time of 95% of the U.S. population. The primary Airport service region (the "Airport Service Region") includes the 9,500-square mile, 12-county Dallas Fort Worth Consolidated Metropolitan Statistical Area ("CMSA"). Although owned by the Cities of Dallas and Fort Worth, the Airport sits within the city limits of Coppell, Fort Worth, Grapevine, Euless and Irving, and within Dallas and Tarrant Counties.



**Airfield.** The Airport is one of the highest capacity airports in the world with seven runways: two diagonal runways and five north/south parallels. Four of the Airport's parallel runways are 13,400 feet in length. The Airport has the capacity to land, park and gate the A380, currently the largest passenger airliner in the world. The Airport's designated hourly capacity arrival/departure flow is approximately 108 aircraft operations per hour under reduced instrument flight conditions and approximately 156 to 162 aircraft operations per hour under optimum visual flight conditions, a condition that prevails approximately 94% of the time. The Airport estimates that it was using approximately 66% to 69% of its maximum landing capacity in Fiscal Year 2019.

**Terminals.** The Airport has five terminals (A, B, C, D, and E) totaling 6.3 million square feet of building space, including 164 aircraft boarding gates, approximately 361 ticketing positions, including supporting self-service kiosks and 15 security checkpoints, with pre-authorized check-in for domestic passengers at 5 of them. Collectively, the airlines averaged approximately seven turns per active gate per day in Fiscal Year 2019.

American Airlines ("American" or "American Airlines") operates domestic service in Terminals A, B, C, and D. All of American's international arrivals are in Terminal D. Their international departures are primarily in Terminal D, with some operated from Terminals A and C. American Eagle operates domestic service in Terminals B, D and E, with international service in Terminals B and D. All other airline domestic flights operate from Terminal E (with a few seasonal flights in Terminal D). The other airline international arrivals and most departures operate from the Airport's International Terminal D, with several international departures in Terminal E.

Approximately 93% of all terminal gate leases are preferential and expire September 30, 2021, concurrently with the Use Agreements. See "**AIRLINE AGREEMENTS**" for further discussion. The remaining gates are common use gates. Airlines pay a per-turn fee to use these gates.

The Airport is responsible for custodial services in all five terminals in Fiscal Year 2020, and facilities maintenance in Terminals B, D and E. American is responsible for facilities maintenance in Terminals A, C, and the Terminal E Satellite. In prior years, American was responsible for custodial maintenance in Terminal A and C. Additionally, American handles Terminal D baggage maintenance, American's leased boarding bridges in Terminal D, and seven boarding bridges in Terminal B and the Terminal E Satellite. The costs associated with the Airport's custodial and maintenance services of these facilities are included in the Airport's operating budget. The costs of maintenance activities completed directly by American Airlines are not included in the Airport's operating budget or financial statements.

**Transit System.** The Airport operates an elevated transit system ("Skylink") between its five terminals. Skylink is used to transport members of the general public on the secure side of the terminal. The Airport operates 16 of its 24 fully automated cars on Skylink during normal operations. Skylink cars circle the five terminals in two directions with an average time between terminals of 2 minutes. There are two Skylink stations in each terminal. The average customer ride is estimated to be about 5 minutes.

The Airport also uses buses to transport passengers and employees between terminals, parking lots and the consolidated rental car facility.

The Airport has two train stations located in the Central Terminal Area that provide connections to the region's mass transit systems, one rail station adjacent to Terminal B that is operated by Trinity Metro's TEXRail service to the Fort Worth Central Business District with intervening stops and a rail station adjacent to Terminal A that is operated by Dallas Area Rapid Transit which provides service to the Dallas Central Business District with intervening stops. Trinity Metro also operates a shuttle service from the Airport to the nearest Trinity Rail Express station south of the Airport.

**Airport Operations Center/Emergency Operations Center (AOC/EOC).** The AOC/EOC serves as a single point of contact to centralize communications for the Airport's passengers, guests, tenants, employees, and contractors. This includes the 9-1-1 call management of police, fire and emergency medical response teams and 3-1-1 non-emergency services.

**Aircraft Fueling System/Fuel Farm Consortium.** Signatory Airlines that are members of the fuel consortium entered into a Limited Liability Corporation known as the Dallas Fort Worth Fuel Company, LLC to provide aircraft fuel on the Airport and manage the fuel farm. The fuel farm sits on 35 acres of land, has a holding capacity of approximately 28.4 million U.S. gallons, and provides single point refueling at all terminal apron gate areas. The fuel farm is managed and operated by a third party for the consortium. The Airport does not receive a fueling fee from consortium members but does receive payments for the ground rent. The fuel farm agreement between the Airport and the Dallas Fort Worth Fuel Company, LLC is a twenty-year agreement, effective October 1, 2014 and expiring October 1, 2034.

### **Airport Board**

Under the terms of the Contract and Agreement, the Board provides oversight of the Airport on behalf of the Cities. The Board oversees and provides strategic direction to management to plan, acquire, establish, develop, construct, maintain, equip, operate, lease, regulate and police the Airport and is charged with the responsibility of exercising on behalf of the Cities, the powers of each with respect thereto.

The Board consists of 11 members, 7 from the City of Dallas and 4 from the City of Fort Worth. Both the Mayor of Dallas and the Mayor of Fort Worth sit on the Board. The remaining Board members are appointed by the respective City Councils of the Cities. In addition, the Board has one non-voting member who is selected by the Cities of Coppell, Euless, Grapevine and Irving, Texas, respectively, on a rotating basis. Members of the Board serve without compensation.

### **Airport Management**

The operations of the Airport are administered by a Chief Executive Officer. There are currently seven Executive Vice Presidents, 23 Vice President positions, one General Counsel, and a Director of Audit Services. The Chief Executive Officer is also supported by a General Counsel and Internal Audit Director who report directly to the Board. The Airport had approximately 2,245 budgeted full time positions as of October 1, 2019.

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*Sean P. Donohue* (Chief Executive Officer). In his role as Chief Executive Officer, Mr. Donohue is responsible for the management, operation and future development of the Airport. Mr. Donohue joined the Airport in October of 2013, following a distinguished 28-year career in the airline industry. Prior to his arrival at the Airport, Mr. Donohue served for three years as the Chief Operating Officer for Virgin Australia Airlines, where he led day-to-day operations for Australia's second largest air carrier. Prior to that, Mr. Donohue served for 25 years with United Airlines in a variety of executive roles that included operations, sales and commercial startups. Mr. Donohue graduated from Boston College with a Bachelor of Science degree in Marketing and Economics and is a native of Massachusetts.

*Christopher A. Poinatte* (Executive Vice President-Chief Financial Officer). Mr. Poinatte was appointed Executive Vice President-Chief Financial Officer for the Airport in September 2003. In this position, Mr. Poinatte is responsible for the business and financial planning, budgeting, accounting, information technology systems, treasury functions and aviation real estate. Mr. Poinatte has over 40 years of financial experience in the private and public sectors. Before coming to the Airport, Mr. Poinatte was the Chief Financial Officer of NextJet Technologies, Inc., a start-up transportation management and logistics software company. Prior to that, Mr. Poinatte served as the Chief Financial Officer for the Dallas Area Rapid Transit ("DART"). Mr. Poinatte is a graduate of the University of Notre Dame and has been a Certified Public Accountant in Texas since 1981.

*Chad Makovsky* (Executive Vice President-Operations) Chad Makovsky has served as the Executive Vice President-Operations since March 2017. Mr. Makovsky directs DFW Airport's police, fire rescue, emergency medical, security services, airport operations, environmental affairs and integrated operations teams to ensure safe, secure, efficient and environmentally sustainable airport facilities. Prior to DFW Airport, Mr. Makovsky worked as Assistant Aviation Director for the City of Phoenix system of airports, including Phoenix Sky Harbor International Airport, Phoenix Deer Valley Airport, and Phoenix Goodyear Airport. He also held positions in operations at Burbank Airport, John F. Kennedy International Airport, and America West Airlines over his 29-year professional career. Mr. Makovsky serves on the American Association of Airport Executive's national Policy Review Committee and is the current Chair of AAAE's Transportation Security Services Committee. He holds a Private Pilot's License, a Bachelor of Science in Aviation Operations from St. Cloud State University, and a Master of Business Administration from Arizona State University's W.P. Carey School of Business.

*Kenneth Buchanan* (Executive Vice President-Revenue Management). Mr. Buchanan was appointed Executive Vice President-Revenue Management in August 2005, and is responsible for the Airport's strategic direction to maximize non-aviation revenues and increase customer satisfaction. He oversees and directs the Airport's concession, customer service, and parking business units. During his career Mr. Buchanan has acquired more than 30 years of industry experience in revenue management, sales, merchandising technology, sales planning and marketing. Prior to joining the Airport, he served as the Director of Strategic Initiatives and Sales Planning for Coors, Inc. He has also held executive level positions at Kmart Corp., Pepsi, Information Resources, Inc., and Kroger Corp. Mr. Buchanan attended Memphis State University, earning a B.A. in Business, and earned an MBA from Jackson State University. He has also completed the Airport Management Professional Accreditation Programmer (AMPAP) and received the AIP designation through Joint ACI-ICAO.

*Linda Valdez Thompson* (Executive Vice President-Administration and Diversity). Ms. Thompson was appointed to this position at the Airport in February 2001 and provides strategic leadership for Human Resources, Procurement and Materials Management, Risk Management, Business Diversity and Development, and Corporate Communications & Marketing functions. During her professional career, she has worked for such Fortune 500 companies as Levi Strauss, Hasbro, and Baxter Health Care. She is a Certified Corporate Citizenship Professional through Boston College, a Certified Diversity Professional/Advanced Practitioner from Cornell University, and is a certified Senior Professional in

Human Resources (SPHR), Certified Benefits Professional (CBP), and Certified Compensation Professional (CCP). Ms. Thompson holds a B.B.A. in Business Administration with honors from Midwestern State University, and a Masters in Organizational Management from the University of Phoenix.

*John Ackerman* (Executive Vice President-Global Strategy and Development). Mr. Ackerman was appointed Executive Vice President-Global Strategy and Development for the Airport in January 2015. In this position, Mr. Ackerman is responsible for strategy, airline relations, government relations, research and analytics, and the Airport's quantitative parking pricing efforts. Mr. Ackerman has 30 years of experience in public and private sector aviation, including military, airline, and airports. Before coming to the Airport, Mr. Ackerman was the Chief Commercial Officer of the Denver International Airport. Prior to that, Mr. Ackerman held roles as a pilot and executive at United Airlines, led Standard and Poor's global Xpressfeed business line, and was a Marine Corps officer and pilot. Mr. Ackerman is a graduate of Duke University.

*Khaled Naja* (Executive Vice President-Infrastructure and Development). Mr. Naja was appointed as Executive Vice President for the Airport in January 2015. In this position, Mr. Naja oversees the planning, design, code, construction, commercial development, energy, transportation and asset management. His professional career includes serving as Vice President in the Aviation Division for Parsons Corporation and as Chief Operating Officer of the Chicago Department of Aviation. Mr. Naja is a registered professional engineer licensed in Virginia, and a member of the National Board of Directors for the Construction Association of America (CMAA). He holds a Master of Civil Engineering from Pennsylvania State University and a Bachelor of Science in Civil Engineering from the University of Virginia.

*Paul Puopolo* (Executive Vice President-Innovation). Mr. Puopolo was appointed Executive Vice President-Innovation for the Airport in August 2018. In this position, Mr. Puopolo is responsible for leading DFW's Innovation function to identify, assess, and drive the collaborative development of new solutions and business models to create new growth and competitive advantage. Mr. Puopolo is an experienced "intrapreneur" with multi-industry innovation, emerging technology, and direct to consumer background. Throughout his career he has built and led corporate innovation teams within large, complex organizations. Before coming to the Airport, he served as the VP Innovation at MetLife Inc., VP of Business Innovation & Development at Highmark Inc., and Director of Consumer Innovation at Humana Inc. Mr. Puopolo served as an active duty officer and pilot in the U.S. Navy, is a graduate of Villanova University and the Naval Postgraduate School.

*Elaine Flud Rodriguez* (General Counsel). Ms. Rodriguez was appointed as an Executive Assistant City Attorney for the City of Dallas and General Counsel for the Airport in August 2011. In this position, Ms. Rodriguez directs and manages all legal functions for the Airport, including management of outside legal counsel. Prior to joining the Airport, Ms. Rodriguez served as Senior Vice President, General Counsel and Secretary of two NASDAQ-listed companies, EF Johnson Technologies, Inc. and CellStar Corporation. Prior to joining CellStar, she was General Counsel and Secretary of Zoecon Corporation, a wholly-owned subsidiary of Sandoz Ltd. Earlier in her career, she was engaged in the private practice of law with Atlas & Hall and Akin, Gump, Strauss, Hauer & Feld. Ms. Rodriguez earned her bachelor's degree at Loyola University New Orleans and her Juris Doctor from Tulane University School of Law. She is licensed to practice law in the states of Texas and Louisiana.

## **OPERATIONAL INFORMATION**

The following sections provide comparative operational information for the Airport's core business, including passengers, operations, destinations and landed weights. The information in the following tables is unaudited. Some schedules may not correspond or tie due to rounding of numbers and some amounts

may vary from prior official statements due to reclassifications. All amounts are in whole numbers unless stated in the title of the table or on a particular row.

### Aircraft Operations

For calendar year 2019, Airports Council International ("ACI") ranks the Airport third among United States airports and third globally for total number of aircraft operations. Table 4 sets forth the total annual aircraft operations at the Airport for each of the past five Fiscal Years and the six months ended March 31, 2020, and 2019.

**Table 4**  
**Aircraft Operations (Unaudited, in thousands)**

	Six Months Ended				Fiscal Year Ended September 30,									
	Mar-20		Mar-19		2019		2018		2017		2016		2015	
	Ops	%	Ops	%	Ops	%	Ops	%	Ops	%	Ops	%	Ops	%
Domestic Passenger .....	291	84%	273	83%	582	83%	550	83%	543	83%	571	84%	585	86%
International Passenger ....	33	9%	33	10%	72	10%	68	10%	71	11%	68	10%	66	10%
Total Passenger.....	<u>323</u>	<u>93%</u>	<u>306</u>	<u>93%</u>	<u>654</u>	<u>93%</u>	<u>618</u>	<u>93%</u>	<u>614</u>	<u>94%</u>	<u>639</u>	<u>94%</u>	<u>651</u>	<u>96%</u>
Cargo Aircraft .....	15	5%	15	4%	29	5%	18	3%	25	4%	23	4%	21	3%
General Aviation Aircraft	8	2%	9	3%	17	2%	26	4%	15	2%	13	2%	11	1%
Total Annual Operations	<u>346</u>		<u>330</u>		<u>700</u>		<u>662</u>		<u>654</u>		<u>675</u>		<u>683</u>	

Source: DFW Airport Finance Department, based on flight activity reports provided by airlines.

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## Air Service, Destinations and Frequencies

In the summer of Fiscal Year 2019, the Airport had nearly 1,100 daily peak non-stop departures for passenger service to 192 domestic destinations in the United States and 67 international destinations in Europe, Asia, Canada, Mexico, Central America, South America, Australia, the Middle East and the Caribbean. See **"IMPACT OF COVID-19 PANDEMIC ON THE AIRPORT"** regarding limits on current activity.

Table 5 summarizes the major markets served from the Airport by departing flights and departing seats as of March 31, 2020. (Note: "AA" is American Airlines and American Eagle, "AC" is Air Canada, "DL" is Delta Airlines, "LH" is Lufthansa, "QF" is Qantas Airways, and "UA" is United Airlines.)

**Table 5**  
**Passenger Service Market**  
**(Unaudited)**

### Domestic Markets

Monthly Frequencies				Monthly Seats			
Rank	Market	Total Market	Largest Market Carrier	Rank	Market	Total Market	Largest Market Carrier
1	ORD	619	AA	1	LAX	109,747	AA
2	LAX	592	AA	2	ORD	107,049	AA
3	LGA	529	AA	3	ATL	91,523	DL
4	ATL	522	DL	4	LGA	82,093	AA
5	IAH	498	AA	5	LAS	81,378	AA
6	DEN	498	AA	6	DEN	79,493	AA
7	LAS	446	AA	7	PHX	71,771	AA
8	PHX	393	AA	8	MCO	68,069	AA
9	MCO	373	AA	9	MIA	63,165	AA
10	SFO	362	AA	10	IAH	62,939	AA
11	AUS	329	AA	11	AUS	56,126	AA
12	SAT	323	AA	12	CLT	54,673	AA
13	MSP	318	AA	13	SFO	53,963	AA
14	DTW	318	AA	14	SAT	52,761	AA
15	MIA	315	AA	15	PHL	51,892	AA
16	SLC	309	AA	16	SEA	49,636	AA
17	CLT	301	AA	17	FLL	49,201	AA
18	PHL	292	AA	18	DCA	46,510	AA
19	SEA	287	AA	19	SAN	45,171	AA
20	EWR	285	UA	20	DTW	44,064	AA

### International Markets

Monthly Frequencies				Monthly Seats			
Rank	Market	Total Market	Largest Market Carrier	Rank	Market	Total Market	Largest Market Carrier
1	MEX	238	AA	1	LHR	37,161	AA
2	CUN	194	AA	2	CUN	35,664	AA
3	YYZ	162	AC	3	MEX	34,435	AA
4	MTY	150	AA	4	NRT	20,622	AA
5	LHR	131	AA	5	SJD	18,933	AA
6	SJD	118	AA	6	YYZ	15,909	AA
7	PVR	86	AA	7	PVR	13,760	AA
8	NRT	84	AA	8	FRA	13,696	LH
9	GDL	79	AA	9	SYD	12,746	QF
10	BJX	76	AA	10	ICN	12,267	AA

Source - DFW Global Strategy & Development Department

## Enplaned Passengers

For calendar year 2019, the ACI report ranks the Airport third globally in operations and tenth globally for passengers.

American Airlines (including American Eagle) is the Airport's largest carrier with 86% of total passengers for Fiscal Year 2019. The average load factor for all flights departing and arriving at the Airport for the same Fiscal Year was approximately 87%.

Table 6 sets forth enplanements categorized by domestic and international service; originating, destination and connecting; and by carrier for each of the past five Fiscal Years and the six months ended March 31, 2019, and 2020.

**Table 6**  
**Total Domestic and International Enplanements Statistics**  
**(Unaudited, in millions)**

Passengers	Six Months Ended				Fiscal Year Ended, September 30									
	Mar-20		Mar-19		2019		2018		2017		2016		2015*	
	Pass	%	Pass	%	Pass	%	Pass	%	Pass	%	Pass	%	Pass	%
<u>Domestic/International</u>														
Domestic .....	14.7	88	14.7	87	32.0	87	30.2	88	28.8	87	28.7	88	28.5	88
International .....	2.0	12	2.1	13	4.6	13	4.3	12	4.3	13	4.1	12	4.0	12
Total Enplanements.....	<u>16.7</u>	<u>100</u>	<u>16.8</u>	<u>100</u>	<u>36.6</u>	<u>100</u>	<u>34.5</u>	<u>100</u>	<u>33.1</u>	<u>100</u>	<u>32.8</u>	<u>100</u>	<u>32.5</u>	<u>100</u>
<u>O&amp;D/Connecting</u>														
Origination (O).....	3.7	22	3.8	23	8.5	23	8.1	23	7.6	23	7.5	22	7.2	22
Destination (D).....	3.1	18	3.2	19	6.6	18	6.4	19	6.1	18	6.1	19	6.6	20
Connecting .....	9.9	60	9.8	58	21.5	59	20.0	58	19.4	59	19.2	59	18.7	58
Total Enplanements.....	<u>16.7</u>	<u>100</u>	<u>16.8</u>	<u>100</u>	<u>36.6</u>	<u>100</u>	<u>34.5</u>	<u>100</u>	<u>33.1</u>	<u>100</u>	<u>32.8</u>	<u>100</u>	<u>32.5</u>	<u>100</u>
<u>By Airline</u>														
American.....	11.3	67	11.7	70	25.1	69	23.6	68	22.6	68	22.3	68	21.7	67
American Eagle (Envoy Air)	3.0	18	2.8	17	6.1	17	5.5	16	5.5	17	5.5	17	4.9	15
US Airways <sup>(1)</sup> .....	-	0	-	0	-	0	-	0	-	0	-	0	0.9	3
Delta.....	0.7	4	0.6	4	1.4	4	1.3	4	1.2	4	1.3	4	1.3	4
United.....	0.5	3	0.5	3	1.1	3	1.2	4	1.1	3	1.0	3	1.0	3
Spirit Airlines.....	0.6	4	0.6	3	1.4	4	1.4	4	1.2	4	1.3	4	1.3	4
Emirates .....	0.0	0	0.1	0	0.1	0	0.1	0	0.1	0	0.1	0	0.1	0
Qantas Airways.....	0.0	0	0.1	0	0.1	0	0.1	0	0.1	0	0.1	0	0.1	0
Qatar Airways .....	0.0	0	0.0	0	0.1	0	0.1	0	0.1	0	0.1	0	0.1	0
Sun Country Airlines .....	0.06	0	0.0	0	0.1	0	0.1	0	0.1	0	0.1	0	0.1	0
Other .....	0.6	4	0.4	3	1.1	3	1.1	4	1.1	4	1.0	4	1.0	4
Total Enplanements.....	<u>16.7</u>	<u>100</u>	<u>16.8</u>	<u>100</u>	<u>36.6</u>	<u>100</u>	<u>34.5</u>	<u>100</u>	<u>33.1</u>	<u>100</u>	<u>32.8</u>	<u>100</u>	<u>32.5</u>	<u>100</u>

Source: DFW Airport Finance Department's most current data available based on flight activity reports provided by airlines.

(1) As of October 2015, US Airways and American Airlines began operating under a single certificate.

\* Final Fiscal Year 2015 Enplaned Passengers adjusted from 31.8 to 32.5 due to change in airline reporting practices.

Table 7 shows monthly enplanements (departures) for each of the past five Fiscal Years and the first eight months of Fiscal Year 2020. See "IMPACT OF COVID-19 PANDEMIC ON THE AIRPORT."

**Table 7**  
**Total Domestic and International Enplanements**  
**(Unaudited, in thousands)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015*</u>
October	3,186	2,868	2,917	2,794	2,808	2,707
November	3,007	2,808	2,714	2,593	2,603	2,432
December	3,219	2,842	2,825	2,671	2,684	2,685
January	2,871	2,718	2,601	2,528	2,530	2,489
February	2,770	2,566	2,466	2,366	2,417	2,176
March	1,649	3,048	2,896	2,814	2,780	2,700
April	242	2,999	2,788	2,635	2,625	2,655
May	676	3,318	3,015	2,909	2,835	2,769
June		3,444	3,275	3,051	2,969	3,023
July		3,557	3,281	3,116	3,056	3,170
August		3,400	3,087	2,956	2,802	2,962
September		<u>3,067</u>	<u>2,647</u>	<u>2,696</u>	<u>2,728</u>	<u>2,687</u>
<b>Total</b>	<u><u>17,618</u></u>	<u><u>36,635</u></u>	<u><u>34,512</u></u>	<u><u>33,131</u></u>	<u><u>32,837</u></u>	<u><u>32,455</u></u>
Increase (Decrease)						
over Prior Period	(23.9%)	6.2%	4.2%	0.9%	1.2%	3.3%

Source: DFW Airport Finance Department, most current data available, based on flight activity reports provided by airlines

\* Final FY 2015 Enplaned Passengers adjusted from 31,759 to 32,455 due to change in airline reporting practices.

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## Landed Weights

Table 8 highlights total landed weights by carrier type and airline and cargo tonnage for each of the past five Fiscal Years and the six months ended March 31, 2020 and 2019. American Airlines (including American Eagle) was the Airport's largest carrier representing approximately 76% of total landed weights at the Airport for the Fiscal Year ended September 30, 2019, and the six months ended March 31, 2020, and 2019.

**Table 8**  
**Landed Weights and Cargo Tonnage**  
**(Unaudited, in billions of pounds)**

	Six Months Ended				Fiscal Year Ended September 30,									
	Mar-20		Mar-19		2019		2018		2017		2016		2015	
	Wgt.	%	Wgt.	%	Wgt.	%	Wgt.	%	Wgt.	%	Wgt.	%	Wgt.	%
<b>By Carrier Type</b>														
Domestic Pass. Airlines.....	19.6	86	18.8	85	40.2	86	37.6	86	37.1	87	36.5	88	36.3	89
International Pass. Airlines...	0.9	4	0.8	4	2.1	4	1.9	4	1.7	4	1.4	3	1.1	3
Cargo/Integrator Airlines .....	2.4	10	2.4	11	4.5	10	4.3	10	4.0	9	3.8	9	3.3	8
Total Landed Weights .....	<u>22.9</u>	<u>100</u>	<u>22.0</u>	<u>100</u>	<u>46.8</u>	<u>100</u>	<u>43.8</u>	<u>100</u>	<u>42.8</u>	<u>100</u>	<u>41.7</u>	<u>100</u>	<u>40.7</u>	<u>100</u>
<b>By Major Airline</b>														
American.....	13.5	59	13.6	62	27.9	60	26.1	60	25.6	60	25.0	60	24.5	60
American Eagle (Envoy Air)	4.0	17	3.4	16	7.4	16	6.7	15	6.7	16	6.6	16	5.3	13
US Airways <sup>(1)</sup> .....	-	0	-	0	-	0	-	0	-	0	-	0	1.1	3
UPS .....	1.1	5	0.9	4	1.9	4	1.3	3	1.2	3	1.1	3	1.0	2
Delta.....	0.8	3	0.7	3	1.6	3	1.4	3	1.4	3	1.4	3	1.5	4
Spirit Airlines.....	0.6	3	0.6	3	1.4	3	1.4	3	1.2	3	1.4	3	1.4	3
Federal Express .....	0.3	1	0.3	1	0.6	1	0.6	1	0.6	1	0.6	2	0.6	1
United.....	0.6	3	0.6	3	1.2	3	1.4	3	1.3	3	1.2	3	1.1	3
British Airways .....	0.1	1	0.1	0	0.2	0	0.2	1	0.2	1	0.2	1	0.2	1
Korean Air Lines.....	0.1	0	0.1	0	0.1	0	0.1	0	0.1	0	0.1	0	0.1	0
Lufthansa German Airlines ..	0.1	1	0.1	0	0.1	0	0.1	0	0.1	0	0.1	0	0.1	0
Emirates .....	0.1	0	0.1	0	0.2	1	0.2	1	0.2	0	0.2	1	0.3	1
Etihad Airways.....	-	0	0.0	0	0.0	0	0.1	0	0.1	1	0.1	0	0.1	1
Qantas.....	0.1	1	0.1	1	0.3	1	0.3	2	0.3	1	0.2	1	0.3	1
Qatar Airways .....	0.1	0	0.1	0	0.2	1	0.2	1	0.2	1	0.1	0	0.2	0
Sun Country Airlines.....	0.0	0	0.0	0	0.1	1	0.1	1	0.1	1	0.1	0	0.1	0
Other .....	1.4	6	1.3	5	3.6	6	3.6	6	3.5	6	3.3	8	2.8	7
Total Landed Weights .....	<u>22.9</u>	<u>100</u>	<u>22.0</u>	<u>100</u>	<u>46.8</u>	<u>100</u>	<u>43.8</u>	<u>100</u>	<u>42.8</u>	<u>100</u>	<u>41.7</u>	<u>100</u>	<u>40.7</u>	<u>100</u>
Cargo Tonnage .....	<u>480</u>		<u>477</u>		<u>972</u>		<u>911</u>		<u>886</u>		<u>795</u>		<u>733</u>	

Source: DFW Finance Department, based on flight activity reports provided by airlines.

(1) As of October 2015, US Airways and American Airlines began operating under a single certificate.

## Passenger Facility Charges

Under the Aviation Safety and Capacity Act of 1990 (the "PFC Act"), as modified by the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century ("AIR 21"), as amended, the FAA may authorize a public agency to impose a Passenger Facility Charge ("PFC") of \$1.00, \$2.00, \$3.00, \$4.00 or \$4.50 on each passenger enplaned at any commercial service airport controlled by the public agency, subject to certain limitations. PFCs are available to airports to finance certain projects that (i) preserve or enhance capacity, safety or security of the national air transportation system, (ii) reduce noise resulting from an

airport or (iii) furnish opportunities for enhanced competition among air carriers. PFC applications are approved by the FAA for specific projects. An airport may only impose the designated PFC until it collects the authorized total amount of that application. Interest earnings on collections are included in the application total. Under certain circumstances, the FAA grants approval to commence collection of PFCs ("impose only" approval) before approval to spend PFCs on approved projects ("use" approval) is granted. Approval to both collect and spend PFCs is referred to as an "impose and use" approval. PFCs may be spent to pay eligible debt service only on approved PFC projects and the terms of the PFC approval do not permit the use of PFC revenue to pay debt service on any new or outstanding bonds issued to finance projects other than approved PFC projects.

The Airport began collecting PFC revenues in June 1994. PFC collections, at the approved \$4.50 level, and interest for the past five Fiscal Years (October 1 - September 30) on a cash basis are shown below.

**Table 9**  
**PFC Collections and Interest on Cash Basis**

<u>Fiscal Year</u>	<u>PFC Revenues (Millions)</u>
2016	127
2017	128
2018	132
2019	140
2020*	72

\*As of March 31, 2020

Effective July 1, 2011, PFC Application 11-10-C-00-DFW authorized the Impose and Use of \$4,165,097,984 of which \$1,180,423,797 has been collected as of March 31, 2020, for the purpose of paying debt service on 14 approved PFC projects. The Airport expects such collections to continue until approximately 2038. PFCs remitted to the Airport by the airlines are deposited into a separate fund and, to the extent funds are available, are transferred monthly to the Operating Revenue and Expense Fund in an amount sufficient to pay eligible debt service. Although not included as a part of Gross Revenues, pursuant to the PFC Application and the Use Agreements with the Signatory Airlines, PFC revenues may be used only for the purpose of paying eligible debt service on approved PFC projects, and upon deposit to the Operating Revenue and Expense Fund, such amounts become a part of the Pledged Funds. Failure to collect PFC revenues in an amount sufficient to pay eligible debt service on the PFC approved projects may lead to increases in other costs at the Airport, such as landing fees and terminal rents. See "**CERTAIN INVESTMENT CONSIDERATIONS—Passenger Facilities Charges.**"

#### **NON-AIRLINE BUSINESS UNITS INFORMATION**

Set forth below is a summary of the Airport's most significant revenue producing non-airline business units and the Public Facility Improvement Corporation. The amounts provided herein are unaudited.

#### **Parking and Ground Transportation**

The Airport manages its own parking operations and access to the Airport is restricted, with parking control plazas at each entry/exit. Parking is the largest source of non-airline operating revenue at the Airport.

As of March 31, 2020, the Airport had a total of approximately 30,400 open public parking spaces. See **"IMPACT OF COVID-19 PANDEMIC ON THE AIRPORT."**

Parking fees are charged based on the length of stay and parking product. The Airport's primary parking products include terminal ("Terminal"), infield ("Infield"), express ("Express") and remote ("Remote") parking. Parking also includes revenues collected from passenger pick-up and drop-off other than from Transportation Network Companies ("TNCs") or other ground transportation ("Drop-Off/Meeter-Greeter"). In addition, parking revenues include revenues from members of the public using International Parkway as a throughway to traverse the Airport, i.e. without any intention to stop or utilize Airport services ("Pass-Through").

Over the last several years, TNCs, such as Uber and Lyft, have entered the market. These providers, like other ground transportation modes (e.g., taxis, limos, shared ride) pay access fees to the Airport to drop off and pick up passengers. The TNCs remit payment to the Airport of \$5 for each pick up or drop off made at the Airport. Total transaction revenues from TNC providers have grown from zero in Fiscal Year 2013 to \$26.6 million in Fiscal Year 2019. Since customers can park or be dropped off at DFW, the Airport (and the airport industry) has begun to view parking, TNCs and other ground transportation as one business unit. Accordingly, these revenue streams and transactions have been added into Table 10 below.

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Table 10 highlights key parking and ground transportation financial and operational information for the past five Fiscal Years and the six months ended March 31, 2019 and 2020.

**Table 10**  
**Summary of Key Parking Financial and Operational Information**  
**(Unaudited)**

	Six Months Ended		Fiscal Year Ended September 30,				
	Mar-20	Mar-19	2019	2018	2017	2016	2015
Parking Revenues (millions)							
Terminal/Infield .....	\$ 42.6	\$ 44.3	\$ 95.4	\$ 89.1	\$ 85.3	\$ 82.7	\$ 78.8
Express/Remote.....	9.7	11.6	25.5	29.8	31.3	30.8	29.2
Drop Off/Meeter-Greeter .....	8.1	8.5	17.9	18.2	18.4	18.9	17.1
Pass-Through.....	1.5	1.7	3.1	4.0	4.2	3.3	3.1
Other.....	2.9	2.8	11.0	10.7	5.8	6.6	7.0
Sub total.....	\$ 64.8	\$ 68.9	\$ 152.9	\$ 151.8	\$ 145.0	\$ 142.3	\$ 135.2
TNCs .....	13.0	12.0	26.6	18.3	12.3	6.5	0.3
Other Ground Transportation.....	1.7	2.3	4.9	5.8	6.4	7.9	9.2
Total .....	\$ 79.5	\$ 83.2	\$ 184.4	\$ 175.9	\$ 163.6	\$ 156.7	\$ 144.6
Parking Transactions (millions)							
Terminal/Infield .....	0.97	0.88	2.10	1.86	1.85	1.92	1.85
Express/Remote.....	0.22	0.25	0.56	0.64	0.67	0.73	0.71
Drop Off/Meeter-Greeter .....	5.84	6.16	13.15	12.34	11.27	10.36	8.85
Pass-Through.....	0.30	0.45	0.85	1.09	1.14	1.69	2.06
Sub total.....	7.33	7.74	16.66	15.93	14.93	14.70	13.47
TNCs .....	2.60	2.42	5.32	4.28	3.07	1.62	0.07
Other Ground Transportation.....	0.46	0.62	0.95	1.41	1.63	1.83	2.16
Total .....	10.39	10.79	22.93	21.62	19.63	18.15	15.70
Average Length of Stay (Days)							
Terminal .....	1.81	2.17	1.71	2.00	1.92	1.96	2.03
Express .....	3.53	3.87	3.31	3.71	3.80	3.83	3.67
Remote .....	4.02	4.07	3.78	4.11	4.11	4.17	4.22
Weighted Average.....	2.19	2.60	2.10	2.43	2.46	2.52	2.55
Parking Revenue per							
Originating Passenger.....	\$ 8.26	\$ 8.79	\$ 8.13	\$ 8.49	\$ 8.86	\$ 8.75	\$ 8.89

Source: DFW Finance and Parking Departments.

During Fiscal Year 2018, the Airport implemented an on-line prepaid parking program allowing customers to prebook their parking at discounted rates. For Fiscal Year 2019, prepaid parking accounted for \$14.7 million (12.1%) of the Airport's total public parking revenues of \$121 million for the terminal, express and remote parking products. For the first six-months of Fiscal Year 2020 through March 31, 2020, prepaid parking accounted for \$8.9 million (17.2%) of the Airport's total public parking revenues of \$52.3 million for the terminal, express and remote parking products. Airport management believes that this prepaid option will allow it to fill vacant parking spaces, compete with TNCs and achieve higher revenues.

In addition to revenues from on-airport parking, there are nine off-airport parking providers (six self-park and three dedicated valets) which pay a fee equal to 12% of gross revenue to the Airport for access to the Airport. The off-airport operators report their gross revenues to the Airport on a monthly basis. Total off-airport sales volume, including off-Airport valet providers, was approximately \$3 million in Fiscal Year 2018 and \$3.5 million in Fiscal Year 2019. Gross revenues of off-airport operators is included in Other in the table above.

## Terminal Concessions

Terminal concessions primarily consist of food and beverage, retail and duty free, advertising, and customer service/amenities. Concessions agreements generally are for a term of 5 to 10 years and include a minimum annual guarantee and percentage rent (i.e., a rental charge based on the revenues of the tenant).

Table 11 highlights key terminal concessions financial and operational data for the past five Fiscal Years and the six months ended March 31, 2019 and 2020.

**Table 11**  
**Summary of Key Terminal and Non-Terminal Concessions**  
**Financial and Operational Information**  
**(Unaudited)**

	Six Months Ended		Fiscal Year Ended, September 30				
	Mar-20	Mar-19	2019	2018	2017	2016	2015 **
Number of concessions locations	233	207	252	237	224	230	233
Leased sq. ft. as of September 30 (000s)	314	286	300	275	249	240	232
Concessions Sales-Terminal (millions):							
Food and beverage	\$ 127.5	\$ 124.0	\$ 277.4	\$ 240.0	\$ 223.0	\$ 220.1	\$ 211.5
Retail and duty free	64.3	70.9	129.4	123.9	113.9	113.8	112.3
Other In Terminal	18.7	18.3	40.8	30.7	22.6	16.5	19.6
Total concessions sales	<u>\$ 210.5</u>	<u>\$ 213.2</u>	<u>\$ 447.6</u>	<u>\$ 394.6</u>	<u>\$ 359.5</u>	<u>\$ 350.4</u>	<u>\$ 343.4</u>
Concessions sales/enplanement	<u>\$ 12.62</u>	<u>\$ 12.65</u>	<u>\$ 12.22</u>	<u>\$ 11.44</u>	<u>\$ 10.86</u>	<u>\$ 10.67</u>	<u>\$ 10.58</u>
Concession sales per sq. ft.	<u>\$ 1,251</u>	<u>\$ 1,490</u>	<u>\$ 1,492</u>	<u>\$ 1,433</u>	<u>\$ 1,445</u>	<u>\$ 1,463</u>	<u>\$ 1,480</u>
Concessions Income to DFW-Terminal (millions):							
Food and beverage	\$ 18.6	\$ 18.4	\$ 40.1	\$ 35.6	\$ 32.9	\$ 30.9	\$ 27.8
Retail and duty free	9.4	11.5	24.8	23.9	22.6	21.1	19.4
Other In Terminal	13.8	13.3	26.9	24.8	24.1	19.1	19.1
Income-Terminal Subtotal	<u>\$ 41.8</u>	<u>\$ 43.2</u>	<u>\$ 91.8</u>	<u>\$ 84.3</u>	<u>\$ 79.6</u>	<u>\$ 71.1</u>	<u>\$ 66.3</u>
Concessions income/enplanement	<u>\$ 2.50</u>	<u>\$ 2.56</u>	<u>\$ 2.51</u>	<u>\$ 2.44</u>	<u>\$ 2.40</u>	<u>\$ 2.17</u>	<u>\$ 2.09</u>
Concessions income per sq. ft.	<u>\$ 266</u>	<u>\$ 302</u>	<u>\$ 306</u>	<u>\$ 306</u>	<u>\$ 320</u>	<u>\$ 297</u>	<u>\$ 286</u>
Concessions - Not In Terminal*							
	<u>\$ 4.61</u>	<u>\$ 4.90</u>	<u>\$ 10.17</u>	<u>\$ 9.23</u>	<u>\$ 8.73</u>	<u>\$ 8.02</u>	<u>\$ 7.67</u>
Total Concessions income to DFW	<u>\$ 46.4</u>	<u>\$ 48.1</u>	<u>\$ 102.0</u>	<u>\$ 93.5</u>	<u>\$ 88.3</u>	<u>\$ 79.1</u>	<u>\$ 74.0</u>

Source: DFW Finance and Concessions Departments, from concessionaire on-line reporting.

\* Non-passenger/non-terminal income. Includes reimbursable services. Not included in ratios.

\*\* In FY 2015 Concessions for enplanement was adjusted from \$10.81 to \$10.58 due to change in airline reporting practices.

The overall trend of increasing concessions sales is primarily due to the completion of DFW's terminal renewal and improvement program which renovated three of DFW's terminals, allowing the Airport to add concessions space with new concessionaires. See "**IMPACT OF COVID-19 PANDEMIC ON THE AIRPORT.**"

## Rental Cars

The consolidated rental car facility ("RAC") located at the Airport covers approximately 200 acres and includes a common rental building with individual counters and back office space for each rental car company, a parking garage for ready and return car spaces, a bus maintenance facility, maintenance bays, remote service sites and fueling systems. The Airport collects ground lease and percentage rent from the

rental car companies. There are six rental car companies with twelve brands operating from the RAC, with a total available inventory of approximately 25,000 cars. The largest three rental car companies are Hertz, Avis and Vanguard, as of March 31, 2020. There are no major off-airport rental car companies operating at the Airport. See "**IMPACT OF COVID-19 PANDEMIC ON THE AIRPORT – Other Information**" regarding current bankruptcies of Hertz and Advantage/Enterprise.

Table 12 highlights key terminal rental car financial and operational data for the past five Fiscal Years ended September 30, 2019 and for the six months ended March 31, 2020 and 2019. See "**NON-AIRLINE BUSINESS UNITS INFORMATION – Public Facility Improvement Corporation – Rental Car Facility,**" and "**IMPACT OF COVID-19 PANDEMIC ON THE AIRPORT – Other Information.**"

**Table 12**  
**Summary of Key Rental Car Financial and Operational Information**  
**(Unaudited)**

	Six Months Ended		Fiscal Year Ended, September 30				
	Mar-20	Mar-19	2019	2018	2017	2016	2015
Transaction days (thousands)	2,419	2,700	5,572	5,500	5,396	5,552	5,195
Rental car sales (millions)	\$ 131.9	\$ 132.8	\$ 280.9	\$ 273.5	\$ 269.3	\$ 279.9	\$ 265.6
Income to DFW (millions)	\$ 15.7	\$ 16.2	\$ 33.5	\$ 33.1	\$ 32.6	\$ 33.6	\$ 31.8
Income/destination passenger	\$ 2.56	\$ 2.53	\$ 2.54	\$ 2.58	\$ 2.67	\$ 2.76	\$ 2.46

Source: DFW Finance and Concessions Departments, from rental car companies self-reporting.

## Commercial Development

The Airport has a total landmass of approximately 17,183 acres. As of March 31, 2020, 9,105 acres have been developed and are being used for runways, taxiways, terminals, roads, and commercially developed property. Airport management estimates that approximately 3,380 acres of additional land is available for future development. A commercial development land use plan has been completed and approved by the Board. Airport management focuses primarily on developing land that has airport synergy such as logistics and warehousing.

Commercial development revenues are primarily generated from ground leases, foreign trade zone tariffs, non-terminal facility rents, and property and surface use fees. Multi-year lease agreements are negotiated with tenants on a square foot or acre basis. Some leases such as the Hyatt Regency Hotel and Bear Creek Golf Course also include percentage rent.

The Airport has a 2,400-acre Foreign Trade Zone ("FTZ") permitting companies with facilities thereon to avoid or defer payment of custom duties.

Table 13 highlights key commercial development financial and operational information for the past five Fiscal Years and the six months ended March 31, 2020 and 2019. The largest three Airport tenants from a revenue perspective are: American Airlines (32%), PFIC — Campus West (8%) and UPS (7%).

**Table 13**  
**Summary of Key Commercial Development Financial and Operational Information**  
**(Unaudited)**

	Six Months Ended		Fiscal Year Ended September 30,				
	Mar-20	Mar-19	2019	2018	2017	2016	2015
Ground Lease Revs. (millions).....	\$ 28.9	\$ 26.0	\$ 92.2 <sup>(1)</sup>	\$ 45.8	\$ 44.1	\$ 39.8	\$ 37.6
Acres Leased* (end of period) .....	2,085	1,696	1,863	1,597	1,592	1,455	1,415
Average Lease Rate per Acre (thousands) .....	\$ 13.9	\$ 15.3	\$ 49.5	\$ 28.7	\$ 27.7	\$ 27.4	\$ 26.6

Source: DFW Finance and Commercial Development Departments.

\* Acres leased represents leased acreage that is revenue generating as of the end of the reported period.

<sup>(1)</sup> Includes one-time Campus West lease payment for \$40.0 million

### **Natural Gas**

On October 6, 2006, the Board signed a lease agreement (the "Lease Agreement") with Chesapeake Energy Company to begin natural gas exploration and extraction at the Airport. Total SA purchased the natural gas drilling rights from Chesapeake in 2016. Those assets are now managed by Total Exploration and Production Barnett ("TEP Barnett"). The Lease Agreement requires TEP Barnett to pay a royalty fee of 25% of gross natural gas revenues.

Bonuses and royalty payments are not Gross Revenues of the Airport. They are treated as proceeds from the sale of Airport property and are deposited into the Joint Capital Account within the Capital Improvements Fund. TEP Barnett also pays surface use and other fees to the Airport on an ongoing basis to manage the extraction and transportation of natural gas on and through the Airport. Such surface use and other fees are classified as Gross Revenues of the Airport.

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Table 14 highlights key natural gas financial and operational information for the past five Fiscal Years and the six months ended March 31, 2020 and 2019. Natural gas revenues have declined over time primarily due to low market prices for natural gas and declining production at existing wells. It is uncertain when or if new wells will be drilled in the future.

**Table 14**  
**Summary of Key Natural Gas Financial and Operational Information**  
**(Unaudited)**

	Six Months Ended		Fiscal Year Ended September 30,				
	Mar-20	Mar-19	2019	2018	2017*	2016	2015
Revenues (millions):							
Royalties ** .....	\$ 0.7	\$ 1.2	\$ 1.8	\$ 2.3	\$ 10.2	\$ 2.0	\$ 3.6
Surface use and other revenues .....	0.0	0.0	0.0	0.1	0.1	0.1	0.1
Total Natural Gas Revenues .....	\$ 0.7	\$ 1.2	\$ 1.8	\$ 2.4	\$ 10.3	\$ 2.1	\$ 3.7
Operational Information							
Wells in production.....	53	58	53	58	59	70	74
Production (MMcf).....	1.3	2.0	3.7	3.4	3.4	4.4	5.6
Average price paid to DFW <sup>(1)</sup> .....	\$ 1.75	\$ 2.29	\$ 2.23	\$ 2.66	\$ 2.46	\$ 1.81	\$ 2.74

Source: DFW Finance and Commercial Development Departments, production data from Total Exploration and Production Barnett ("TEP Barnett") and Chesapeake Energy.

\* In addition to the annual royalties from the natural gas lease, DFW received a one-time partial settlement payment of \$8.2M in Fiscal Year 2017.

\*\* DFW Royalties share is 25% of the Natural gas output.

<sup>(1)</sup> Price is net of transportation costs.

### **Public Facility Improvement Corporation**

The Public Facility Improvement Corporation ("PFIC") was created in 2001 for the purpose of financing, planning, constructing, equipping, owning, renovating, repairing, improving, maintaining and/or operating one or more facilities within the boundaries of the Airport. The revenues and costs of PFIC projects are separate from the DFWCC and the Airport's Operating Revenue and Expense Fund, and therefore, not shared with the Airlines. Except as described below, the revenues of the PFIC are not Gross Revenues of the Airport. The PFIC currently leases and operates the Grand Hyatt Hotel, the RAC, the Hyatt Place Hotel and the Verizon campus (called "Campus West"). The PFIC also plans to construct a new Hyatt House hotel; however, this project is on hold as a result of the COVID-19 pandemic. See "**IMPACT OF COVID-19 PANDEMIC ON THE AIRPORT.**" Management may request the Cities to approve additional projects for the PFIC in the future. Except for the financing agreements for the Grand Hyatt and the RAC (described below), PFIC revenues are not Gross Revenues of the Airport. However, unencumbered PFIC revenues are available, if needed, to pay debt service on Obligations.

Grand Hyatt Hotel. The Grand Hyatt Hotel is a 298-room hotel located in Terminal D that opened in Fiscal Year 2005. The hotel is owned by the Airport and leased to the PFIC which is responsible for hotel management. The PFIC has signed an agreement with Hyatt Corporation, a subsidiary of Hyatt Hotels Corporation ("Hyatt"), to provide the day-to-day management of hotel operations. The agreement expires on June 30, 2025 and has two five-year options and one two-year option extensions available.

The PFIC issued approximately \$70 million Public Facility Improvement Corporation Airport Hotel Revenue Bonds, Series 2001 to construct the Grand Hyatt Hotel. In 2012, the Series 2001 Bonds were refunded by the Dallas Fort Worth International Airport Joint Revenue Improvement and Refunding

Bonds, Series 2012C. In consideration for the Airport issuing the Series 2012C Bonds, the PFIC entered into a financing agreement whereby the PFIC will deposit, to the extent available, an amount sufficient to pay that portion of the debt service and coverage requirement attributable to the refunding of the Series 2001 Bonds. Amounts transferred to the Airport to pay for debt service and coverage, once received by the Airport and deposited to the Operating Revenue and Expense Fund become part of the Pledged Funds of the Airport. The PFIC also makes monthly contributions to a furniture, fixtures and equipment account and a capital account for the continual renewal and improvement of the hotel. Any excess funds are held by the PFIC and may be used for improvements to the Grand Hyatt Hotel, granted to the Airport, or for other projects approved by the Cities.

Rental Car Facility. In 1998 and 1999, DFW's Facility Improvement Corporation ("FIC") issued approximately \$160 million of taxable bonds (the "FIC Bonds") to construct the RAC. The FIC Bonds were secured by the collection of a Customer Facility Charge (the "CFC") by the rental car companies. The FIC Bonds were defeased with the proceeds of the Dallas Fort Worth International Airport Joint Revenue Refunding Bonds, Series 2011A (the "Series 2011A Bonds"). In consideration for the Cities issuing the Series 2011A Bonds, the FIC entered into a financing agreement whereby the FIC will deposit, to the extent available, an amount sufficient to pay that portion of the debt service and coverage attributable to the Series 2011A Bonds. The CFC is currently \$4.00 per transaction day and may be changed at the discretion of the Airport at any time as necessary to ensure the payment of debt service. The CFC is also used to make capital facility improvements to the RAC and to purchase buses.

During Fiscal Year 2012 the Cities authorized the assignment of the FIC's assets, obligations and responsibilities, with respect to the RAC, to the PFIC. Amounts transferred to the Airport to pay for debt service and coverage on the 2011A Bonds, once received by the Airport and deposited to the Operating Revenue and Expense Fund, become part of the Pledged Funds of the Airport.

Hyatt Place Hotel. In early 2016, DFW opened a 136-room select service Hyatt Place Hotel in the Southgate Development area near the RAC. The hotel was constructed with PFIC cash. The hotel is owned by the Airport and leased to the PFIC which operates the hotel on behalf of the Airport. The PFIC entered into a fixed-fee management agreement with Select Hotels Group, L.L.C. ("Select Hotels"), a subsidiary of Hyatt, to operate the hotel for the PFIC. The agreement expires on February 26, 2031. All hotel revenues are remitted to the PFIC which then reimburses the Hyatt for all operating expenses of the hotel. The PFIC also makes monthly contributions to a furniture, fixtures and equipment account and a capital account for the continual renewal and improvement of the hotel. Any excess funds are held by the PFIC and may be used for improvements to the Hyatt Place Hotel, granted to the Airport, or for other projects approved by the Cities.

Hyatt House Hotel. In Fiscal Year 2018, DFW received approvals from the Cities to construct and operate a 130-room Hyatt House Hotel which will be located adjacent to the Hyatt Place Hotel. The hotel will be constructed with PFIC cash and managed by Select Hotels under a fixed fee arrangement. This project is on hold as a result of the COVID-19 pandemic.

Campus West. In December 2018, the Airport approved the Verizon Campus (called "Campus West") lease assignment and designation as an authorized PFIC project. In consideration of PFIC assuming the obligations under the lease with the Airport, and releasing Verizon of such obligations going forward, Verizon paid the PFIC \$40 million. The PFIC will make future lease payments to the Airport in the amount of \$2.2 million per year. The 77-acre corporate campus includes six buildings totaling over 600,000 square feet, approximately 450,000 of which are currently subleased to Dex Media (now called "Thryv"), who will continue to make annual rental payments of \$5.8 million to the PFIC under a 7-year lease with an option for one five-year extension. PFIC agreed to a rent credit of \$11 million towards major repair of the facility that will be performed by Thryv. The property also contains 109 overnight accommodation rooms for Thryv

training purposes, a fitness center, a 450-person auditorium, and an additional 28 acres of airside land for potential development opportunities. The PFIC will attempt to lease the remaining office spaces at Campus West.

DFW Debt Service. In October 2019, the Cities approved DFW Debt Service as an "approved project." This approval permits PFIC cash and investments to be available to pay Obligations if needed.

As of March 31, 2020, the PFIC had unrestricted available cash and investments of approximately \$187 million.

Table 15 highlights the combined cash flows from operations and debt service coverage for the Grand Hyatt, RAC, and Hyatt Place business for the Fiscal Year ended September 30, 2019.

**Table 15**  
**Actual/Proforma PFIC Cash Flows and Coverage**  
**Fiscal Year Ended September 30, 2019**  
**(Unaudited in millions)**

	Grand Hyatt	RAC - CFC *	Hyatt Place	RAC - CTC**	Campus West	Total
Revenues.....	\$ 44.1	\$ 22.4	\$ 6.3	\$ 14.0	\$ 43.9 <sup>(1)</sup>	\$ 130.7
Less:						
Expenses .....	24.8	-	4.3	\$ 13.0	0.2	42.3
Net Available for Debt Service .....	19.3	22.4	2.0	1.0	43.7	88.4
Debt Service.....	\$ 5.0	\$ 14.1	\$ -	\$ -	\$ -	\$ 19.1
Coverage Ratio.....	3.86	1.59	-	-	-	4.63

\*Customer Facility Charge.

\*\*Customer Transportation Charge.

<sup>(1)</sup> Includes one-time Campus West lease payment for \$40.0 million.

## CAPITAL PROJECTS

As of May 31, 2020, the Airport has approximately 257 approved capital projects currently underway with a total budget of \$2.36 billion. Of this amount, \$561 million has been spent, \$694 million is committed, and \$1.1 billion is unspent and uncommitted. These projects are planned to be completed through Fiscal Year 2025. DFW management has placed approximately \$100 million of these capital projects on hold as part of its response to COVID-19. See "**IMPACT OF COVID-19 PANDEMIC ON THE AIRPORT.**" DFW currently projects that it will issue approximately \$200 million Subordinate Lien Commercial Paper in Fiscal Year 2020 and issue approximately \$350 million in both Fiscal Year 2021 and 2022 to partially fund these projects on an interim basis; and it is likely that the commercial paper will be taken out with long term bonds as part of future year refundings. The remainder is expected to be funded with cash and grant proceeds. Some of the more significant projects continuing to move forward are summarized below:

- \$225 million to \$250 million for planning, design, demolition and rebuilding of gates 33 to 39 in Terminal C (commonly called the High C Gates). These gates were built on temporary structures that have reached the end of their useful life. DFW and American Airlines agreed to take this action while flight activity is reduced. A cost range is provided because this is a preliminary order of magnitude estimate. The project is expected to reach substantial completion in the summer of 2022.

- \$207 million for Terminal D South Extension to provide 4 additional gates (4 narrow-body or 2 wide-body aircraft) to meet growing international gate demand. This project is expected to be substantially complete by March 2021.
- \$183 million for baggage system replacement and renewals in all five terminals. This is a multiyear effort that should be completed over the next three to five years.
- \$150 million for reconstruction of runway 18R, the Airport's second most utilized arrival runway. Substantial completion is expected in March 2021.
- \$112 million for the construction of a northeast perimeter taxiway being constructed in three phases. Substantial completion of the entire project is expected by December 2021.
- \$50 million for reconstruction of runway 17C/taxiway M South. Substantial completion is expected to be November 2020.

On May 20, 2019, the Airport and American Airlines announced plans to develop a sixth terminal. The plans call for the Airport to invest approximately \$3.0 to \$3.5 billion in terminal improvements, including the construction of Terminal F with up to 24 gates and enhancements to Terminal C similar to the Terminal Renewal and Improvement Program (TRIP) enhancements made to Terminals A, B and E and completed in 2018. Those renovations included redesigned check-in areas, larger security checkpoints, expanded concessions spaces, improved lighting and flooring, new HVAC and electrical systems and an upgraded parking garage. Due to COVID-19, the Airport and American Airlines agreed to suspend any work on Terminal F, except for planning and design of Central Utility plant upgrade and an airspace study. The parties also agreed to initiate the High C gate replacement discussed above and to complete design for refurbishment of 35% of the gates (other than the High C gates) in Terminal C (Terminal C TRIP) by this fall.

The final scope, cost and timing of Terminal C TRIP and Terminal F is not currently determinable. These decisions may be made as part of the Use Agreement negotiations or they could extend beyond September 30, 2021, which is the expiration date of the current Use Agreement. The parties desire to have a better understanding of future expected operations and passenger levels post COVID-19 before making decisions. It is possible that a future Terminal F could be built in phases over a much longer timeframe than originally planned or deferred in total for a number of years. A decision on Terminal C TRIP may be made after the parties review the cost estimates from the 35% design of Terminal C this fall. However, this decision could also be suspended pending Use Agreement negotiations. Accordingly, the Airport cannot provide information at this time on the cost, schedule or funding of these projects.

The Airport has also developed a 10 to 15-year Infrastructure Capital Program (ICP) to improve and maintain DFW's runways, bridges, roads and utilities through 2035. The estimated cost of this program is approximately \$2.5 billion and is separate from the currently approved capital projects discussed above. The phasing and implementation of the ICP will be based on asset assessments that are completed by the Airport on a regular ongoing basis. DFW currently projects that there will not be significant expenditures of these ICP projects through Fiscal Year 2022. The Airport is currently negotiating with the Signatory Airlines the projects that may be pre-approved as part of the next Use Agreement and the amount of these projects that will be financed with cash and additional debt in the future. Accordingly, the Airport cannot determine the amount of cash and debt financing required for the ICP at this time.

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## CASH AND INVESTMENTS

### Unrestricted and Restricted Cash and Investment Balances

The Airport's Master Bond Ordinance requires the Airport to reserve certain funds for designated purposes. These funds are classified as restricted. The remaining cash and investments are available for any legal purpose (including repayment of debt) and are classified as unrestricted. Table 16 reflects restricted and unrestricted cash balances by primary source and the number of days of unrestricted cash available to pay operating expenses for each of the last five Fiscal Years and as of March 31, 2019 and 2020. See "**IMPACT OF COVID-19 PANDEMIC ON THE AIRPORT - Cash and Liquidity.**"

**Table 16**  
**Cash and Investment Balances**  
**(Unaudited, in millions)**

	<u>As of March 31,</u>		<u>As of September 30, (Fiscal Year End)</u>				
	<u>2020</u>	<u>2019</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Unrestricted Cash and Investments							
Operating revenue and expense fund .....	\$ 372	\$ 348	\$ 354	\$ 326	\$ 306	\$ 283	\$ 248
Capital improvement fund .....	405	361	459	428	446	444	422
PFIC.....	187	156	176	113	106	88	75
Total unrestricted cash/investments .....	<u>964</u>	<u>865</u>	<u>989</u>	<u>867</u>	<u>858</u>	<u>815</u>	<u>745</u>
Restricted Cash and Investments							
Passenger facility charges.....	20	13	15	21	18	31	34
Bond/construction funds.....	128	352	224	492	400	746	971
Debt Service Fund .....	207	212	300	292	253	219	207
Debt Service Reserve Fund.....	317	331	316	331	328	330	326
PFIC.....	22	22	22	20	15	13	13
Commercial Paper .....	29	-	-	-	-	-	-
Other .....	3	2	3	2	2	2	2
Total restricted cash/investments .....	<u>726</u>	<u>932</u>	<u>880</u>	<u>1,158</u>	<u>1,016</u>	<u>1,341</u>	<u>1,553</u>
Total DFW cash/investments.....	<u>1,690</u>	<u>1,797</u>	<u>1,869</u>	<u>2,025</u>	<u>1,874</u>	<u>2,156</u>	<u>2,298</u>
Operating Expenses.....	\$ 280	\$ 270	\$ 572	\$ 527	\$ 499	\$ 489	\$ 439
Unrestricted Cash and Investments/Ops Exps – Days.....	<u>630</u>	<u>585</u>	<u>631</u>	<u>600</u>	<u>628</u>	<u>608</u>	<u>620</u>

Source: DFW Airport Finance Department records.

**Unrestricted Cash.** The cash and investments (collectively called "cash" in this subsection) in the Operating Revenue and Expense Fund includes a 90-day operating reserve, plus the positive cash flow from operations and balance sheet management. The Capital Improvements Fund ("CIF") consists of the Joint Capital Account, Rolling Coverage Account and the DFW Capital Account. The cash in these funds is classified as unrestricted because it can be used for any lawful purpose.

The PFIC currently leases and operates the Grand Hyatt Hotel, the RAC, the Hyatt Place Hotel and Campus West. Except for the financing agreements for the Grand Hyatt and the RAC, PFIC revenues are not Gross Revenues of the Airport. However, unencumbered PFIC revenues are available, if needed, to pay debt service on Obligations.

**Restricted Cash.** Restricted cash includes the PFC Fund, Bond/Construction Fund, Debt Service and Debt Service Reserve Funds, and certain PFIC/FIC cash accounts. PFCs are restricted to the stated use per the terms of the respective PFC application. See "**OPERATIONAL INFORMATION – Passenger**"

**Facility Charges.** Bond/Construction Funds are reserved for projects listed in the respective bond documents. Debt Service and Debt Service Reserve Funds are restricted to the repayment and/or security of outstanding debt (see "**SECURITY FOR THE BONDS-Funds and Flow of Funds**"). Additionally, the Airport has access to Series I Notes that can be issued in an amount of up to \$750,000,000, of which \$50,000,000 is currently outstanding.

## **Investment of Funds**

**Authorized Investments.** Available Airport funds are invested as authorized by the Texas Public Funds Investment Act, as amended, and in accordance with investment policies approved by the Airport. Under Texas law, the Airport is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that include a list of authorized investments for Airport funds, the maximum allowable stated maturity of any individual investment, the maximum average dollar weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments, a requirement for settlement of securities purchased on a delivery versus payment basis, procedures to monitor securities rating changes, and the liquidation of investments that fall below the minimum rating required.

The Airport utilizes a self-directed security investment program and has adopted an investment policy (the "Investment Policy") which was most recently updated effective February 1, 2020. The Investment Policy emphasizes the "safety of principal" objective and establishes the Airport's Finance and Audit Committee as the oversight committee relating to the investment of the Airport's funds. The Investment Policy currently designates five individuals, including the Chief Financial Officer and the Vice President of Treasury Management as the "Investment Officers" and allows investment in securities consistent with State law, and diversifies investment maturities. The Airport directs investments utilizing projected cash flow needs as the foundation of its investment strategy. Investment maturities are targeted to provide available cash for the operating requirements of the Airport and to enhance interest earnings. The Cash and Investment Manager analyzes specific fund balances and cash flow needs to tailor individual security purchases and overall portfolio structure to achieve the Airport's investment objectives in accordance with the Investment Policy. A copy of the current Investment Policy is available at <http://www.dfwairport.com/investors>. This reference to the Airport's website is for informational purposes only, and neither the website nor the information contained on the website shall be deemed incorporated herein by reference. Neither the Airport nor the Cities are obligated to continue to provide information on the Airport's website.

The Airport is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State or its agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (3) other obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities; including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (5) bonds issued, assumed or guaranteed by the State of Israel; (6) certificates of deposit and share certificates meeting the requirements of the Public Funds Investment Act; (7) fully collateralized repurchase agreements that have a defined termination date and otherwise meet the requirements of the Public Funds Investment Act; (8) securities lending programs if the loan under the program meets the requirements of the Public Funds Investment Act; (9) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least A-1,

P-1 or the equivalent by at least one nationally recognized credit rating agency; (10) commercial paper with a stated maturity of 270 days or less that is rated at least A-1, P-1 or the equivalent by two nationally recognized ratings agencies; (11) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission (the "SEC") that have a dollar weighted average stated maturity of 90 days or less; and (12) no-load mutual funds registered with the SEC that have an average weighted maturity of less than two years, invest exclusively in obligations described in this paragraph, and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than "AAA" or its equivalent.

Investments may be made in such obligations directly or through a particular government investment pool pre-approved by the Airport that invests solely in such obligations provided that the pool is rated no lower than AAA or AAAM or an equivalent by at least one nationally recognized rating service.

The Airport may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years.

**Current Investments.** As of March 31, 2020, the Airport's funds were invested in the following categories of investments:

**Table 17**  
**Investments**

<b>Type of Investment</b>	<b>Percentage of Portfolio</b>	<b>Book Value (\$ in millions)</b>	<b>Market Value (\$ in Millions)</b>
U.S. Treasuries .....	0%	\$ -	\$ -
Money Market Funds .....	29%	481.8	481.8
Commercial Paper .....	11%	177.6	177.6
Agencies .....	52%	869.3	873.7
Municipals .....	9%	152.7	153.9
Guaranteed Investment Contracts .....	0%	-	-
Total .....	100%	\$ 1,681.4	\$ 1,686.9

Source: Dallas Fort Worth International Airport treasury records.

As of such date, approximately 67% of the Airport's investment portfolio will mature within twelve months and the market value of the investment portfolio was approximately 100% of its book value. The Master Bond Ordinance does not require market valuations for required fund investments, except for those held in the Debt Service Reserve Fund. No funds of the Airport are invested in (i) derivative securities, i.e., securities whose rate of return is determined by reference to some other instrument, index of commodity or (ii) leveraged investments.

## **OUTSTANDING OBLIGATIONS AND OTHER AIRPORT RELATED DEBT**

### **Outstanding Obligations**

Upon the issuance of the Bonds, \$5,968,635,000\* (which excludes the Refunded Bonds) in aggregate principal amount of Obligations will be Outstanding. See "**Table 18 - Schedule of Outstanding**

\* Preliminary, subject to change.

**Obligations" and "Table 19 — Outstanding Obligations Pro Forma Debt Service Requirements."** Any Additional Obligations and Parity Credit Agreement Obligations issued in the future would be on parity with the Outstanding Obligations. There are no currently outstanding Parity Credit Agreement Obligations.

**Table 18**  
**Schedule of Outstanding Obligations**  
**As of March 31, 2020**

Series	Original Principal Amount	Principal Amount Outstanding	Final Maturity** (Nov 1)
2011A	\$ 111,355,000	\$ 26,775,000	2021
2011C	151,840,000	141,270,000	2035
2011D	221,750,000	201,145,000	2035
2012B	433,770,000	383,875,000	2035
2012C	274,925,000	265,065,000	2045
2012D	475,000,000	475,000,000	2042
2012E	13,645,000	3,385,000	2020
2012F	36,910,000	8,925,000	2020
2012G	294,080,000	280,800,000	2035
2012H	480,000,000	480,000,000	2045
2013A	57,705,000	57,705,000	2033
2013B	450,000,000	450,000,000	2050
2013C	242,000,000	242,000,000	2045
2013D	416,315,000	330,010,000	2033
2013E	225,310,000	130,380,000	2033
2013F	251,960,000	220,480,000	2033
2013G	109,060,000	99,855,000	2043
2014A	201,515,000	196,555,000	2032
2014B	222,910,000	222,910,000	2045
2014C	124,285,000	119,725,000	2045
2014D	78,430,000	52,135,000	2027
2014E	97,315,000	70,020,000	2027
2016	280,430,000	130,430,000	2021
2017	302,370,000	302,370,000	2024
2019A	1,167,060,000	1,167,060,000	2045
	\$ 6,719,940,000	\$ 6,057,875,000	

\*\*Bonds may be subject to serial maturities and/or optional redemption features  
Source: DFW Treasury Department Records

### Subordinate Lien Obligations

The Cities authorized the issuance of up to \$750,000,000 of Commercial Paper Series I Notes in September 2019 pursuant to the Fifty-Sixth Supplemental Concurrent Bond Ordinance (the "Fifty-Sixth Supplement"). As of May 31, 2020, Subordinate Lien Obligations in the amount of \$50,000,000 are currently outstanding. The Series I Notes are not currently supported by a credit or liquidity facility or line or letter of credit. The Airport may enter into a CP Credit Agreement (as defined in the Fifty-Sixth

Supplement) to provide the Airport with liquidity with respect to its obligations under the Series I Notes. If a CP Credit Agreement is entered into it will not be with respect to or in support of Series I Notes that are then outstanding.

The Airport reserves the right to issue additional Subordinate Lien Obligations in additional forms. Subordinate Lien Obligations are payable from and secured by a pledge of Gross Revenues that is subordinate to the pledge securing the Bonds and the other Outstanding Obligations. For a description of Subordinate Lien Obligations, see **APPENDIX B - "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE - Additional Indebtedness - Subordinate Lien Obligations."**

### **Special Revenue Bonds**

No Special Revenue Bonds are currently outstanding. In the event that the Cities issue Special Revenue Bonds in the future, such Special Revenue Bonds will be payable from and secured by a pledge of Special Revenues to support payment of such Special Revenue Bonds. Unless any portion of such Special Revenues are included as part of Gross Revenues under the provisions of an Additional Supplemental Indenture, none of such Special Revenues would be Gross Revenues and would not secure the Bonds. For a description of Special Revenue Bonds, see **APPENDIX B — "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE - Additional Indebtedness - Special Revenue Bonds."**

### **Special Facilities Bonds**

No Special Facility Bonds are currently outstanding. In the event the Cities issue Special Facility Bonds in the future, each series of Special Facility Bonds will be payable solely from the rentals received in respect of each Special Facility pursuant to a Net Rent Lease. Any such Special Facility rentals would not be Gross Revenues and would not secure the Bonds. For a description of Special Facility Bonds: See **APPENDIX B — "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE - Additional Indebtedness - Special Facility Bonds."**

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## OUTSTANDING OBLIGATIONS DEBT SERVICE REQUIREMENTS

Table 19 sets forth the pro forma debt service requirements for all Outstanding Obligations including the Bonds.

**Table 19**  
**Dallas Fort Worth International Airport**  
**Joint Revenue Debt Service Requirements**<sup>(1) (2)</sup>  
**(Unaudited)**

12 Months Ending	Outstanding Obligations <sup>(1)</sup>			Series 2020A			Projected Total <sup>(2)</sup> Debt Service	Capitalized Interest <sup>(3)</sup>	Total Net Debt Service Outstanding
	Principal	Interest	Total	Principal	Interest	Total			
11/1/2020	\$ 233,845,000	\$ 119,093,699	\$ 352,938,699	\$ -	\$ 4,836,717	\$ 4,836,717	\$ 357,775,416	\$ (318,882)	\$ 357,456,534
11/1/2021	239,075,000	229,867,620	468,942,620	-	20,014,000	20,014,000	488,956,620		488,956,620
11/1/2022	228,380,000	222,006,987	450,386,987	-	20,014,000	20,014,000	470,400,987		470,400,987
11/1/2023	236,255,000	213,938,991	450,193,991	15,590,000	20,014,000	35,604,000	485,797,991		485,797,991
11/1/2024	233,865,000	205,618,379	439,483,379	27,060,000	19,234,500	46,294,500	485,777,879		485,777,879
11/1/2025	174,200,000	197,246,739	371,446,739	14,615,000	17,881,500	32,496,500	403,943,239		403,943,239
11/1/2026	161,235,000	189,498,805	350,733,805	30,595,000	17,150,750	47,745,750	398,479,555		398,479,555
11/1/2027	159,540,000	182,419,428	341,959,428	30,075,000	15,621,000	45,696,000	387,655,428		387,655,428
11/1/2028	170,810,000	175,208,947	346,018,947	32,930,000	14,117,250	47,047,250	393,066,197		393,066,197
11/1/2029	190,630,000	167,587,400	358,217,400	25,360,000	12,470,750	37,830,750	396,048,150		396,048,150
11/1/2030	202,730,000	158,733,696	361,463,696	27,880,000	11,202,750	39,082,750	400,546,446		400,546,446
11/1/2031	211,450,000	149,254,240	360,704,240	35,445,000	9,808,750	45,253,750	405,957,990		405,957,990
11/1/2032	230,775,000	139,525,179	370,300,179	26,270,000	8,036,500	34,306,500	404,606,679		404,606,679
11/1/2033	235,720,000	128,923,783	364,643,783	38,170,000	6,723,000	44,893,000	409,536,783		409,536,783
11/1/2034	233,650,000	117,643,461	351,293,461	46,290,000	4,814,500	51,104,500	402,397,961		402,397,961
11/1/2035	249,415,000	107,943,027	357,358,027	50,000,000	2,500,000	52,500,000	409,858,027		409,858,027
11/1/2036	169,505,000	97,592,463	267,097,463	-	-	-	267,097,463		267,097,463
11/1/2037	177,545,000	89,570,792	267,115,792	-	-	-	267,115,792		267,115,792
11/1/2038	190,400,000	81,661,335	272,061,335	-	-	-	272,061,335		272,061,335
11/1/2039	207,730,000	73,117,028	280,847,028	-	-	-	280,847,028		280,847,028
11/1/2040	217,705,000	63,956,056	281,661,056	-	-	-	281,661,056		281,661,056
11/1/2041	227,280,000	54,064,181	281,344,181	-	-	-	281,344,181		281,344,181
11/1/2042	237,560,000	43,724,704	281,284,704	-	-	-	281,284,704		281,284,704
11/1/2043	239,245,000	32,903,035	272,148,035	-	-	-	272,148,035		272,148,035
11/1/2044	237,180,000	22,146,901	259,326,901	-	-	-	259,326,901		259,326,901
11/1/2045	247,630,000	11,636,831	259,266,831	-	-	-	259,266,831		259,266,831
11/1/2046	5,000,000	1,031,250	6,031,250	-	-	-	6,031,250		6,031,250
11/1/2047	5,000,000	825,000	5,825,000	-	-	-	5,825,000		5,825,000
11/1/2048	5,000,000	618,750	5,618,750	-	-	-	5,618,750		5,618,750
11/1/2049	5,000,000	412,500	5,412,500	-	-	-	5,412,500		5,412,500
11/1/2050	5,000,000	206,250	5,206,250	-	-	-	5,206,250		5,206,250
<b>Totals</b>	<b>\$ 5,568,355,000</b>	<b>\$ 3,277,977,457</b>	<b>\$ 8,846,332,457</b>	<b>\$ 400,280,000</b>	<b>\$ 204,439,967</b>	<b>\$ 604,719,967</b>	<b>\$ 9,451,052,424</b>	<b>\$ (318,882)</b>	<b>\$ 9,450,733,543</b>

(1) Excludes Refunded Bonds and 5/1/20 interest expense and the interest expense on Outstanding Obligations that was paid on 5/1/20.

(2) Debt service has not been adjusted to reflect required monthly deposits of the Board under the Master Bond Ordinance.

(3) Excludes 5/1/20 interest payment.

### Debt Service Coverage

The Airport's Master Bond Ordinance (see "SECURITY FOR THE BONDS—Rate Covenant") requires that the Airport establish rates and charges which are reasonably estimated to achieve the two debt service coverage ratios defined below. The Airport has added an additional coverage calculation for information purposes that includes net cash flows from sources that are not Gross Revenues. The computation of these ratios is summarized in Table 20.

Gross Revenues - The Master Bond Ordinance requires that the Airport set rates at levels to produce Gross Revenues sufficient to pay the operating expenses plus 1.25 times Accrued Aggregate Debt Service. This calculation includes the Rolling Coverage amount which is a Gross Revenue of the Airport.

Current Gross Revenues - The Master Bond Ordinance obligates the Airport to set rates at levels sufficient to produce Current Gross Revenues sufficient to pay operating expenses plus 1.0 times Accrued Aggregate Debt Service. Current Gross Revenues differ from Gross Revenues in that they exclude transfers from the Capital Improvements Fund such as Rolling Coverage and the Annual Capital Transfer. See "**RATE SETTING - Airline Use Agreement Rate Model.**" In other words, Current Gross Revenues only include operating revenues from rates and charges, Special Revenues, plus interest income. The Use Agreement limits the Airport's ability to significantly improve the Current Gross Revenue coverage ratio because it must use 75% of DFWCC Net Revenues in excess of the Upper Threshold to reduce landing fees. See "**RATE SETTING - Airline Use Agreement Rate Model.**"

All Sources - This coverage ratio adds other available net revenues not classified as Gross Revenues (e.g., PFIC net revenues and proceeds from natural gas royalties and the sale of land) to the Gross Revenue calculations. The ratio computation is presented both with and without Capital Improvements Fund transfers.

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**Table 20**  
**Dallas Fort Worth International Airport**  
**Debt Service Coverage**  
**(Unaudited, in millions)**

	Fiscal Year Ended September 30,				
	2019	2018	2017	2016	2015
Coverage Calculation - Gross Revenues					
Operating Revenues					
Airfield cost center .....	\$ 184.1	\$ 196.9	\$ 166.2	\$ 151.5	\$ 149.4
Terminal cost center.....	402.8	347.5	306.4	272.1	225.4
DFW cost center (non-airline revenues) .....	332.9	322.4	306.3	289.3	273.6
Total Operating Revenues.....	\$ 919.8	\$ 866.8	\$ 778.9	\$ 712.9	\$ 648.4
Non-operating Revenues* .....	165.1	148.1	158.4	148.7	141.8
Rolling coverage.....	125.0	116.8	103.8	90.0	78.5
Total Gross Revenues .....	\$ 1,209.9	\$ 1,131.7	\$ 1,041.1	\$ 951.6	\$ 868.7
Less Operating Expenses .....	(499.6)	(464.1)	(438.2)	(416.7)	(392.1)
Gross Revenues available for debt service.....	\$ 710.3	\$ 667.6	\$ 602.9	\$ 534.9	\$ 476.6
Debt Service .....	\$ 499.9	\$ 467.3	\$ 415.1	\$ 359.9	\$ 314.0
Coverage ratio - Gross Revenues.....	1.42	1.42	1.45	1.49	1.52
Coverage Calculation - Current Gross Revenues					
Gross Revenues available for debt service.....	\$ 710.3	\$ 667.6	\$ 602.9	\$ 534.9	\$ 476.6
Less: Transfers and Rolling Coverage .....	(125.0)	(116.8)	(107.8)	(98.0)	(90.5)
Current Gross Revenues available for debt service.....	\$ 585.3	\$ 550.8	\$ 495.1	\$ 437.0	\$ 386.1
Debt Service .....	\$ 499.9	\$ 467.3	\$ 415.1	\$ 359.9	\$ 314.0
Coverage ratio - Current Gross Revenues.....	1.17	1.17	1.19	1.21	1.23
Coverage Calculation - All Revenues Sources					
Current Gross Revenues available for debt service.....	\$ 585.3	\$ 550.8	\$ 495.1	\$ 437.0	\$ 386.1
Natural Gas Royalties, Investment Income, Other.....	30.4	11.4	17.9	14.6	19.0
PFIC <sup>(1)</sup> .....	73.3	26.2	25.8	23.8	15.5
All Current Revenues available for debt service.....	\$ 689.0	\$ 588.3	\$ 538.8	\$ 475.4	\$ 420.6
Debt Service .....	\$ 499.9	\$ 467.3	\$ 415.1	\$ 359.9	\$ 314.0
Coverage ratio - All Current Revenues.....	1.38	1.26	1.30	1.32	1.34
Coverage ratio - All Current Revenues plus Capital Transfers and Rolling Coverage .....	1.63	1.51	1.56	1.59	1.63

\* Non-operating revenues include PFC revenues from the current year plus amounts transferred from the PFIC amount to pay eligible debt service.

<sup>(1)</sup> PFIC coverage calculation added in Fiscal Year 2019.

### IMPACT OF COVID-19 PANDEMIC ON THE AIRPORT

On March 11, 2020, the World Health Organization ("WHO") declared COVID-19 a pandemic. Many state and local governments in the United States have issued "stay at home" or "shelter in place" orders, which severely restrict movement and limit businesses and activities to essential functions. The Governor of Texas has issued several executive orders intended to slow the spread of COVID-19, curtailing social gatherings and related activities, including many activities at the Airport. Additionally, a number of nations have effectively closed their borders by restricting entry and exit to only essential travel and/or requiring travelers to self-isolate for up to 14 days, further depressing demand for passenger air travel.

Recently, the Governor of Texas and other states' governors have begun to slowly reopen their states to allow certain businesses to reopen in stages.

The COVID-19 outbreak and resulting restrictions have severely disrupted, and continue to disrupt, the economies of the United States and other countries, leading to volatility in the securities markets. Many of these markets have lost significant value and may continue to do so. Increased business failures, worker layoffs, and consumer and business bankruptcies have begun and are expected to increase in the near future.

Airports in the United States have been acutely impacted by the reductions in passenger volumes and flights, as well as by the broader economic shutdown resulting from the COVID-19 outbreak. The outbreak has adversely affected domestic and international travel and travel-related industries. Airlines have reported unprecedented reductions in passenger volumes and expect these reductions to continue. In response, airlines have reduced flights in an attempt to match capacity to the modified demand for air travel.

The United States government, the Federal Reserve Board, and foreign governments are taking statutory and regulatory actions and implementing other measures to mitigate the broad disruptive effects of the COVID-19 outbreak on the U.S. and global economies. The Coronavirus Aid, Relief, and Economic Security Act ("CARES" or "CARES Act"), approved by the United States Congress and signed by the President on March 27, 2020, is one of the actions to address the crisis created by the COVID-19 pandemic and includes among its relief measures direct aid for airports as well as direct aid, loans, and loan guarantees for passenger and cargo airlines.

The CARES Act provides \$10 billion of assistance to U.S. commercial airports, which is apportioned among such airports based on various formulas. The FAA has announced that DFW is eligible to receive \$299,199,046 of CARES Act funds. This excludes an estimated \$9.6 million of additional CARES Act funding to pay the local share of capital projects that will be included in DFW's Fiscal Year 2020 Airport Improvement Program grant submission. This will offset the need to issue Additional Obligations for these projects. The Airport may seek other available sources of aid, such as the FEMA Public Assistance program, which provides federal financial assistance on a cost-sharing basis for emergency protective measures taken in response to major disasters and emergencies.

### **Summary of DFW Actions Taken in Response to COVID-19**

COVID-19 is having a material impact on aircraft operations, passenger volumes and revenues at DFW during Fiscal Year 2020. The Airport currently estimates that projected airline and passenger revenues in Fiscal Year 2020 will be approximately \$231 million to \$248 million less than the Fiscal Year 2020 Budget, excluding the Public Facility Improvement Corporation (PFIC) which is discussed below. (The range of impacts discussed in this section are based on a conservative baseline and a more optimistic passenger forecast developed internally by the Airport and discussed later in this section.) In addition, many of the Airport's tenants have requested and continue to request financial relief. Accordingly, DFW has taken the following actions in response to these conditions:

- Identified approximately \$78 million of cost reductions in the Fiscal Year 2020 Budget which is comprised of \$53 million in operating expense reductions and \$25 million in debt service reductions. Subject to market conditions, the debt service reductions will be achieved by lowering borrowing costs, retaining a portion of the accrued interest for the Refunded Obligations and/or deferring principal. In addition to debt service savings, one of the objectives of this summer's refundings will be to keep debt service at approximately the same level as the adjusted (i.e., lower) Fiscal Year 2020 debt service budget through Fiscal Year 2022.

- Filed a grant application on April 21, 2020 for \$250 million of the \$299.2 million awarded to the Airport under the CARES Act. DFW increased the grant application for the full \$299.2 million in June 2020. In May 2020, DFW drew down \$144 million of cash under the grant. After netting out cost reductions discussed above, DFW currently estimates that it will draw down a total of \$154 million to \$170 million of CARES Act funds during Fiscal Year 2020, which would leave an estimated \$129 million to \$145 million available to be used in Fiscal Year 2021. DFW currently plans to use these grant funds to reimburse itself primarily for debt service in estimated amounts that are projected to offset a significant portion of the lost passenger and airline net revenues in both Fiscal Years. CARES Act funds are considered Gross Revenues of the Airport.
- Suspended non-mission critical DFW and PFIC capital projects that are projected to reduce outlays by approximately \$100 million for the rest of Fiscal Year 2020. These projects may be resumed in the future. DFW also reviewed its \$2.5 billion Infrastructure Capital Program and adjusted the expected timeframe of expenditures from over the next 10 years to over the next 10 to 15 years. In addition, DFW and American agreed to indefinitely suspend work on Terminal F, except for a few enabling projects. (See CAPITAL PROJECTS.)
- Approved in May 2020 a one-year extension of the Use Agreements with the Signatory Airlines to September 30, 2021. American Airlines and 15 out of the other 40 Signatory Airlines have signed the extension as of May 31, 2020. The remaining carriers have until September 30, 2020 to sign the extension. If they do not, they may operate at DFW as a non-signatory carrier.
- Implemented a policy allowing DFW to provide immediate financial relief to the airlines through a temporary deferral of all landing fees and terminal related rents, fees and charges that were billed in April and May 2020. Under the policy, the airlines would pay the deferral back to DFW in equal installments in the months of July, August, and September 2020. In April and May 2020, DFW deferred \$36.6 million and \$31.5 million, respectively.
- Provided amendments for concession lease agreements to suspend the Minimum Annual Guarantee (MAG) from March 1, 2020 to September 30, 2020 for terminal and RAC concessions, with all other terms and conditions defined in the concession lease agreements remaining in effect. The revenue impact of the suspension in addition to the lost revenue due to fewer passengers is currently estimated at approximately \$53 million in Fiscal Year 2020. On June 4, 2020, the DFW Board of Directors approved an extension of the suspension of the MAG through March 31, 2021. The estimated impact of the extension of percent rent is estimated to be approximately \$30 million in Fiscal Year 2021. There may be additional lost revenue from fewer passengers.
- Implemented a policy allowing DFW to provide immediate financial relief to concessionaires (terminal and rental car) through a temporary deferral of operating and maintenance expense reimbursements that were to be billed in April and May 2020. Under the policy, the concessionaires would pay the deferral back to DFW in equal installments in the months of July, August, and September 2020. The temporary cash flow impact from this action is approximately \$1.8 million.
- Announced on June 4, 2020 that the Airport would lower terminal rentals and turn fees in amounts necessary to achieve approximately \$10 million per month of lower rents and fees in each of the months of July, August and September 2020 to provide additional financial relief to the airlines. The \$30 million will be repaid by the airlines through a True-Up Adjustment (per the terms of the Use Agreement) in April 2021 to September 2021. This will be recorded as a receivable at September 30, 2020.

## Impact of COVID-19 on Certain Financial and Operational Data

The following information is provided to show percentage variances for certain operating and financial data for the first five months of Fiscal Year 2020 (October to February) and for the months of March 2020, April 2020 and May 2020 compared with the same periods in Fiscal Year 2019. April 2020 was the low point for losses in aircraft operations, landed weights, airline revenues, passengers and passenger related revenues. The most significant impact of COVID-19 on DFW occurred the week of April 12, 2020. Since that week, DFW has seen improvement in most measures. See further information below.

Selected Information	Percent Increase (Decrease) FY 2019 to FY 2020			
	Oct to Feb	March	April	May
Total Passengers	9%	(45%)	(92%)	(79%)
Total Operations	8%	(11%)	(58%)	(56%)
Total Landed Weights	8%	(13%)	(59%)	(59%)
Landing Fees	(10%)	(25%)	(56%)	(57%)
Terminal Rents	7%	7%	7%	1%
Other Terminal Revenues	(1%)	(31%)	(73%)	(84%)
DFW Cost Center Revenues				
Parking and Ground Transportation	3%	(40%)	(95%)	(90%)
Concessions	5%	(45%)	(75%)	(71%)
Rental Car	7%	(51%)	(67%)	(61%)
Commercial Development	10%	11%	9%	10%
Other	10%	3%	0%	(14%)
Total DFW Cost Center Revenues	6%	(32%)	(65%)	(64%)

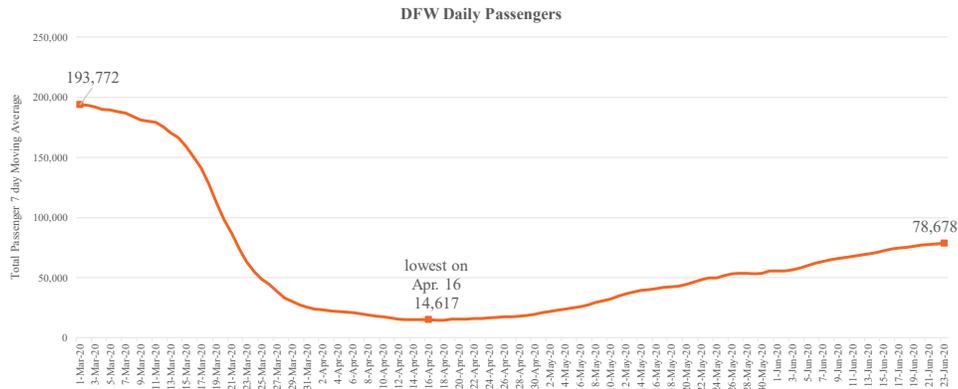
The following discussion refers to the May 2020 versus May 2019 variances. Passengers were lower by 79%, more than the reductions for operations, landed weights and landing fees (56% to 59%), due to lower load factors on the flights operated. Terminal rents were 1% higher (compared to 7% higher in previous months) due to American Airlines beginning to lease the Terminal E Satellite in May 2019. The percentage of other terminal revenues (primarily turn fees and Federal Inspection Facility fees) continued to decline in May reflecting lower international service and passengers.

The percent decrease in parking revenues is higher than the percent change in passengers primarily due to shifts in ground access modes. Drop-offs increased while terminal parking and TNCs declined. The percent change in concessions is less than change in passengers because some concessionaires were not changed to percent rent (e.g., Coca Cola – beverage, JC Decaux – advertising). The percent change in rental car revenues is less than the change in passenger volumes because the rental car companies are still paying ground rent. Commercial development revenues are not correlated with passenger volumes and are higher than 2019 due to more acres leased. Other revenues reflect less employee transportation and lower interest rates on investments.

## Impact of COVID-19 on Passengers

The low point for passenger volumes at DFW was 14,617 on April 16, 2020. Since then, the number of passengers has increased steadily and averaged over 70,000 passengers per day for the period June 1, 2020 to June 23, 2020. The following chart shows estimated daily passengers by week since March

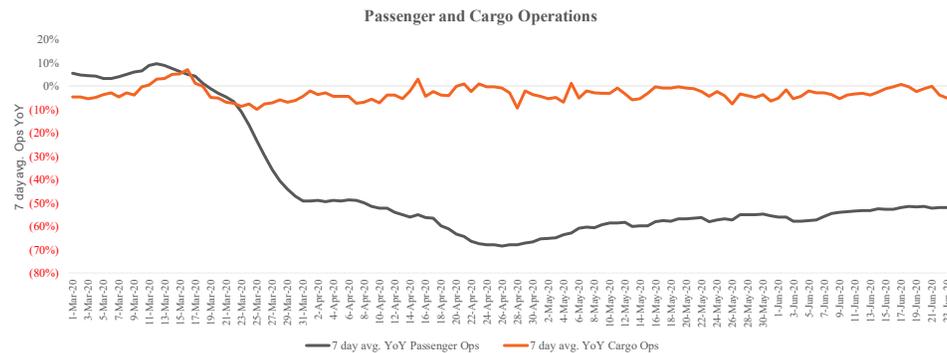
1, 2020. Given American Airlines' strategy of connecting more traffic through DFW, connecting passengers are comprising a larger percentage of DFW's traffic post-COVID-19. Connecting passengers have increased from 58.7% of total traffic in Fiscal Year 2019 to an estimated 62% in recent weeks.



Source: Internal DFW Statistics

### Impact of COVID-19 on Aircraft Operations at DFW

The following chart shows passenger and cargo operations on a moving seven-day average from the week of March 4, 2020 through the week of June 23, 2020.

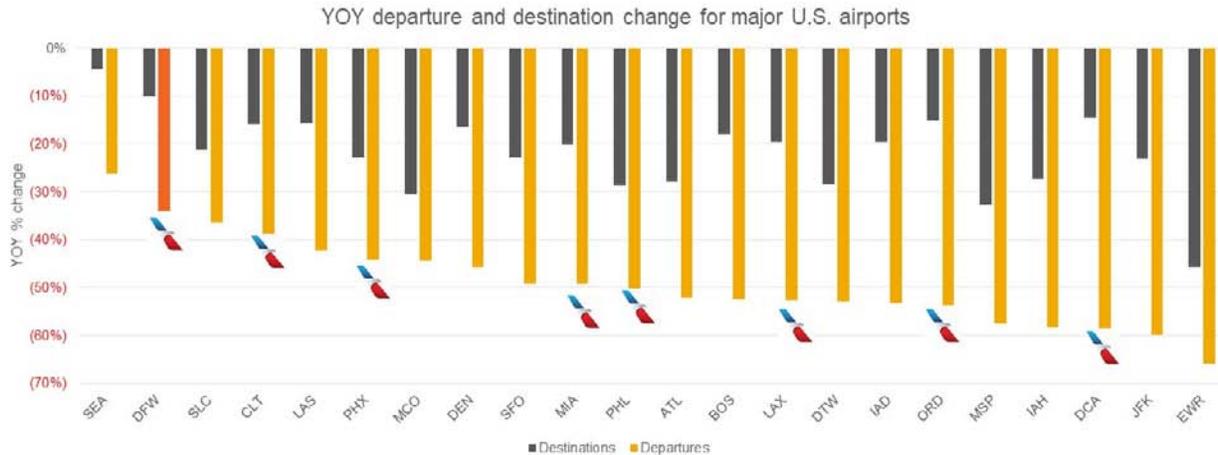


Source: Internal DFW Statistics

Per the FAA, DFW had the most aircraft operations of any airport in the United States for the month of May 2020, and based on published schedules will also have the most operations in June and July 2020. As of June 9, 2020, DFW had more scheduled departures in July 2020 than any other airport in the world. Total aircraft operations at DFW in May 2020 were approximately 57% compared to May 2019. DFW management anticipates the airlines will continue to gradually increase capacity on existing routes and restart additional destinations over the summer, but it is difficult to predict how they will behave after October 1, 2020 when certain provisions of the CARES Act expire. The Airport is currently estimating total aircraft operations for Fiscal Year 2020 to be between 545,000 and 560,000, a 22% to 20% reduction from Fiscal Year 2019 of 699,682.

## Impact of COVID-19 on Departures and Destinations at DFW

DFW is American Airlines (AA) largest hub. On May 27, 2020, AA Chief Revenue Officer Vasu Raja shared AA's strategy of increasing the relative amount of traffic through DFW and Charlotte (CLT) with investors at Sanford Bernstein's recent Strategic Decisions virtual conference. The results of this AA strategy are apparent in the following chart that shows reductions in scheduled departures and destinations at large hub airports. DFW has had less service and destination reductions on a percentage basis than any other large hub except Seattle for scheduled service in July 2020.

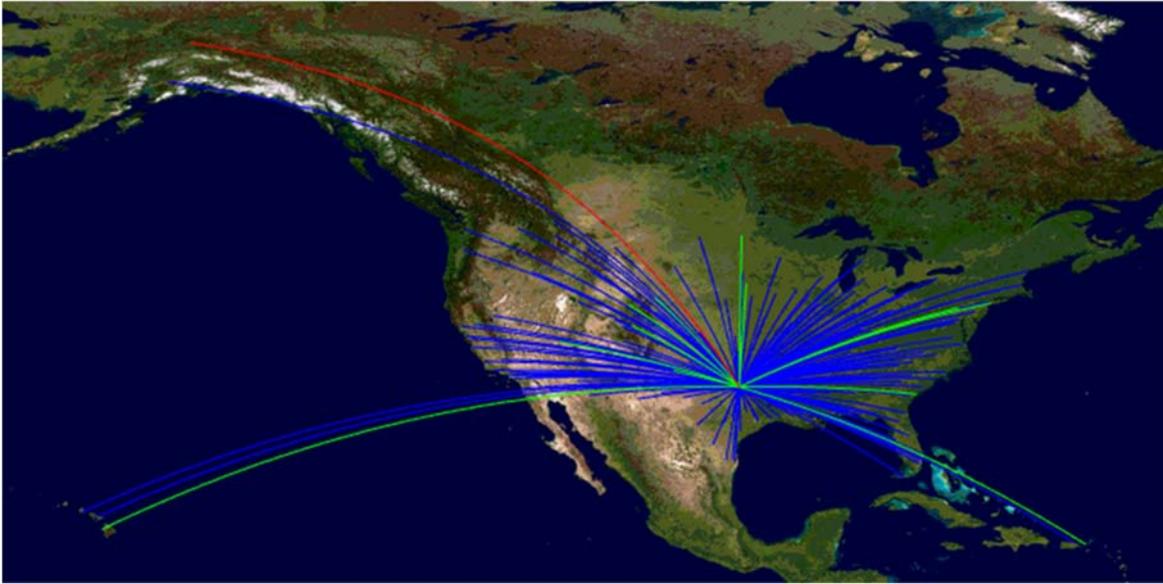


Source: *mi.diiio.net*, schedule data July 2020 vs. July 2019

The following map highlights DFW's 191 domestic destinations prior to March 4, 2020. Since then, service was suspended to 13 cities (6.8%) with all but one scheduled to return by December 31, 2020. The only destination not currently scheduled to return this calendar year is Fairbanks, Alaska shown in red. This further illustrates AA's strategy to continue to connect domestic destinations through DFW, although provisions of the CARES Act may be temporarily distorting the network.\*

\* CARES Act requires carriers to maintain most domestic destinations as a condition of receiving some funds.

### DFW Domestic Destinations: Pre and Post March 4, 2020

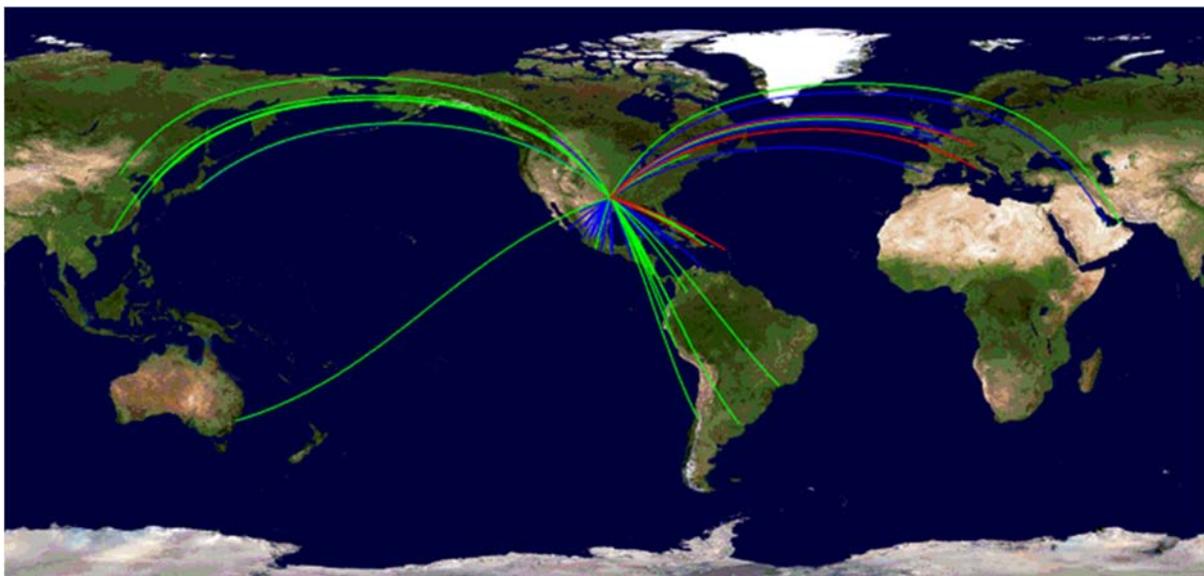


Red lines - suspended service    Green lines – scheduled to return in calendar year 2020    Blue lines - active/announced destinations

*Source: Diio.mi Schedules as of June 9, 2020*

The following map illustrates DFW's international route network, which prior to COVID covered 65 destinations. Routes with current service are blue, routes with announced service resumption dates are green, and routes with no scheduled resumption date are shown in red. Service was initially suspended to many of DFW's international destinations and regions, with just a single flight per day to London and Tokyo and reduced service to Mexico and the Caribbean. Airline partners have recently announced the planned resumption of most of the Airport's international destinations throughout the summer and fall.

### DFW International Destinations: Pre and Post March 4, 2020



Red lines - suspended service    Green lines – scheduled to return in calendar year 2020    Blue lines - active/announced destinations

Source: Dfwo.com Schedules as of June 9, 2020

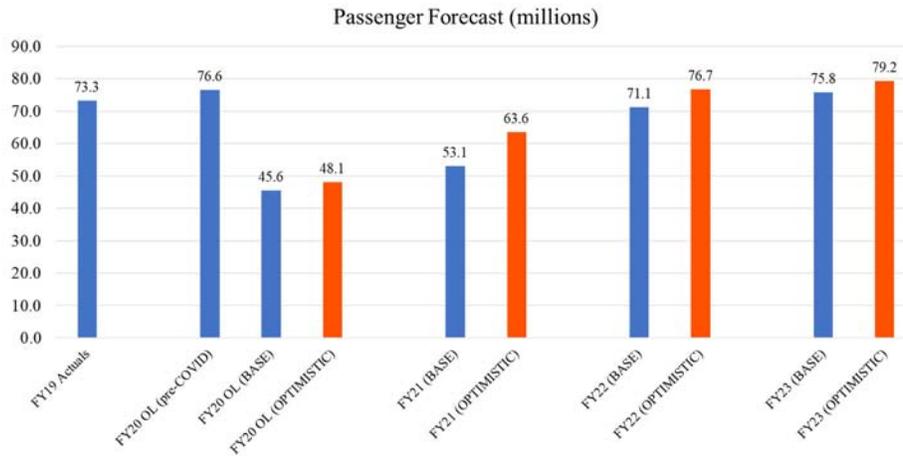
The following table highlights the dates when international service is scheduled to return to the destinations shown in the map above by December 31, 2020, and those that are not yet scheduled to return.

Destinations Scheduled to Return CY 2020				Not Yet Scheduled to Return
Dubai, AE	7/1/2020	San Pedro Sula, HN	10/7/2020	Munich, DE
Tokyo-Haneda, JP	7/1/2020	Guayaquil, EC	10/8/2020	Rome-Da Vinci, IT
Punta Cana, DO	7/2/2020	Quito, EC	10/8/2020	Santo Domingo, DO
Seoul, KR	7/2/2020	Tegucigalpa, HN	10/8/2020	St. Kitts, KN
Liberia, CR	7/4/2020	Belize City, BZ	10/10/2020	
Montreal-PET, QC, CA	7/7/2020	Beijing, CN	10/24/2020	
San Jose, CR	7/7/2020	Buenos Aires, BA, AR	10/24/2020	
Dublin, IE	7/9/2020	Santiago, CL	10/24/2020	
Hong Kong, HK	7/9/2020	Shanghai, CN	10/24/2020	
San Salvador, SV	8/1/2020	Ixtapa/Zihuatanejo, MX	11/21/2020	
Sydney, NS, AU	8/1/2020	Nassau, BS	11/21/2020	
Bogota, CO	8/5/2020	Providenciales, TC	11/21/2020	
Lima, PE	8/5/2020	Roatan, HN	11/21/2020	
Sao Paulo-Guarulhos, SP, BR	8/6/2020			

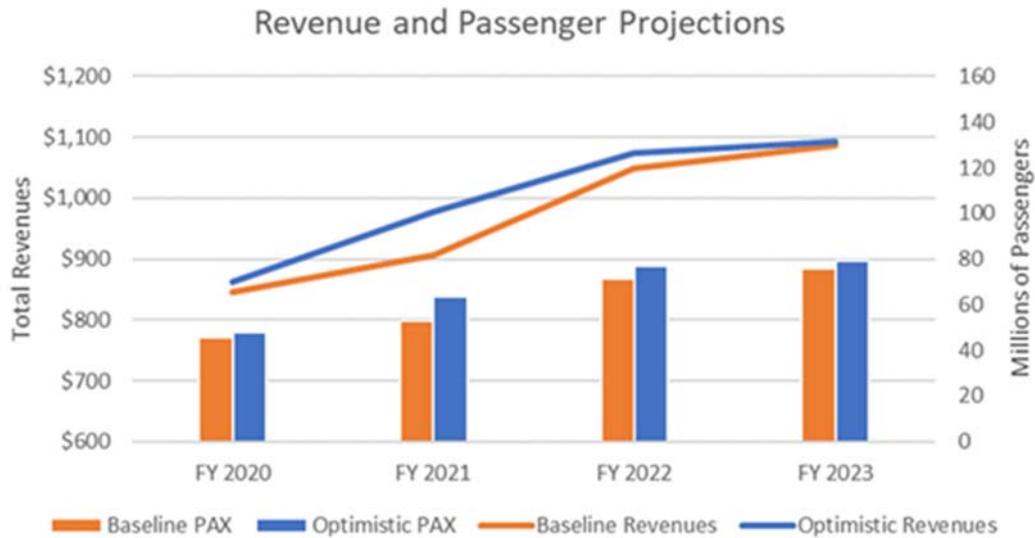
It is important to note that in many cases the planned announcements will restore service to the destination but at reduced levels compared to pre-COVID schedules. Additionally, it is possible that some of the announced restarts could be delayed if anticipated passenger demand does not materialize or international border closures are prolonged or broadened.

### Passenger Forecasts

DFW has initiated its budget process for Fiscal Year 2021. DFW's air service development team has developed two passenger scenarios: a baseline passenger forecast and a more optimistic passenger forecast. The main difference between the two is the date when a vaccine might be deployed. The more optimistic forecast assumes a vaccine deployment in late 2020 or early 2021 while the baseline forecast assumes late 2021. The following chart highlights the two forecasts through Fiscal Year 2023. Under the baseline forecast DFW's passengers do not return to Fiscal Year 2019 levels in total until Fiscal Year 2023, while the more optimistic forecast shows a return in Fiscal Year 2022.



The following chart highlights total projected revenues by Fiscal Year under the various passenger forecasts.



**Financial Forecasts (Outlooks) for Fiscal Year 2020 and Fiscal Year 2021.**

The following table highlights DFW's internal projections for certain financial metrics for the FY 2020 Budget, the Fiscal Year 2020 Baseline Passenger Forecast Outlook, and the Fiscal Year 2021 Baseline Passenger Forecast Outlook.

Internal DFW Forecasts for Certain Financial Metrics

	FY2020 Budget	FY20 Baseline Forecast	FY21 Baseline Forecast
Revenues Excluding CARES (millions)	\$ 1,113	\$ 865	\$ 925
CARES Revenues (millions)	-	170	129
<b>Total Revenues (millions)</b>	<b>\$ 1,113</b>	<b>\$ 1,035</b>	<b>\$ 1,054</b>
Operating Expenses (millions)	\$ 534	\$ 481	\$ 508
Debt Service (millionis)	498	473	473
<b>Total Expenditures</b>	<b>\$ 1,032</b>	<b>\$ 954</b>	<b>\$ 981</b>
Enplaned Passengers (millions)	37.9	22.8	26.6
Cost per Enplanement	\$ 12.96	\$ 19.39	\$ 17.24
DFW's 1.0x Coverage Calculation*	1.16x	1.17x	1.16x
DFW's 1.25x Coverage Calculation**	1.44x	1.45x	1.43x

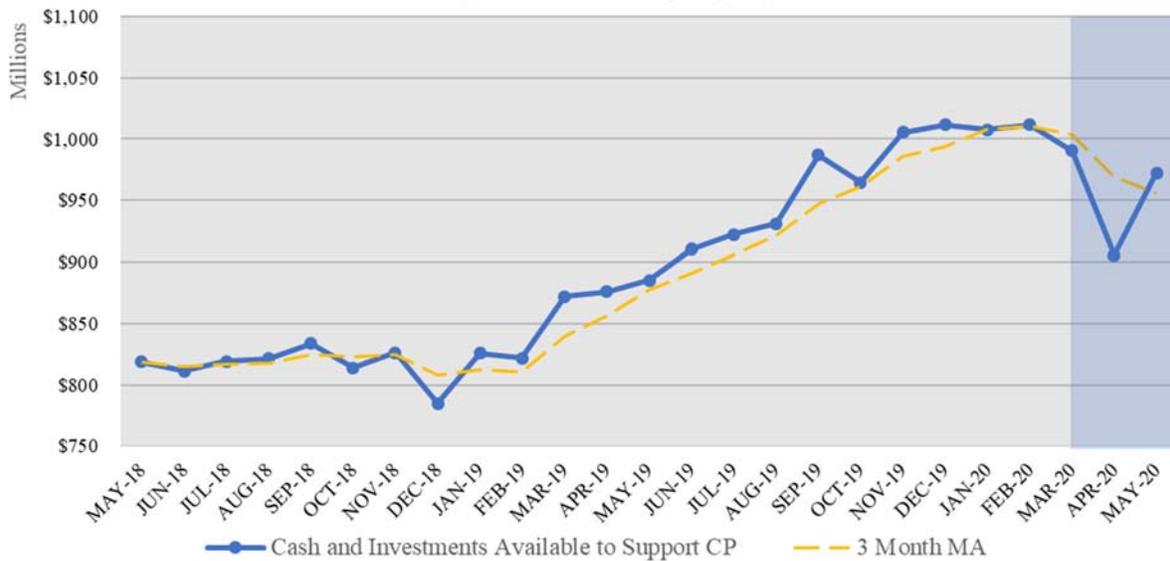
\* Excludes PFIC and other non-operating fund revenues and transfers from capital accounts (e.g., Rolling Coverage)

\*\* Excludes PFIC and other non-operating fund revenues

**Cash and Liquidity**

Beginning the week of May 25, 2020, DFW began to post a monthly Liquidity Statement on DFW's investor website at [www.dfwairport.com/investors](http://www.dfwairport.com/investors). As of May 31, 2020, the Airport had approximately \$962 million of unrestricted cash and investments at market value and \$648 million of restricted cash and investments at market value. The Liquidity Statement also includes the following 25-month trending of unrestricted cash and investments chart without the annotated comments.

**Unrestricted Cash and Investments**  
Trailing 25 Months ending May 31, 2020



As of May 31, 2020, DFW had 729 days cash on hand based on its revised Fiscal Year 2020 budget of \$485 million or 653 days based on its original Fiscal Year 2020 budget of \$534 million. DFW currently projects that it will have approximately \$928 million of unrestricted cash and investments available at September 30, 2020 and \$958 million as of September 30, 2021.

DFW has \$50 million of Subordinate Lien Commercial Paper outstanding as of May 31, 2020. The Airport currently plans to issue an additional \$200 million of Subordinate Lien Commercial Paper in the next two months subject to market conditions; and to issue Additional Obligations to refund all or a portion of the then outstanding Subordinate Lien Commercial Paper as part of the refundings scheduled in the summer.

From a liquidity standpoint, the Airport may consider several other liquidity options if passenger levels do not attain the baseline passenger forecasts and if unrestricted cash and investments is projected to decline to approximately \$825 million to \$850 million (i.e., falls below 600 days cash on hand).

- Restructure debt, if necessary, over the next several years. DFW currently has approximately \$2.1 billion of debt that is refundable between Fiscal Year 2021 and Fiscal Year 2023.
- Issue Additional Obligations (or possibly Subordinate Lien Commercial Paper) to reimburse the Airport for cash spent on capital projects. The DFW Board of Directors approved a reimbursement resolution of up to \$250 million on April 9, 2020 for cash spent on capital projects from February 8, 2020 through the end of Fiscal Year 2020. DFW management currently expects to request Board approval to extend the timeframe for the reimbursement resolution for an additional year.
- Raise airline rates and charges to offset revenue losses. The Use Agreements allow DFW to increase rates and charges to the Signatory Airlines immediately if revenues are projected to fall 3% less than budget.
- Raise airline rates and charges if DFW Cost Center Net Revenues fall below the Lower Threshold as defined in the Use Agreement. The Signatory Airlines are contractually responsible to pay the incremental landing fees necessary to achieve the Lower Threshold. If this situation occurs, DFW essentially becomes a residual airport.

### **Impact of COVID-19 on Public Facility Improvement Corporation (PFIC) Net Revenues**

DFW's PFIC, which owns and operates the Grand Hyatt Hotel, the Hyatt Place, Campus West, and the Customer Facility Charges (CFCs) and Customer Transportation Charges (CTCs) related to the RAC facility and busing operations, is projected to realize net revenue losses of approximately \$20 million to \$25 million compared to the Fiscal Year 2020 Budget. At May 31, 2020, the PFIC had approximately \$187 million of unrestricted cash and investments which is sufficient to absorb this shortfall. The following table shows the current estimated impact of COVID-19 on the net revenues before debt service on PFIC business units.

Net Revenues (millions)	FY20 Budget	FY20 Outlook	Projected Shortfall
Hotels	\$ 15	\$ 6	\$ (8)
Customer Facility Charges	8	(1)	(9)
Customer Transportation Charges	1	(3)	(4)
Campus West	2	2	-
Other	1	1	-
Total	\$ 27	\$ 6	\$ (21)

The following table provides a comparison of key PFIC metrics between periods in Fiscal Year 2020 with the same periods in Fiscal Year 2019.

Selected Information	Percent Increase (Decrease) FY 2019 to FY 2020			
	Oct to Feb	March	April	May
CFC Revenues	4%	(52%)	(82%)	(70%)
CTC Revenues	2%	(48%)	(82%)	(70%)
CTC Operating Expenses	14%	(5%)	11%	(55%)
Rental Car Transaction Days	4%	(52%)	(82%)	(70%)
Hotels Revenues	1%	(60%)	(96%)	(94%)
Hotels Expenses	0%	(35%)	(76%)	(75%)
Hotels Average Occupancy	(4%)	(56%)	(92%)	(84%)

### Other Information

On May 22, 2020, the Hertz Corporation (includes Thrifty Car Rental and Dollar Rent-A-Car, collectively "Hertz") filed for Chapter 11 bankruptcy. As of the date of its bankruptcy filing, Hertz owed DFW \$413,477. As part of the bankruptcy filing, on June 24, 2020, Hertz received final court approval to pay certain pre-petition claims to airport authorities, including Customer Facility Charges, Customer Transportation Charges, concession fees, and consolidated rental car facility charges. Certain of these payments are capped per the Bankruptcy Court's order. Trust fund charges are specifically not included in the cap. A copy of the Bankruptcy Court's final order (Dkt. No. 563) may be found here: <https://restructuring.primeclerk.com/hertz/Home-DocketInfo>.

On May 27, 2020, Advantage/Enterprise filed for Chapter 11 bankruptcy protection. They owed DFW \$66,698 on that date. Advantage/Enterprise also requested and received interim court approval to pay certain pre-petition claims to airport authorities, including Customer Facility Charges, fees under concession agreements, and office and maintenance costs. This interim authority is capped pending a hearing for final authority on pre-petition airport location payments scheduled for June 29, 2020. A copy of the Bankruptcy Court's interim order (Dkt. No. 64) may be found here: <https://document.epiq11.com/document/getdocumentbycode/?docId=3667118&projectCode=ADG&source=dm>.

On May 18, 2020, American Airlines sent a letter to DFW agreeing to tear down and reconstruct the "High C" gates (gates 33-39) in Terminal C and to take the design of the remaining renovations for the

rest of Terminal C to 35%. The estimated cost of these two work elements is between \$225 million and \$250 million. The letter also requested that DFW discontinue work for Terminal F enabling projects, except the design of the expansion of the central utility plan and airspace congestion mitigation planning, until a later date to be determined. Terminal F will be discussed further as part of Use Agreement negotiations. (See CAPITAL PROJECTS and USE AGREEMENT.)

DFW's Environmental Social Governance (ESG) Report for Fiscal Year 2019 is available on the DFW investor website at [www.dfwairport.com/investors](http://www.dfwairport.com/investors).

The CARES Act also includes approximately \$50 billion for passenger airlines in the United States. Prospective purchasers of the Bonds should review the SEC Reports (as defined herein) of the Signatory Airlines. This reference to the Signatory Airlines' SEC Reports is for informational purposes only, and such reports shall not be deemed incorporated herein by reference. Neither the Airport nor the Cities are obligated to provide such information.

***This statement contains "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Such statements may involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance and achievements to be different from future results, performance and achievements expressed or implied by such forward-looking statements. Investors are cautioned that the actual results could differ materially from those set forth in the forward-looking statements.***

The Airport cannot predict (i) the duration or extent of the COVID-19 outbreak or another outbreak or pandemic; (ii) the scope or duration of restrictions or warnings related to air travel, gatherings or any other activities, and the duration or extent to which airlines will reduce services at the Airport, or whether airlines will cease operations at the Airport or shut down in response to such restrictions or warnings; (iii) what effect any COVID-19 or other outbreak or pandemic-related restrictions or warnings may have on air travel, including to and from the Airport, the retail and services provided by Airport concessionaires, Airport costs or Airports revenues; (iv) whether and to what extent the COVID-19 or another outbreak or pandemic may disrupt the local, State, national or global economy, manufacturing or supply chain, or whether any such disruption may adversely impact Airport-related construction, the cost, sources of funds, schedule or implementation of the Airport's capital program, or other Airport operations; (v) the extent to which the COVID-19 outbreak or another outbreak or pandemic, or the resultant disruption to the local, State, national or global economy, may result in changes in demand for air travel, including long-term changes in consumer behavior, or may have an impact on the airlines or concessionaires serving the Airport, or the airline and travel industry, generally; (vi) whether or to what extent the Airport may provide additional deferrals, forbearances, adjustments or other changes to the Airport's arrangements with its tenants and Airport concessionaires; or (vii) whether any of the foregoing may have a material adverse effect on the finances and operations of the Airport. Prospective investors should assume that the restrictions and limitations related to COVID-19, and the current upheaval to the air travel industry and the national and global economies, may increase at least over the near term, recovery may be prolonged and, therefore, have an adverse impact on Airport revenues. Future outbreaks, pandemics or events outside the Airport's control may further reduce demand for travel, which in turn could cause a decrease in passenger activity at the Airport and declines in Airport revenues.

## **RETIREMENT PLANS**

### **Retirement Plans-Defined Benefit Plan**

The Airport has two fiduciary defined-benefit pension plans covering approximately half of all active Airport employees: the Employees of Dallas Fort Worth International Airport Retirement Plan

("Employee Plan") and the Department of Public Safety Retirement Plan (the "DPS Plan" and together with the Employee Plan, the "Retirement Plans"). Both Retirement Plans are single-employer public employee retirement system plans in which the assets are held in an investment trust. Employees vest after five years of service and are eligible for early retirement at ages 55-61 and full retirement benefits at age 62 and older. Pension benefits increase by a cost of living adjustment each January 1.

Employee Plan - All regular employees hired prior to January 1, 2010, other than DPS officers, are covered by the Employee Plan. Benefits vest after five years of service. Airport employees who retire are entitled to an annual retirement benefit, payable monthly for life in an amount equal to a percentage of final average monthly compensation times credited service plus an annual cost of living adjustment (as defined by the Employee Plan). Employees can also elect a limited lump-sum distribution. The Employee Plan also provides early retirement, death, and disability benefits.

As of January 1, 2010, the Employee Plan was closed to new employees. New employees are hired under a 401(a) plan.

DPS Plan - The DPS Plan was established effective October 1, 1999, when the assets and liabilities accrued by public safety officers eligible for the DPS Plan prior to October 1, 1999, were transferred from the Employee Plan to the DPS Plan in compliance with the requirements of IRS Code Section 414(1). DPS officers contribute 7% of their salary to the Plan. The public safety officers who retired or terminated employment prior to October 1, 1999, were not eligible for the DPS Plan and will continue to receive their benefits, if any, from the Employee Plan.

The DPS Plan permits early retirement at ages 55 to 61, or upon satisfaction of the "Rule of 80." The "Rule of 80" is the attainment of age 50 and the completion of the number of years of benefit service that when added to the participant's age equals the sum of 80. All Public Safety Officers employed by the Airport are permitted early retirement upon the satisfaction of the "25 Year Rule." The "25 Year Rule" is the attainment of 25 years of service within the Public Safety department.

DPS officers receive pension benefits in the form of a qualified joint and survivor annuity; however, an employee may request optional forms of pension benefit payments upon written request to the Plan Administrator. Other forms of payment of accumulated plan benefits include lump-sum distribution upon retirement or termination or equal monthly payments for life.

The Airport determines each Retirement Plans' funding policy. Historically, the Airport has contributed an amount equal to the actuarially determined pension benefit cost for the year. In some years, however, the Airport funds additional contributions to help retire the unfunded liability sooner. The Airport funded an additional \$2.9 million in Fiscal Year 2018 and \$2.7 million in Fiscal Year 2019 over the actuarially determined pension benefit cost to the defined benefit plans. The significant actuarial assumptions used to compute the actuarially determined contribution requirement are the same as those used to compute the actuarial accrued liability.

Both pension plans provide that employees with five or more years of service are entitled to annual pension benefits, beginning at normal retirement age of 62, equal to a certain percentage of their final average monthly compensation for each year of credited service, less a certain percentage of anticipated primary insurance benefits. The final average monthly compensation is determined by utilizing the average monthly rate of compensation of the last 36 completed months immediately prior to the date of service termination.

Employer contributions are generally made annually and recognized as additions in the period in which employee services are performed. Employee contributions are required for the DPS Plan, but not permitted for the Employee Plan.

The actuarially determined contribution requirements for the Retirement Plans are computed through an actuarial valuation performed as of January 1 each year. The annual actuarial valuation is performed to determine the adequacy of current contribution rates, to describe the current financial condition of the Plans and to analyze changes in the Plans' condition.

A copy of the "Actuarial Valuation Report for the Year Beginning January 1, 2020" for each Plan is available on the Airport's website at <http://www.dfwairport.com/investors>. Information provided by the Airport on its website is not a part of the Cities' continuing disclosure obligations under its Continuing Disclosure Agreement relating to the Bonds. This reference to the Airport's website is for informational purposes only, and neither the website nor the information contained on such website shall be deemed incorporated herein by reference. Neither the Airport nor the Cities are obligated to continue to provide information on the Airport's website.

### **Defined Contribution Plan**

All regular employees hired after January 1, 2010, are enrolled in a defined contribution plan. DFW has agreed to match employee contributions up to 7%. Employees are required to contribute 1%-3% of their pay based on years of employment. Employees are eligible to contribute more, up to IRS limits. Employees vest in the defined contribution plan equally over five years.

### **Other Post-Employment Benefits**

In addition to pension benefits, the Airport provides certain other post-employment benefits for retired employees ("OPEB"). Specifically, the Airport allows qualified retired employees to participate in the Airport's health insurance plans and provides a premium subsidy for those employees. These benefits apply only to retired employees ages 65 or younger who meet certain eligibility criteria, and provide a maximum premium benefit per employee of \$400 per month. The OPEB plan is administered by the Airport's Executive Vice President of Administration and Diversity and the Vice President of Human Resources. The assets are managed by the Airport's Retirement Committee. All assets are held in a Section 115 Trust.

A copy of the "DFW Airport Retiree Health Care Plan - Actuarial Valuation Report as of January 1, 2020" is available on the Airport's website <http://www.dfwairport.com/investors>. Information provided by the Airport on its website is not a part of the Cities' continuing disclosure obligations under its Continuing Disclosure Agreement relating to the Bonds. This reference to the Airport's website is for informational purposes only, and neither the website nor the information contained on such website shall be deemed incorporated herein by reference. Neither the Airport nor the Cities are obligated to continue to provide information on the Airport's website.

## **ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT**

The Airport has historically been focused on environmental, social and governance goals. These are clearly laid out in the Airport's Strategic Plan. The Airport is the largest carbon neutral airport in the world and is one of only two carbon neutral airports in North and South America. The Airport's Strategic Plan and social and environmental programs support the United Nations Sustainable Development Goals (SDG). The Airport's programs and initiative directly advance 14 of the 17 SDGs identified by the United Nations. Beginning in Fiscal Year 2016, the Airport began issuing an ESG report. The most recent ESG

report and the Airport's Strategic Plan can be found on the Airport's Investors website. This reference to the Airport's website is for informational purposes only, and neither the website nor the information contained on the website shall be deemed incorporated herein by reference. Neither the Airport nor the Cities are obligated to continue to provide information on the Airport's website.

## **RISK MANAGEMENT AND INSURANCE**

The Master Bond Ordinance requires the Airport to maintain insurance in amounts and against such losses or damages as are customarily insured by the owners of similar properties. See **APPENDIX B – "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE-Particular Covenants-Casualty Insurance."** The Airport annually determines the type, amount and extent of coverage following consultation with an Independent Insurance Consultant or the Risk Manager.

In accordance with this covenant, the Airport, with the assistance of an insurance brokerage firm, conducted a review of the Airport's Property Insurance Program. The review concluded that the Airport's total property assets are valued at approximately \$5.3 billion. The Airport has procured an "all risks" property policy with FM Global, an A.M. Best A+ rated carrier. The policy protects the Airport from any fortuitous loss, including business interruption, with a coverage limit of liability and time element losses of \$2 billion per occurrence with a deductible of \$250,000. Terrorism is subject to a limit of \$2 billion with an average policy deductible of \$250,000. The total annual premium for this policy is approximately \$2.6 million. The Airport conducted a survey and has determined that the amount and scope of the Airport's insurance is comparable to that acquired by similar sized public entities and/or airports.

The Airport carries a full line of insurance coverages, including cyber, environmental, liability, commercial, workers' compensation, and errors and omissions. A full list with coverages are included in the Airport's Financial Statement which has been incorporated herein. See "**APPENDIX C — ANNUAL FINANCIAL REPORT.**"

## **THE AIRLINES**

Certain of the airlines (or their respective parent corporations) are subject to the information reporting requirements of the Securities Exchange Act of 1934 and in accordance therewith file reports and other information (collectively, the "SEC Reports") with the Securities and Exchange Commission (the "SEC"). Only companies with securities listed on a national securities exchange or registered under § 12(g) of the Exchange Act, or companies which are required to file with the SEC under § 15(d) of the Exchange Act, are required to file with the SEC pursuant to the information reporting requirements and will have information on file. Certain information, including financial information, as of particular dates, concerning each such Airline (or their respective parent corporations) is included in the SEC Reports. The SEC Reports can be inspected in the Public Reference Room of the SEC at Room 1580, 100 F Street, N.E., Washington, D.C. 20549, and at the SEC's regional office at 500 West Madison Street, Suite 1400, Chicago, IL 60661 and copies of such SEC Reports can be obtained from the Public Reference Section of the SEC at 100 F Street, N.E., Washington, D.C. 20549 at prescribed rates. The SEC maintains a web site at [www.sec.gov](http://www.sec.gov). In addition, each domestic airline is required to file periodic reports of financial and operating statistics with the United States Department of Transportation ("DOT"). Such reports can be inspected at the following location: DOT Dockets Office, Research and Innovative Technology Administration, Bureau of Transportation Statistics, 1200 New Jersey Avenue, S.E., Room W12-140, Washington, DC 20590, and copies of such reports can be obtained from DOT at prescribed rates. In addition, further information regarding American Airlines, the predominant carrier servicing the Airport, may be found at its web site: [www.aa.com](http://www.aa.com). Foreign flag airlines also provide certain information concerning their operations and financial affairs, which may be obtained from the respective airline.

Any significant financial or operational difficulties incurred by American Airlines, or the elimination or reduction of the Airport's status as a connecting hub for American Airlines, could have a material adverse effect on the Airport. Financial or operational difficulties by any of the other airlines may also, whether directly or indirectly, have an adverse impact on Gross Revenues or Airport operations, the effect of which may be material. For an examination of the airlines' present situation and the relative presence of each airline at the Airport, see the sources outlined in "**THE AIRLINES**" above. See also "**CERTAIN INVESTMENT CONSIDERATIONS.**"

## **AIRLINE AGREEMENTS**

In 2010, the Airport entered into agreements with various air carriers utilizing the Airport. Such agreements are hereinafter collectively referred to as the "Use Agreements." The Use Agreements signed by each Signatory Airline are substantially similar. The Airport currently has Use Agreements with 24 passenger airlines and 21 freight airlines. The current Use Agreements expire September 30, 2021. There can be no assurance that the Airport and Signatory Airlines will reach an agreement for a new use agreement, or that the terms of the new use agreement will be substantially similar to the terms of the current Use Agreement. If the parties are unable to reach agreement on a new agreement by September 30, 2021, the Airport may elect to extend the current Use Agreement until the parties can agree on a new agreement or implement rates by ordinance as acknowledged under FAA rules and regulations. These rules and regulations allow an airport to charge airlines the cost to operate the airfield and terminals, including debt service, coverage and reserves. The FAA rules and regulations do not require DFW to share net revenues from nonairline sources such as parking and concessions. DFW shared approximately \$63 million of net revenues with the airlines in Fiscal Year 2019 to reduce landing fees.

The following is a summary of certain provisions of the current Use Agreements. The summary does not purport to be complete or to follow the exact language of the Use Agreements and is subject in all respects to the detailed provisions of the Use Agreements, copies of which are available for inspection at the office of the Airport. The capitalization of any word or phrase which is not defined herein, or not conventionally capitalized, indicates such word or phrase as defined in the Use Agreements.

**Term.** The Use Agreement expires September 30, 2021.

**Use of Airport.** Each Signatory Airline has the right to use the Airport for any lawful, reasonable and appropriate activity in connection with such Airline's business of transportation by aircraft. Such use includes, among other things, terminal structures, aircraft parking ramps, runways and taxiways.

**General Commitment.** In consideration of its use, occupancy and operation of the Airport, each Signatory Airline agrees to pay rentals, fees and charges based on the methodology described in "**RATE SETTING -Airline Use Agreement Rate Model.**" The Airport and the Signatory Airlines are currently negotiating a new agreement that may have different methodologies for calculating rates and charges.

**Adjustments to Rates and Charges.** If during any Fiscal Year, the Airport anticipates that collected revenues from the Airfield Cost Center and certain sub-cost centers will be insufficient by an amount at least equal to 3% of that projected for the associated cost center or sub-cost center, then the Airport may, without Signatory Airlines approval, increase rates or fees during such Fiscal Year in an amount sufficient to recover the shortfall by the end of such Fiscal Year. Nothing in the Use Agreements is intended to limit the ability of the Airport to adjust rates, fees and charges, including without limitation landing fees, from time to time, in order to meet the requirements of the Master Bond Ordinance, including, without limitation, debt service reserve fund adjustments, the Rate Covenant, and the flow of funds requirements under the Master Bond Ordinance.

**New Capital Projects.** The Use Agreements establish procedures regarding airline approval of new capital projects. Before commencing certain projects that are to be funded from the Joint Capital Account or from the proceeds of Obligations, except for certain pre-approved projects, the Airport must, subject to certain exceptions, obtain the approval of a majority-in-interest of the Signatory Airlines. Projects funded solely from the DFW Capital Account do not require approval of a majority-in-interest of the Signatory Airlines. The Airport and Airlines are currently negotiating a new Use Agreement that may include additional pre-approved capital projects including new terminal development. See "**CAPITAL PROJECTS.**"

**Assignment by Airline.** A Signatory Airline may not make an assignment of or sublease under its Use Agreement without the written consent of the Airport, which consent will not be unreasonably withheld; provided, however, that so long as the Signatory Airline's obligations under its Use Agreement are assumed by the assignee, such agreement may be assigned without such consent to any successor in interest of the Signatory Airline with or into which the Signatory Airline may merge or consolidate, or which may succeed to the assets of the Signatory Airline or a major portion of its assets related to its air transport system.

**Termination by Airline.** A Signatory Airline may not terminate its Use Agreement as long as any Joint Revenue Bonds are outstanding. Thereafter, a Signatory Airline may terminate its Use Agreement if the Airline's Certificate of Public Convenience and Necessity is suspended, cancelled or terminated, or if it is prevented from using all or a substantial part of the airfield under various circumstances and for various minimum periods of time ranging from 30 to 90 days, or in the event of an uncured default by the Airport. See "**CERTAIN INVESTMENT CONSIDERATIONS - Effect of Bankruptcy on Use Agreement.**"

**Events of Default and Remedies.** The Use Agreements set forth certain occurrences or events which constitute events of default thereunder and remedies on default.

## **FEDERAL REGULATIONS REGARDING RATES AND CHARGES DISPUTES**

In August 1994, the President of the United States signed into law the FAA Authorization Act of 1994 (the "1994 Act") which continues the pre-existing federal requirement that airline rates and charges set by airports be "reasonable" and mandates an expedited administrative process by which the Secretary of Transportation (the "Secretary") shall review rates and charges complaints, 49 U.S.C. § 47129. Under 49 U.S.C. § 47129, an affected air carrier may file a written complaint requesting a determination of the Secretary as to reasonableness within 60 days after such carrier receives written notice of the establishment or increase of such fee. During the pendency of the review, the airlines must pay the disputed portion of the fee to the airport under protest, subject to refund to the extent such fees are found to be unreasonable by the Secretary. The airport must obtain a letter of credit, surety bond or other suitable credit facility equal to the amount in dispute unless the airport and the complaining carriers agree otherwise. In January 1995, pursuant to the 1994 Act, the DOT issued a rule which was amended effective December 16, 1996 (the "Final Rule"), outlining the rules of practice for filing complaints and adjudicating complaint matters involving federally assisted airports. This Final Rule is broader in application and covers matters other than just rates and charges complaints. The initial rule was accompanied by a policy statement setting forth the standards DOT would apply to resolving airport fee disputes under 49 U.S.C. § 47129. The initial policy statement was supplemented in September of 1995 and replaced on June 14, 1996, by the "Policy Regarding Airport Rates and Charges." In an August 1, 1997, decision, the U.S. Court of Appeals for the District of Columbia Circuit invalidated that part of the policy that required airports to value their airfield assets at historical costs in calculating airfield use fees. Until DOT promulgates a new policy regarding airfield rates and charges, the guiding principle for determining the validity of rates and charges for use of airfield assets is the requirement of federal law that such charges be "reasonable."

## **FEDERAL GRANTS-IN-AID**

The Airport and Airway Improvement Act of 1982 created the Airport Improvement Grant Program ("AIGP"), which is administered by the FAA and funded by the Airport and Airway Trust Fund. This fund is financed by federal aviation user taxes. Funds are appropriated on a regional basis. Grants for approved eligible projects are available to airport operators in the form of "entitlement" funds and "discretionary" funds. Entitlement funds, which are distributed first, are apportioned annually based upon a formula using the number of enplaned passengers and cargo landing weights. The amount of entitlement funds computed for each airport is reduced if a Passenger Facility Charge is levied. The amount remaining after the distribution of entitlement funds are considered discretionary funds and are available to fund approved projects at the discretion of the regional FAA office, based upon a regional priority system. Discretionary Funds may, upon approval by the FAA, be granted under a Letter of Intent (LOI), which promises, based on a schedule of annual payments, future discretionary funding. In the Fiscal Year ending September 30, 2019, the Airport was awarded \$9.3 million of entitlement grants, \$15 million under a LOI grant for End Around Taxiways, and \$13.9 million in discretionary grants. No assurances can be given that federal grants in aid will actually continue or be received in the amount or at the time contemplated by the Airport.

## **CERTAIN INVESTMENT CONSIDERATIONS**

### **General**

The principal of and interest on the Bonds is payable pursuant to the Master Bond Ordinance solely from the Pledged Revenues and Pledged Funds. The ability to pay debt service on the Bonds will depend on the receipt of sufficient Gross Revenues.

The Airport's ability to generate Gross Revenues depends primarily upon sufficient levels of aviation activity and passenger traffic at the Airport. The achievement of passenger traffic will depend partly on the profitability of the airline industry, including their ability to access capital and the ability of individual airlines to provide sufficient capacity to meet demand. A weak economy, war, pandemic illness, geophysical event, and the threat of terrorist activity reduce demand. A reduction in passenger traffic would result in a reduction in PFCs and passenger related non-airline revenues such as concessions, parking and rental car revenues. A decrease in aviation activity at the Airport would likely result in an increase in landing fees and terminal rentals to pay for the Airport's cost of providing these services as required by the Use Agreements. As landing fees and terminal rentals rise, airlines could elect to discontinue service at the Airport. A continued reduction in the number of airlines operating at the Airport could have an adverse impact on the Airport's competitiveness.

In considering the matters set forth in this Official Statement, prospective purchasers should carefully review all investment considerations set forth throughout this Official Statement, and should specifically consider certain risks associated with the Bonds. There follows a discussion of some, but not necessarily all, of the possible considerations and risks which should be carefully evaluated by prospective purchasers of the Bonds prior to purchasing any Bonds. The Bonds may not be suitable investments for all persons. Prospective purchasers should evaluate the risks and merits of an investment in the Bonds and should confer with their own legal, tax and financial advisors before considering a purchase of the Bonds.

### **COVID-19**

See "**IMPACT OF COVID-19 PANDEMIC ON THE AIRPORT**" above for risks associated with the Bonds resulting from the COVID-19 pandemic.

## **American Airlines' Dominance at Airport**

American Airlines is the dominant carrier operating at the Airport, which serves as a primary hub in American Airlines' global route system. For the Fiscal Year 2019, American Airlines, together with its affiliate, American Eagle, accounted for approximately 85.15% of passenger enplanements at the Airport, and approximately 75.4% of total landed weights at the Airport. No other airline accounted for more than 4% of passenger enplanements or total landed weights at the Airport for Fiscal Year 2019. See Table 6 — Total Domestic and International Enplanements Statistics.

Any significant financial or operational difficulties incurred by American Airlines, or the elimination or reduction in the Airport's status as a connecting hub for American Airlines, could have a material adverse effect on the Gross Revenues of the Airport. See "**CERTAIN INVESTMENT CONSIDERATIONS—General.**" In the event American Airlines discontinues or reduces its operations at the Airport, American Airlines' current level of activity may not be replaced by other carriers resulting in higher airline fees to use the Airport's facilities. For an examination of American Airlines' present situation, see the sources outlined in "**THE AIRLINES**" above.

## **Competition**

**General.** The Cities of Dallas and Fort Worth each own and operate other airports (the "Other Airports") that provide various aviation and air carrier services in the Dallas-Fort Worth metropolitan area. Such Other Airports consist of Dallas Love Field Airport ("Love Field"), Fort Worth Alliance Airport ("Alliance"), Meacham International Airport ("Meacham"), Fort Worth Spinks Airport and Dallas Executive Airport (formerly known as Redbird Airport). The revenues of the Other Airports are not pledged to the payment of or as security for any bonds of any type that are issued in relation to the Airport. In addition, general aviation, business and charter operations are conducted at Addison Airport, owned by the Town of Addison. No commercial passenger air service is currently provided at Fort Worth Alliance Airport, Meacham International Airport, Fort Worth Spinks Airport, Dallas Executive Airport or the Addison Airport.

The Airport also competes with other large airports across the United States to serve as a hub in the routing system for major airlines and as an international gateway for international travel. Some of the factors that impact the Airport's ability to compete with regional, national and international airports are geographic location, airport infrastructure and metropolitan population.

There can be no assurance that the Airport will continue to successfully compete with other airports for air passenger service and passenger market share. A significant loss of passengers and/or flights at the Airport could have a material adverse effect on Airport operations. See "**CERTAIN INVESTMENT CONSIDERATIONS—General.**"

**Love Field Airport.** Scheduled non-stop passenger service is currently provided at Love Field, located approximately five miles from downtown Dallas. Love Field is also the base for extensive private, general and corporate aviation activities and aircraft repair and finish-out facilities.

Love Field has one terminal building with 20 gates and one 7,700-foot and one 8,800-foot runways. Currently, 18 gates are leased by Southwest Airlines and two gates are leased by Alaska Airlines and shared with Delta Airlines. In calendar year 2019, Love Field had 231,879 aircraft operations and hosted 16.8 million total passengers.

**Alliance Airport.** Alliance is part of a 26,000-acre master planned mixed use development located within Tarrant and Denton Counties, Texas. Alliance consists of 9,600 acres and offers multi-modal

transportation access. Elements of this port include BNSF Railway's international rail hub, Federal Express' southwest regional sort hub, a UPS ground hub, and a Foreign Trade Zone. Recently, Amazon announced a new regional air hub at Alliance and has started construction. Alliance has two 11,000-foot parallel runways. Alliance is not certified to provide air carrier passenger service.

**Meacham International Airport.** Meacham, a Fort Worth owned and operated general aviation airport, is certified for passenger service and available for charters. Meacham has one 7,500-foot runway, one 4,000-foot runway and one 3,700-foot runway. No commercial air carriers operate out of Meacham at this time.

### **Passenger Facility Charges**

**Application.** While the Outstanding Obligations, including the Bonds, are not secured by or payable from PFC Revenues, PFC Revenues are required, pursuant to PFC Application 10 and the Use Agreements, to be used to pay debt service on the Outstanding Obligations. A decrease in the collection of PFC revenues would result in a significant increase in airline cost. See "**OPERATIONAL INFORMATION — Passenger Facility Charges**" and "**CERTAIN INVESTMENT CONSIDERATIONS—General.**"

**Sufficiency.** The amount of PFC revenues collected in any given year will vary depending on the actual number of passengers enplaned at the Airport. If the number of enplaned passengers at the Airport falls below certain estimates, the actual PFC revenues will fall short of certain projections (unless the dollar amount of PFCs increases). For a discussion of the possible impact of a decrease in enplaned passengers see "**CERTAIN INVESTMENT CONSIDERATIONS—General.**" There can be no assurance as to what passenger traffic and revenues of the Airport will be in the future.

**Availability.** The authority to impose and use PFCs is subject to the terms and conditions of the PFC Act, AIR-21 and the related regulations and statutes. Failure to comply with the requirements of applicable law, such as the failure to use PFCs strictly for the approved PFC eligible projects, may cause the FAA to terminate or reduce the Airport's authority to impose and collect PFCs. In addition, notwithstanding FAA regulations requiring airlines that collect PFCs to account for PFC collections separately and indicating that those PFC collections are to be regarded as funds held in trust by the collecting airline for the beneficial interest of the public agency imposing the PFC, in the event of a bankruptcy proceeding involving a collecting airline, though it has not been the case at the Airport in connection with prior airline bankruptcies, there is the possibility that a bankruptcy court could hold that the PFCs in the airline's custody are not to be treated as trust funds and that the Airport is not entitled to any priority over other creditors of the collecting airline as to such funds. Airport management believes that any uncollected PFCs held by current bankrupt airlines operating at the Airport are not material to the continued operation of the Airport. Also, there is no assurance that the PFC Act or any other relevant legislation or regulation will not be repealed or amended as to adversely affect the Airport's ability to collect PFCs or to apply them to pay for the prior capital development program and other projects. The occurrence of any of these events could have an adverse impact on the timely payment of principal of or interest on the Bonds, as noted above. See "**CERTAIN INVESTMENT CONSIDERATIONS—General.**"

### **Airline Industry**

**General.** Key factors that affect airline traffic at the Airport and the financial condition of the airlines, and, therefore, the amount of Gross Revenues available for payment of the Bonds, include: local, regional, national and international economic and political conditions; environmental factors; international hostilities; world health concerns; aviation security concerns; airline service and routes; airline airfares and competition; airline industry economics, including labor relations and costs; availability and price of

aviation fuel (including the ability of airlines to hedge fuel costs); regional, national and international environmental regulations; airline consolidation and mergers; capacity of the national air traffic control and airport systems; capacity of the Airport and competition from other airports for connecting traffic; and business travel substitutes, including teleconferencing, videoconferencing and web-casting.

The airline industry is highly cyclical and is characterized by intense competition, high operating and capital costs and varying demand. Passenger and cargo volumes are highly sensitive to general and localized economic trends, and passenger traffic varies substantially with seasonal travel patterns. The profitability of the airline industry can fluctuate dramatically from quarter to quarter and from year to year, even in the absence of catastrophic events such as the terrorist attacks of September 11, 2001, and the economic recession of 2008 and 2009. Other business decisions by airlines, such as the reduction or elimination of service to unprofitable markets, increasing the use of smaller, regional jets, and changing hubbing strategies, have also affected air traffic at the Airport and could have a more pronounced effect in the future.

The following are just a few of the factors affecting the airline industry including regional and national economic conditions, costs of aviation fuel, international conflicts and threats of terrorism, and structural changes in the travel market.

**Economic Conditions.** Historically, the financial performance of the air transportation industry has correlated with the state of the national and global economies. Unfavorable conditions in these economies have resulted, and may result in the future, in decreased passenger demand for air travel, a reduction in cargo flights and other adverse impacts on the air transportation industry.

**Availability and Cost of Aviation Fuel.** Airline earnings are significantly affected by changes in the price of aviation fuel. According to the Air Transport Association, fuel, along with labor costs, is one of the largest cost components of airline operations, and continues to be an important and uncertain determinate of an air carrier's operating economics. There has been no shortage of aviation fuel since the "fuel crisis" of 1974, but any increase in fuel prices causes an increase in airline operating costs. Fuel prices continue to be susceptible to, among other factors, political unrest in various parts of the world (particularly in the oil-producing nations in the Middle East and North Africa), Organization of Petroleum Exporting Countries policies, the rapid growth of economies such as China and India, the levels of inventory carried by industries, the amounts of reserves maintained by governments, disruptions to production and refining facilities and weather.

**International Conflict and the Threat of Terrorism.** The increased threat of terrorism has had, and may continue to have, a negative impact on air travel. The Airport cannot predict the likelihood of future incidents similar to the terrorist attacks of September 11, 2001, the likelihood of future air transportation disruptions or the impact on the Airport or the airlines operating at the Airport from such incidents or disruptions.

**Structural Changes in the Travel Market.** Many factors have combined to alter consumer travel patterns. The threat of terrorism against the United States remains high. As a result, the federal government has mandated various security measures that have resulted in new security taxes and fees and longer passenger processing and wait times at airports. Both add to the costs of air travel and make air travel less attractive to consumers relative to ground transportation, especially to short-haul destinations. Additionally, consumers have become more price-sensitive. Efforts of airlines to stimulate traffic by heavily discounting fares have changed consumer expectations regarding airfares. In addition, the availability of fully transparent price information on the Internet now allows quick and easy comparison shopping, which has changed consumer purchasing habits. Consumers have shifted from purchasing paper tickets from travel agencies or airline ticketing offices to purchasing electronic tickets over the Internet. This has made pricing

and marketing even more competitive in the U.S. airline industry. Finally, smaller corporate travel budgets, combined with the higher time costs of travel, have made business customers more amenable to communications substitutes such as tele- and video-conferencing.

**Uncertainties of the Airline Industry.** The Airport's ability to derive Gross Revenues from its operation of the Airport depends on many factors, many of which are not subject to the Airport's control. Revenues may be affected by the ability of the Signatory Airlines, individually and collectively, to meet their respective obligations under the Use Agreements.

The financial strength and stability of airlines serving the Airport are key determinants of future airline traffic. In addition, individual airline decisions regarding level of service, particularly hubbing activity, at the Airport will affect total enplanements. No assurance can be given as to the levels of aviation activity that will be achieved by the Airport. There is no assurance that the Airport, despite a demonstrated level of airline service and operations, will continue to maintain such levels in the future.

The continued presence of the airlines serving the Airport, and the levels at which that service will be provided, are a function of a variety of factors. Future airline traffic of the Airport will be affected by, among other things, the growth or decline in the population and the economy of the Airport Service Region and by national and international economic conditions, acts of war and terrorism, federal regulatory actions, airline service, air fare levels and the operation of the air traffic control system. See "**THE AIRLINES.**"

**Effect of Bankruptcy on Use Agreements.** When a Signatory Airline seeks protection under the bankruptcy laws, such airline or its bankruptcy trustee must determine whether to assume or reject its agreements with the Airport (1) with regard to non-residential real property leases (including the Use Agreements) by the earlier of (i) 120 days after the date of the order for relief (unless extended by the court for an additional 90 days for cause), or (ii) entry of the order confirming a plan, or (2) prior to the confirmation of a plan of reorganization with respect to any other agreement. In the event of assumption, the airline would be required to cure any defaults and to provide adequate assurance of future performance under the applicable Use Agreement or other agreements. Rejection of a Use Agreement or other agreement or executory contract would give rise to an unsecured claim of the Airport for damages, the amount of which in the case of a Use Agreement or other real property lease agreement is limited by the Bankruptcy Code generally to the amounts unpaid prior to bankruptcy plus the greater of (a) one year of rent or (b) 15% of the total remaining lease payments, not to exceed three years. However, the amount ultimately received in the event of a rejection of a Use Agreement or other agreement could be considerably less than the maximum amounts allowed under the Bankruptcy Code. Except for costs allocated to such airline for usage and rental of the terminal, concourse and ramps, amounts unpaid as a result of a rejection of a Use Agreement or other agreement in connection with an airline in bankruptcy, such as airfield costs and costs associated with the baggage claim area, would be passed on to the remaining Signatory Airlines under their respective Use Agreements, although there can be no assurance that such remaining airlines would be financially able to absorb the additional cost. Additionally, during the pendency of a bankruptcy proceeding, a debtor airline may not, absent a court order, make any payments to the Airport on account of goods and services provided prior to the bankruptcy. Thus, the Airport's stream of payments from a debtor airline would be interrupted to the extent of pre-petition goods and services, including accrued rent and landing fees.

**Operational Issues Related to 737 Max Aircraft.** On March 13, 2019, the FAA ordered the temporary grounding of the Boeing 737 MAX aircraft. It is unclear when the FAA will lift the grounding of the 737 MAX aircraft. According to American Airlines (see "**American Airlines' Dominance at Airport**"), approximately 115 flights per day will be cancelled during the grounding, representing approximately 1.5 percent of American Airline's total flying during Summer of 2019. The Airport does not

expect the grounding of the 737 MAX aircraft to have a material adverse effect on the finances or operations of the Airport.

## **Cyber Security**

The Airport requires the secure processing and storage of sensitive information relating to the Airport's customers, employees, business partners and others. However, like any enterprise operating in today's digital environment, the Airport is subject to threats to the security of its networks and data, including threats potentially involving criminal hackers, hacktivists, state-sponsored actors, employee malfeasance, and human or technological error. These threats continue to increase as the frequency, intensity and sophistication of attempted attacks and intrusions increase around the world. The Airport has been the target of cybersecurity attacks in the past and it is expected that it will continue to be in the future.

Furthermore, in response to these threats there has been heightened legislative and regulatory focus on data privacy and cybersecurity. This regulatory environment is increasingly challenging and may present material obligations and risks to the Airport's business, including significantly expanded compliance burdens, costs and enforcement risks. In addition, many of the Airport's commercial partners, including credit card companies, have imposed data security standards that the Airport must meet. In particular, the Airport is required by the Payment Card Industry Security Standards Council, founded by the credit card companies, to comply with their highest level of data security standards. While the Airport continues its efforts to meet these standards, new and revised standards may be imposed that may be difficult for the Airport to meet and could increase the Airport's costs.

A significant cybersecurity incident could result in a range of potentially material negative consequences for the Airport, including unauthorized access to, disclosure, modification, misuse, loss or destruction of systems or data; theft of sensitive, regulated or confidential data, such as personal identifying information; the loss of functionality of critical systems through ransomware, denial of service or other attacks; and business delays, service or system disruptions, damage to equipment and injury to persons or property. The methods used to obtain unauthorized access, disable or degrade service or sabotage systems are constantly evolving and may be difficult to anticipate or to detect for long periods of time. The constantly changing nature of the threats means that the Airport may not be able to prevent all data security breaches or misuse of data. Similarly, the Airport depends on the ability of its key commercial partners, including airlines and technology vendors, to conduct their businesses in a manner that complies with applicable security standards and assures their ability to perform on a timely basis.

In addition, the costs of operation consequences of defending against, preparing for, responding to and remediating an incident of cybersecurity breach may be substantial. As cybersecurity threats become more frequent, intense and sophisticated, costs of proactive defense measures may increase. Further, the Airport could be exposed to litigation, regulatory enforcement and other legal action as a result of an incident, carrying the potential for damages, fines, sanctions or other penalties, as well as injunctive relief requiring costly compliance measures. A cybersecurity incident could also impact the Airport's brand, harm its reputation and adversely impact the relationship with the Airport's customers, airlines, government partners, and employees. Failure to appropriately address these issues could also give rise to potentially material legal risks and liabilities. The airlines serving the Airport and other Airport tenants, as well as the FAA and TSA, also face cybersecurity threats that could affect their operations and finances.

## **Conflict and Terrorism**

Acts of terrorism or fear of such attacks, including elevated national threat warnings, wars or other military conflicts, may depress air travel, particularly on international routes, and cause declines in passengers and increases in costs. The attacks of September 11, 2001 on the United States and continuing

terrorist threats, attacks and attempted attacks materially impacted and continue to impact air travel. Travel behavior may be affected by anxieties about the safety of flying and by the inconveniences and delays associated with more stringent security screening procedures, both of which may give rise to the avoidance of air travel generally and the switching from air to surface travel modes.

Increased security procedures introduced at airports since the attacks of September 11, 2001, and any other such measures that may be introduced in the future generate higher operating costs. The Aviation and Transportation Security Act mandated improved airport perimeter access security, enhanced security screening of passengers, baggage, cargo, mail, employees and vendors, enhanced training and qualifications of security screening personnel, and enhanced background checks. The Airport has at times found it necessary or desirable to make significant expenditures to comply with security-related requirements while seeking to reduce their impact on the Airport's customers, such as expenditures for automated security screening lines. In addition, the Airport cannot forecast what new security requirements may be imposed in the future, or their impact on the Airport's customers and business.

### **Technological Innovations in Ground Transportation**

One significant source of non-airline revenues is generated from ground transportation activity, including use of on-airport parking facilities; trip fees paid by taxi, limousine and TNCs; shared rides; and rental car transactions by Airport passengers. While passenger levels are increasing, the relative market share of these sources of revenue is shifting from parking at the airport, parking off airport, and traditional taxis and limousines to TNCs (See Table 10 comparing parking and total ground transportation revenue.) The Airport charges different fees and makes different profits from each product. There can be no assurance that passengers will not choose to utilize TNCs instead of parking or using rental cars in the future, which could result in a reduction in ground transportation revenues.

In addition to TNCs, new technologies (such as autonomous vehicles, connected vehicles or urban aerial ridesharing with VTOL (vertical takeoff and landing) aircraft) and innovative business strategies in established markets such as commercial ground transportation and car rental may continue to occur and may result in further changes in Airport passengers' choice of ground transportation mode. While the Airport makes every effort to anticipate demand shifts, there may be times when the Airport's expectations differ from actual outcomes. In such event, revenue from one or more ground transportation modes may be lower than expected. The Airport cannot predict with certainty what impact these innovations in ground transportation will have over time on revenues from parking, other ground transportation services or rental cars. The Airport also cannot predict with certainty whether or to what extent it will collect non-airline revenues in connection with such new technologies or innovative business strategies.

### **Unmanned Aerial Vehicles**

With the proliferation of inexpensive, commercially available, unmanned aerial vehicles ("UAVs"), or drones, the threat that unauthorized and unsafe UAV operations near airports could adversely affect the safety or security of U.S. airports and arriving or departing aircraft has increased significantly in recent years. Recent incursions of airport airspace by UAVs have disrupted airport operations by causing flights to be halted or diverted. London's Gatwick Airport was closed for 27 hours, impacting some 140,000 passengers and causing roughly 1000 flights to be delayed or canceled between December 19 and 21, 2018 due to drone incursions. An unauthorized UAV incursion at the Airport could result in the temporary delay or cancellation of flights to or from the Airport as well as harm the Airport's brand, reputation and its relationships with the Airport's customers, airlines and government partners. Although UAVs are regulated by the FAA and federal law prohibits the Airport from disrupting UAV operations or undertaking counter UAV measures, the Airport is working closely with the FAA to develop measures to prevent unauthorized

UAV activity from adversely affecting the Airport. There can be no assurance, however, that in the future, unauthorized UAV activity will not adversely affect Airport operations.

### **Regulations and Restrictions Affecting the Airport**

The operations of the Airport are affected by a variety of contractual, statutory and regulatory restrictions and limitations including, without limitation, the provisions of the Use Agreements, the federal acts authorizing the imposition, collection and use of PFCs and extensive federal legislation and regulations applicable to all airports in the United States. The Airport also has been required to implement enhanced security measures mandated by the FAA, DHS and Airport management.

It is not possible to predict whether future restrictions or limitations on Airport operations will be imposed, whether future legislation or regulations will affect anticipated federal funding or PFC collections for capital projects for the Airport, whether additional requirements will be funded by the federal government or require funding by the Cities or the Airport, or whether such restrictions or legislation or regulations would adversely affect Gross Revenues.

### **Future Capital Projects and Indebtedness**

As described under “**CAPITAL PROJECTS**,” there are numerous Airport capital projects planned or underway including the Infrastructure Capital Program. DFW and the airlines are discussing TRIP-like enhancements to Terminal C and the possible construction of a new Terminal F in phases. The Airport cannot estimate the cost or schedule for these two projects at this time. It may become clear as part of the new Use Agreement negotiations. The Airport expects that if these projects are added to the long term capital plan it will require the issuance of additional indebtedness. The Airport may also undertake additional capital projects that are not summarized in this Official Statement.

### **Limitations on Remedies**

The Bonds are not subject to acceleration under any circumstances or for any reason, including without limitation on the occurrence or continuance of an Event of Default. Upon the occurrence or continuation of an Event of Default, a Bondholder would only be entitled to principal and interest payments on the Bonds as they come due. Under certain circumstances, Holders of the Bonds may not be able to pursue certain remedies or enforce covenants contained in the Master Bond Ordinance. See "**SECURITY FOR THE BONDS—Enforceability; Bondholders Remedies.**"

### **Alternative Financing Options**

From time to time, Airport management evaluates various alternative financing options and possible long term lease agreements relating to its assets and various business operations. Airport management is not actively pursuing any such transactions.

## **LITIGATION**

There is no litigation, regulatory action or other claim or proceeding pending or, to the knowledge of the Airport or the Cities, threatened, which would have a material, adverse impact on the Airport, the Board, or the Bonds.

## RATINGS

Fitch Ratings, Inc. ("Fitch"), Kroll Bond Rating Agency, Inc. ("KBRA"), Moody's Investors Service, Inc. ("Moody's") and S&P Global Ratings, a division of S&P Global Inc. ("S&P"), have assigned their municipal bond ratings of "A+," "AA," "A1," and "A," respectively, on the Bonds.

None of the Cities, the Airport or the Underwriters makes any representation as to the meanings of such ratings. An explanation of the significance of each rating may be obtained from the rating agencies at their respective addresses as follows: Fitch by writing to Fitch Ratings, Inc., 33 Whitehall Street, New York, New York 10004; KBRA by writing to Kroll Bond Rating Agency, Inc., 805 Third Avenue, 29th Floor, New York, New York 10022; Moody's by writing to Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007; S&P by writing to S&P Global Ratings, 55 Water Street, New York, New York 10041. The ratings are not recommendations to buy, sell or hold the Bonds. There is no assurance that such ratings will be maintained for any period of time or that such ratings will not be withdrawn or revised downward by one or more of such rating agencies if, in their judgment, circumstances so warrant. Such actions, if taken, could have an adverse effect on the market price of the Bonds. The Cities and the Airport have undertaken no responsibility to ensure the maintenance of the ratings or to oppose any revisions or withdrawals.

## TAX MATTERS

### Opinion

On the date of initial delivery of the Bonds, McCall, Parkhurst & Horton L.L.P., Bond Counsel to the Cities and the Airport, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (2) the Bonds will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated above, Bond Counsel to the Cities and the Airport will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds. See **APPENDIX A — "FORM OF OPINION OF BOND COUNSEL."**

In rendering its opinion, Bond Counsel to the Cities and the Airport will rely upon (a) the Cities' federal tax certificate and the verification report prepared by Causey Demgen & Moore P.C. and (b) covenants of the Cities with respect to arbitrage, the application of the proceeds to be received from the issuance and sale of the Bonds and certain other matters. Failure of the Cities to comply with these representations or covenants could cause the interest on the Bonds to become includable in gross income retroactively to the date of issuance of the Bonds.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel to the Cities and the Airport is conditioned on compliance by the Cities with the covenants and the requirements described in the preceding paragraph, and Bond Counsel to the Cities and the Airport has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel's opinion is

not a guarantee of a result. The Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that such Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Bonds.

A ruling was not sought from the Internal Revenue Service by the Cities with respect to the Bonds or the facilities financed or refinanced with the proceeds of the Bonds. Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the representations of the Cities and the Airport that it deems relevant to render such opinion and is not a guarantee of a result. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an audit is commenced, under current procedures the Internal Revenue Service is likely to treat the Cities as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

### **Federal Income Tax Accounting Treatment of Original Issue Discount**

The initial public offering price to be paid for one or more maturities of the Bonds may be less than the principal amount thereof or one or more periods for the payment of interest on the Bonds may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Bonds"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the Bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, any owner who has purchased such Original Issue Discount Bond in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

Under Existing Law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Bond.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bonds.

### **Collateral Federal Income Tax Consequences**

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on Existing Law, which is subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with Subchapter C earnings and profits, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Bonds, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount Bonds" to the extent such gain does not exceed the accrued market discount of such Bonds; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

### **State, Local and Foreign Taxes**

Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

## **Information Reporting and Backup Withholding**

Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Bonds will be sent to each registered holder and to the Internal Revenue Service. Payments of interest and principal may be subject to backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of Non-U.S. Holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

## **Future and Proposed Legislation**

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law and could affect the market price or marketability of the Bonds. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

## **FINANCIAL STATEMENTS**

The Airport's Financial Report, including the Independent Auditor's Report of Deloitte & Touche LLP, Management's Discussion and Analysis and Basic Financial Statements for the Fiscal Year ended September 30, 2019 (the "Financial Report") has been filed with the Municipal Securities Rulemaking Board ("MSRB") and is available from the MSRB's Electronic Municipal Market Access system (commonly known as "EMMA" by navigating to the following link to EMMA and selecting the "Financial Disclosure" tab: <https://emma.msrb.org/IssuerHomePage/Issuer?id=05ED5B9B977360509F54C65A46A62B16>). The Financial Report, is incorporated herein by reference as stated under the caption "Annual Financial Report" in Appendix C hereto.

Deloitte & Touche LLP has not performed any procedures on the Airport's Financial Statements since the date of its Independent Auditor's Report, and has not performed any procedures on any other financial information of the Airport, including without limitation any of the information contained in this Official Statement, and has not been asked to consent to the inclusion of its Report, or otherwise be associated with this Official Statement.

## **LEGAL COUNSEL**

All legal matters incident to the validity and enforceability of the Bonds, including their authorization, issuance and sale by the Cities, are subject to the approval of McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel. The delivery of the Bonds is subject to the delivery by Bond Counsel of its opinion substantially to the effect set forth in the form attached hereto as **APPENDIX A**. In its capacity as Bond Counsel, such firm has reviewed the information describing the Bonds in the Official Statement to verify that such description conforms to the provisions of the Master Bond Ordinance. The legal fees to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are contingent on the sale and delivery of the Bonds. Certain legal matters will be passed upon the Cities and the Airport by Bracewell LLP, Dallas, Texas and West & Associates LLP, Dallas, Texas, Co-Disclosure Counsel. Certain legal matters will be passed upon for the Underwriters by Kelly Hart & Hallman LLP,

Fort Worth, Texas and Escamilla & Poneck, LLP, San Antonio, Texas, Co-Counsel for the Underwriters. The legal fees to be paid to such Co-Counsel for services rendered to the Underwriters in connection with their purchase of the Bonds are contingent on the issuance, sale and delivery of the Bonds.

### **CO-FINANCIAL ADVISORS**

Hilltop Securities Inc. and Estrada Hinojosa & Company, Inc. ("Co-Financial Advisors") have acted as Co-Financial Advisors to the Airport in connection with the issuance and sale of the Bonds. A portion of their fee for such services is contingent upon the sale and issuance of the Bonds. The Co-Financial Advisors also serve in other capacities with the Airport. All fees and other remuneration received in such other capacities are separate and distinct from the fees associated with this Bond issue and are not contingent upon the sale and issuance of the Bonds. The Co-Financial Advisors have not independently verified information in this Official Statement for accuracy or completeness (except for the information concerning the Co-Financial Advisors). Investors should not draw any conclusions as to the suitability of the Bonds from, or base any investment decisions upon, the fact that the Co-Financial Advisors have advised the Airport with respect to the Bonds.

### **UNDERWRITING**

Siebert Williams Shank & Co. LLC, as left lead book-runner, on behalf of the firms listed on the cover page (collectively, the "Underwriters") has agreed, subject to certain conditions, to purchase the Bonds from the Cities at an aggregate underwriter's discount of [\$\_\_\_\_\_] from the initial offering price of the Bonds. The Underwriters will be obligated to purchase all of the Bonds if any Bonds are purchased. The Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Bonds into investment trusts) at prices lower than the public offering prices of such Bonds and such public offering prices may be changed, from time to time, by the Underwriters.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Cities for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Cities.

### **REGISTRATION AND QUALIFICATION OF THE BONDS FOR SALE**

The sale of the Bonds has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any other jurisdiction. The Airport assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for

qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

## **CONTINUING DISCLOSURE**

The Cities have made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The Cities are required to observe the agreement for so long as each remains obligated to advance funds to pay the Bonds. Under the agreement, the Board operates as the Cities' designated agent with respect to the undertakings. The Cities will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the Municipal Securities Rulemaking Board ("MSRB").

### **Annual Reports**

The Board, on behalf of the Cities, will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the Airport, as of the end of such Fiscal Year or for such Fiscal Year period, of the general type included in the main text of the Official Statement within the numbered tables only and in APPENDIX C. The Board will update and provide this information as of the end of such Fiscal Year or for the twelve month period then ended within six months after the end of each Fiscal Year ending in or after 2020.

Under the Use Agreement, the Signatory Airlines are contractually obligated to make payments only if and to the extent of the use of the Airport by such Signatory Airlines during any Fiscal Year. Consequently, the Signatory Airlines are not "obligated persons" under the Rule (defined below), and no undertaking is being made by the Airport or any other party with respect to providing continuing disclosure as to any individual airline. For information relating to any individual airline, see "**THE AIRLINES**" and "**AIRLINE AGREEMENTS**."

The Cities, or the Board on behalf of the Cities, may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by the Securities Exchange Act of 1934, as amended, Rule 15c2-12 (the "Rule"). The updated information will include audited financial statements of the Airport, if the Board commissions an audit and it is completed by the required time. If audited financial statements are not provided by that time, the Board will provide unaudited financial statements and audited financial statements of the Airport when and if they become available. Any such financial statements of the Airport will be prepared in accordance with the accounting principles described in APPENDIX C or such other accounting principles as the Airport may be required to employ from time to time pursuant to state law or regulation.

The Airport's current Fiscal Year is October 1 to September 30. Accordingly, it must provide updated information by March 31 in each year, unless the Airport changes its Fiscal Year. If the Airport changes its Fiscal Year, it will notify the MSRB of the change.

### **Disclosure Event Notices**

The Cities shall notify the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the event, of any of the following events with respect to the Bonds: (1) Principal and interest payment delinquencies; (2) Non-payment related defaults, if material; (3) Unscheduled draws on debt service reserves reflecting financial difficulties; (4) Unscheduled draws on credit enhancements reflecting financial difficulties; (5) Substitution of credit or liquidity providers, or their failure to perform; (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations

of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) Defeasances; (10) Release, substitution, or sale of property securing repayment of the Bonds, if material; (11) Rating changes; (12) Bankruptcy, insolvency, receivership or similar event of the Cities (13) The consummation of a merger, consolidation, or acquisition involving the Cities or the sale of all or substantially all of the assets of the Cities, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) Appointment of a successor or additional Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material; (15) Incurrence of a Financial Obligation of the Cities, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Cities, any of which affect security holders, if material; and (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Cities, any of which reflect financial difficulties. In addition, the Cities will provide timely notice of any failure by the Cities to provide annual financial information in accordance with their agreement described above under "Annual Reports."

For these purposes, (A) any event described in the immediately preceding clause (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Cities in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Cities, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets of business of the Cities, and (B) the Cities intend the words used in clauses (15) and (16) in the immediately preceding paragraph and in the definition of Financial Obligation to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018.

### **Availability of Information from the MSRB**

The Cities have agreed to provide the foregoing information only as described above. Investors will be able to access continuing disclosure information filed with the MSRB free of charge at [www.emma.msrb.org](http://www.emma.msrb.org).

### **Limitations and Amendments**

The Cities have agreed to update information and to provide notices of certain specified events only as described above. Neither the Cities nor the Board have agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. Neither the Cities nor the Board make any representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The Cities and the Board disclaim any contractual or tort liability for damages resulting in whole or in part from any breach of the continuing disclosure agreement or from any statement made pursuant to the agreement, although holders of the Bonds may seek a writ of mandamus to compel the Cities to comply with their agreement.

The Cities may amend their continuing disclosure agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Airport, if the agreement, as amended, would have permitted an underwriter to purchase or sell the Bonds in the offering described herein in compliance with the Rule and either the

holders of a majority in aggregate principal amount of the outstanding Bonds consent or any person unaffiliated with the Cities (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the beneficial owners of the Bonds. If the Cities amend their agreement, they must include with the next financial information and operating data provided in accordance with their agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of information and data provided.

### **Compliance with Prior Undertakings**

During the last five years, each of the Cities has complied in all material respects with all continuing disclosure agreements made by it in accordance with SEC Rule 15c2-12, including continuing disclosure undertakings with respect to the Airport.

### **Miscellaneous**

In order to provide certain continuing disclosure with respect to the Bonds in accordance with the Rule, the Airport has entered into a Disclosure Dissemination Agent Agreement ("Disclosure Dissemination Agreement") for the benefit of the Holders of the Bonds with Digital Assurance Certification, L.L.C. ("DAC"), under which the Airport has designated DAC as Disclosure Dissemination Agent.

The Disclosure Dissemination Agent has only the duties specifically set forth in the Disclosure Dissemination Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described in the Disclosure Dissemination Agreement is limited to the extent the Airport has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Dissemination Agreement. The Disclosure Dissemination Agent has no duty with respect to the content of any disclosures or notice made pursuant to the terms of the Disclosure Dissemination Agreement. The Disclosure Dissemination Agent has no duty or obligation to review or verify any information in the Annual Report, Audited Financial Statements, notice of event or voluntary report, or any other information, disclosures or notices provided to it by the Airport and shall not be deemed to be acting in any fiduciary capacity for the Airport, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent has no responsibility for the Airport's failure to report to the Disclosure Dissemination Agent a notice event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine or liability for failing to determine whether the Airport has complied with the Disclosure Dissemination Agreement. The Disclosure Dissemination Agent may conclusively rely upon certifications of the Airport at all times.

### **VERIFICATION OF ARITHMETICAL AND MATHEMATICAL COMPUTATIONS**

Causey Demgen & Moore P.C., certified public accountants (the "Verification Agent"), will verify the arithmetical accuracy of certain computations included in the schedules provided by Hilltop Securities, Inc. and Estrada Hinojosa & Company, Inc. on behalf of the Cities relating to the computation of forecasted receipts of principal and interest on the "Escrowed Securities" and the forecasted payments of principal and interest to redeem the Refunded Bonds. Such computations will be based solely on assumptions and information supplied by Hilltop Securities, Inc. and Estrada Hinojosa & Company, Inc. on behalf of the Cities. The Verification Agent will restrict its procedures to verify the arithmetical accuracy of certain computations and will not make any study or evaluation of the assumptions and information on which the computations are based and, accordingly, will not express an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome.

The report will be relied upon by Bond Counsel in rendering their opinions with respect to the defeasance of the Refunded Bonds.

### **FORWARD-LOOKING STATEMENTS**

The statements contained in this Official Statement, and in any other information provided by the Cities or the Airport, that are not purely historical, are forward-looking statements, including statements regarding the Cities or the Airport's expectations, hopes, intentions or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the Cities and the Airport on the date hereof, and the Cities and the Airport assume no obligation to update any such forward-looking statements. It is important to note that the Airport's actual results could differ materially from those in such forward-looking statements.

The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Cities and the Airport. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

### **MISCELLANEOUS**

The financial data and other information contained herein have been obtained from the Airport's records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

Additional financial information and operating data relating to the Airport is available from the MSRB and is hereby incorporated by reference.

The preparation of this Official Statement and its distribution and use by the Underwriters have been authorized by the Board on behalf of and at the direction of the Cities for use in connection with the offering and sale of the Bonds.

**SCHEDULE I**

**SCHEDULE OF REFUNDED BONDS\***

**Dallas/Fort Worth International Airport  
Joint Revenue Refunding Bonds, Series 2012B**

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Par Amount</u>	<u>Redemption Date</u>	<u>Price</u>
11/1/2021	5.000%	9,175,000	11/1/2020	100%
11/1/2022	5.000%	14,105,000	11/1/2020	100%
11/1/2023	5.000%	15,225,000	11/1/2020	100%
11/1/2024	5.000%	26,700,000	11/1/2020	100%
11/1/2026	5.000%	15,500,000	11/1/2020	100%
11/1/2027	5.000%	23,675,000	11/1/2020	100%
11/1/2028	5.000%	26,480,000	11/1/2020	100%
11/1/2029	5.000%	18,885,000	11/1/2020	100%
11/1/2030	5.000%	19,830,000	11/1/2020	100%
11/1/2031	5.000%	40,310,000	11/1/2020	100%
11/1/2032	5.000%	31,380,000	11/1/2020	100%
11/1/2035 <sup>(1)</sup>	5.000%	129,430,000	11/1/2020	100%

<sup>(1)</sup> Term Bond with mandatory sinking fund payments on November 1, 2033 through 2035 (final maturity).

**Dallas/Fort Worth International Airport  
Joint Revenue Refunding Bonds, Series 2012G**

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Par Amount</u> <sup>(2)</sup>	<u>Redemption Date</u>	<u>Price</u>
11/1/2021	5.000%	765,000	11/1/2020	100%
11/1/2022	5.000%	785,000	11/1/2020	100%
11/1/2023	5.000%	790,000	11/1/2020	100%
11/1/2024	5.000%	805,000	11/1/2020	100%
11/1/2025	5.000%	10,080,000	11/1/2020	100%
11/1/2026	5.000%	10,335,000	11/1/2020	100%
11/1/2027	5.000%	10,400,000	11/1/2020	100%
11/1/2028	5.000%	10,650,000	11/1/2020	100%
11/1/2029	5.000%	10,890,000	11/1/2020	100%
11/1/2030	5.000%	12,685,000	11/1/2020	100%
11/1/2033	5.000%	19,740,000	11/1/2020	100%
11/1/2034	5.000%	14,390,000	11/1/2020	100%
11/1/2035	5.000%	16,510,000	11/1/2020	100%

<sup>(2)</sup> Represents the redemption of partial maturities.

\* Preliminary, subject to change.

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## APPENDIX A

### FORM OF OPINION OF BOND COUNSEL

[Letterhead of Bond Counsel]  
CITIES OF DALLAS AND FORT WORTH, TEXAS  
DALLAS FORT WORTH INTERNATIONAL AIRPORT  
JOINT REVENUE REFUNDING BONDS  
SERIES 2020A (Non-AMT)

WE HAVE EXAMINED the validity of an issue of the Cities of Dallas and Fort Worth, Texas (the "Cities"), entitled Dallas Fort Worth International Airport Joint Revenue Refunding Bonds, Series 2020A (Non-AMT) (the "Bonds"), dated [\_\_\_\_\_, 2020], aggregating [\$\_\_\_\_\_], bearing interest from their date of initial delivery until maturity or earlier redemption at the rates per annum set forth in the pricing certificate authorized by the Fifty-Seventh Supplemental Concurrent Bond Ordinance adopted by the Cities of Dallas and Fort Worth on April 8, 2020 and April 7, 2020, respectively (collectively, the "Fifty-Seventh Supplement") with interest payable on November 1, 2020 and semi-annually thereafter on each November 1 and May 1 and with said Bonds maturing on the dates set forth therein. The Bonds are subject to optional redemption. Terms not defined herein shall have the meanings set forth in the Master Bond Ordinance adopted by the Cities of Dallas and Fort Worth on September 22, 2010 and September 21, 2010, respectively.

WE HAVE REPRESENTED the Cities and the Dallas Fort Worth International Airport Board (the "Board") as bond counsel, for the purpose of rendering an opinion with respect to the authorization, issuance, delivery, legality and validity of the Bonds under the Constitution and the statutes of the State of Texas. We have not been requested to examine, and have not investigated or verified, any statements, records, material or other matters relating to the financial condition or capabilities of the Board or the Airport, and we express no opinion with respect thereto. Our role in connection with the Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

WE HAVE EXAMINED the Constitution and statutes of the State of Texas, particularly Chapter 22 of the Texas Transportation Code, as amended (the "Act"), the Charters of the Cities, certified copies of the proceedings of the City Councils of the Cities and other proofs authorizing and relating to the issuance of the Bonds, including a specimen of the Bonds.

IN OUR OPINION the Bonds have been duly authorized, issued and delivered in accordance with all applicable laws including the Acts and constitute valid and legally binding special obligations of the Cities, and together with the Outstanding Obligations, are ratably secured by a lien on and a joint pledge by the Cities of their respective interests in the "Pledged Revenues" and "Pledged Funds" to be derived from the ownership and operation of the Dallas Fort Worth International Airport (the "Airport").

"Pledged Revenues," are collectively the Gross Revenues, and such other money, income, revenues or other property as may be specifically included in such term in an Additional Supplemental Ordinance. "Pledged Funds" mean, collectively, (i) amounts on deposit in the Debt Service Fund, (ii) amounts on deposit in the Debt Service Reserve Fund, (iii) any amounts that are due and owing, and any amounts that are paid, under a Credit Agreement executed in lieu of making cash deposits to the Debt Service Reserve Fund, (iv) any Investment Securities or other investments or earnings belonging to either of the funds identified in clauses (i) and (ii), above, and (v) any additional funds, accounts, revenues, or other moneys or funds of the Cities which hereafter may be, by an Additional Supplemental Ordinance, expressly and specifically pledged to the payment of all, but not less than all, of the Outstanding Obligations. The foregoing notwithstanding, the term "Pledged Funds" does not include, unless specifically provided in an

Additional Supplemental Ordinance, any amounts deposited to or investments or earnings belonging to a Rebate Fund to the extent necessary to make a payment to the United States of America in accordance with Section 148 of the Code. As provided in the Master Bond Ordinance and the Fifty-Seventh Supplement, the obligations of the Cities to pay money on the Bonds out of Pledged Revenues are joint, and not several, and except as otherwise provided therein no claim, demand, suit or judgment shall ever be asserted, entered or collected against or from one City without the other and no individual liability shall ever exceed in the case of Dallas 7/11ths of the total amount thereof, and in the case of Fort Worth 4/11ths of the total amount thereof; and, except as in the Master Bond Ordinance and the Fifty-Seventh Supplement otherwise provided, such sums shall be payable and collectible solely from the funds in which Pledged Revenues shall from time to time be on deposit. Certain other obligations of the Cities under the Master Bond Ordinance and the Fifty-Seventh Supplement with respect to the Bonds and the Airport are several and not joint, the default of which by one City shall not constitute a default by the other. Reference is hereby made to the Master Bond Ordinance and the Fifty-Seventh Supplement for a full and complete description of the revenues of the Airport pledged to the payment of the Bonds together with a statement of the rights of the Holders of the Bonds, and the rights, duties and obligations of the Cities and the Board with respect thereto. It is further our opinion that the Master Bond Ordinance and the Fifty-Seventh Supplement have been duly and validly authorized and passed and that the Bonds have been duly authorized and issued in accordance with their terms.

Under the terms and conditions provided in the Master Bond Ordinance and in any supplemental ordinances authorizing obligations on parity therewith, and the Bonds of this issue, the Cities reserve the right to issue Additional Obligations secured by a lien on parity with the lien securing this issue of Bonds under the conditions set forth in said Ordinances.

The Holders of the Bonds do not have the right to require the payment thereof out of any funds raised or to be raised by taxation.

The rights of the Holders of the Bonds are subject to the provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

IT IS OUR OPINION THAT:

Interest on the Bonds will be excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings and court decisions existing on the date of this opinion ("Existing Law"). We are further of the opinion that the Bonds are not "specified private activity bonds" and that, accordingly, interest on the Bonds will not be included as an individual or corporate alternative minimum tax preference item under Section 57(a)(5) of the Internal Revenue Code of 1986, as amended (the "Code").

In expressing the aforementioned opinions, we are relying on representations to be made by the Cities, the Board, Hilltop Securities and Estrada Hinojosa & Company, Inc. (the "Co-Financial Advisors") and the Underwriters named in the Underwriting Agreement with respect to the Bonds (the "Underwriters") with respect to matters solely within the knowledge of the Cities, the Board, the Co-Financial Advisors, and the Underwriters, respectively, which we have not independently verified, and have assumed continuing compliance with the covenants in the Fifty-Seventh Supplement relating to those sections of the Code that affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. In the event such representations are determined to be inaccurate or incomplete or the Cities or the Board fail to comply with the foregoing covenants of the Fifty-Seventh Supplement, interest on the Bonds could become includable in gross income from the date of delivery regardless of the date on which the event causing such inclusion occurs.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Bonds. In particular, but not by way of limitation, we express no opinion with respect to the federal, state or local tax consequences arising from the enactment of any pending or future legislation. Furthermore we express no opinion as to whether any person treated as the owner of the Bonds under the Fifty-Seventh Supplement is also properly treated as the owner for federal tax purposes.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given regarding whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures, the Service is likely to treat the Cities as the taxpayer. We observe that the Cities and the Board have covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as bond counsel for the Cities and the Board and, in that capacity, we have been engaged by the Cities and the Board for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds and the organization of the Cities and the Board under the Constitution and laws of the State of Texas, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of the result. We have not been requested to investigate or verify, and have not investigated or verified, any records, data or other material relating to the Cities or the Board or to the financial condition or capabilities of the Cities or the Board and we have not assumed any responsibility, and we express no opinions, with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds and our role in connection with the Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein..

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## APPENDIX B

### SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE

The following constitutes a summary of certain portions of the Master Bond Ordinance as it has been supplemented and amended from time-to-time by Additional Supplemental Ordinances of the Cities. Certain terms have been modified to reflect the current status of the Obligations. This summary is qualified by reference to other provisions of the Master Bond Ordinance and the Additional Supplemental Ordinances referred to elsewhere in this Official Statement, and all summaries pertaining to the Master Bond Ordinance and the Additional Supplemental Ordinances in this Official Statement are, separately and in whole, qualified by reference to the exact terms of the Master Bond Ordinance and the Additional Supplemental Ordinances, copies of which may be obtained from the Board.

#### Selected Definitions

**Accrued Aggregate Debt Service** means, for any Debt Service Accrual Period, or other period stated in the Master Bond Ordinance, an amount equal to the sum of the Debt Service with respect to all Outstanding Obligations and Parity Credit Agreement Obligations accruing during that Debt Service Accrual Period.

**Accrued Aggregate Interest** means that portion of Accrued Aggregate Debt Service applicable to interest on Obligations and Parity Credit Agreement Obligations and accruing during a Debt Service Accrual Period and transferred to the Debt Service Fund pursuant to the Master Bond Ordinance. Such term includes amounts payable to the counterparty under a Swap Agreement to the extent such amounts exceed the applicable amount of interest on the Obligations, but does not include termination fees or other similar charges with respect to Parity Credit Agreement Obligations.

**Accrued Aggregate Principal** means that portion of Accrued Aggregate Debt Service applicable to Principal Installments of Obligations and principal amounts owed under Parity Credit Agreement Obligations accruing during a Debt Service Accrual Period and transferred to the Debt Service Fund as described in clause (i) under the caption "**SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE—Funds and Flow of Funds—Flow of Funds.**"

**Acts** mean, collectively, chapters 1201, 1207, 1371, and 1503, Government Code, as amended, and chapter 22, Transportation Code, as amended.

**Additional Obligations** means one or more series of bonds, notes, commercial paper obligations, or other evidences of indebtedness permitted by Applicable Law and issued by the Cities on a parity as to the Pledged Revenues and Pledged Funds with the Outstanding Obligations.

**Additional Supplemental Ordinance** means any ordinance jointly passed subsequent to the passage of the Master Bond Ordinance by the Cities that supplements the Controlling Ordinances or the Outstanding Ordinances for the purpose of (i) authorizing and providing the terms and provisions of the Additional Obligations and Parity Credit Agreement Obligations, (ii) authorizing and providing the terms and provisions of Subordinate Lien Obligations, and Credit Agreement Obligations related thereto and on a parity therewith if so stated therein, or (iii) for any of the other purposes permitted under the caption "**SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE—Amendments.**"

**Administrative Expenses** means, to the extent specified in an Additional Supplemental Ordinance, the fees, expenses, and indemnification liabilities payable to the Paying Agent, the Credit Providers, and

others, of which the Board has or is given actual notice at least thirty (30) days prior to the due date thereof. Said term does not include Credit Agreement Obligations.

**Aggregate Debt Service** means, for any period and as of any date of calculation, the sum of the interest and Principal Installments payable with respect to Obligations and the principal amount of and interest on any Parity Credit Agreement Obligations payable, in each case, during such period. The calculation of Principal Installments accruing will be determined as provided in paragraph (2) of the definition of Debt Service below, except that the period for the calculation will be substituted for the Debt Service Accrual Period.

**Aircraft** means airplanes, helicopters, and every other contrivance now or hereafter used for the navigation of, or flight in, air or space.

**Airport** means the international airport, presently known as the "Dallas Fort Worth International Airport" and originally described in the 1968 Ordinance as the "Dallas—Fort Worth Regional Airport," that is owned and operated by the Cities acting jointly under the Contract and Agreement in accordance with Applicable Law, and the term includes all land, structures, and facilities thereof or related thereto of whatever character and wherever situated, and all future improvements, extensions, and equipment appertaining thereto and belonging to the Cities for use in connection therewith, and such term also includes any other airport or airports, the revenues of which are, by official action of the Cities, made a part of Gross Revenues, but excluding all Special Facilities while the Special Facility Bonds secured thereby are outstanding, and, to the extent, but only to the extent, stated in an Additional Supplemental Ordinance, excluding such Facilities as are financed with the proceeds of Special Revenue Bonds while the Special Revenue Bonds secured thereby are outstanding.

**Airport Consultant** means a professional person, firm or corporation having a wide and favorable repute for skill and experience in the field of planning and determining the feasibility of airports and related facilities and undertakings.

**Applicable Law** means the Acts, and all other laws or statutes, rules or regulations, and any amendments thereto, of the State or of the United States by which the Cities, the Board, and their powers, securities (including the Obligations), operations and procedures are, or may be, governed or from which such powers may be derived.

**Architect** means a registered licensed professional architect working as a regular employee of the Board, or working for any firm or joint venture of such architects that has been retained by the Board, having a favorable repute for skill and experience in the fields of architecture and planning who is entitled to practice and practicing as such under the laws of the State of Texas.

**Authorized Officer** means the Chief Executive Officer, Executive Vice President/Chief Financial Officer, and the Vice President of Treasury Management and any and all successor positions or titles.

**Board** or **Airport Board** means the operating Board of the Airport whose powers and duties were continued, expanded and further defined by the Contract and Agreement.

**Business Day** means any day other than a Saturday, Sunday or legal holiday or other day on which banking institutions in the Cities or in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are generally authorized or obligated by law or executive order to close.

**Certificate** means a document signed by an Authorized Officer, either attesting to or acknowledging the circumstances, representations or other matters therein stated or set forth or setting forth matters to be determined pursuant to the Master Bond Ordinance or an Additional Supplemental Ordinance.

**Cities** mean collectively the municipal corporations and political bodies known as the City of Dallas, in the County of Dallas and State of Texas, and the City of Fort Worth, in the County of Tarrant and State of Texas, and such term will also be deemed to include and refer to, in all appropriate ways, any successor political body, authority or subdivision if the Airport is ever transferred thereto.

**City Council** or **City Councils** mean in each instance the governing body as from time to time constituted of Dallas or Fort Worth or the plural thereof means and refers to the governing bodies of both said Cities.

**Code** means the Internal Revenue Code of 1986, the regulations and published rulings promulgated or published thereto and the provisions of any applicable section of a successor federal income tax law.

**Contract and Agreement** means that certain agreement entitled "Contract and Agreement," entered into actually on April 23, 1968, but effective as of April 15, 1968, by and between Dallas and Fort Worth, which by its terms continues, expands, and further defines the powers and duties of the Board, creates the Joint Airport Fund and provides for the construction and operation of the Airport.

**Controlling Ordinances** means the 1968 Ordinance and the Thirtieth Supplemental Concurrent Bond Ordinance passed by the Cities on February 23, 2000 and February 22, 2000, respectively, and effective February 23, 2000.

**Construction Fund** means the Fund by that name created as a part of the Joint Airport Fund in the Contract and Agreement.

**Costs of the Airport** means (i) expenses and costs for labor, payments to contractors, builders, and materialmen in connection with preparing, constructing, otherwise acquiring, equipping, replacing, extending, improving, and/or restoring any part of the Airport; (ii) the costs of machinery, furnishings, and equipment used in connection therewith; (iii) the cost of indemnity and fidelity bonds, if any, to secure the deposits of any moneys in any fund or account of the Cities or the Board relating to the Airport; any costs or expenses relating to litigation of any nature or kind that relates to the Airport; (iv) expenses and costs necessary or incidental to a determination of the feasibility or practicability of constructing or installing any facilities related to the Airport, including the fees and expenses of engineers, architects, and other professionals or consultants; (v) financing costs, including the fees and expenses of financial advisors, attorneys, and other professionals and consultants, the costs, fees, and charges of Credit Providers relating to the execution and delivery of Credit Agreements pertaining to any matters that relate to Obligations, any other fees and expenses related to the issuance and delivery of Obligations, and interest on Obligations that is to be capitalized from the proceeds of Obligations; (vi) expenses of administration properly chargeable to the construction of improvements to the Airport or equipping the same, including legal fees and expenses, costs of audits, and costs necessary to place the same into operation or service; (vii) any costs and expenses related to the acquisition of land to comprise a part of the Airport; and (viii) any proper expense incurred for any of the foregoing purposes.

**Credit Agreement** means any agreement of the Cities permitted by Applicable Law that is entered into with a Credit Provider for the purpose of enhancing or supporting the creditworthiness of all or a part of a series of Obligations or Subordinate Lien Obligations, and/or to assure the Cities' financial ability to honor rights of tender of any of such obligations and to hold, sell, market or remarket any of such obligations thus tendered according to the specific terms and features of such obligations as contained and defined in

an Additional Supplemental Ordinance, and/or to make deposits to the Debt Service Reserve Fund or other applicable fund in lieu of cash deposits thereto, such as, for example only, municipal bond insurance policies, standby bond purchase agreements, Swap Agreements, revolving credit agreements, hedge agreements, and letters or lines of credit issued or provided by, and notes, surety bonds, reimbursement, purchase and other similar agreements with, banks, insurance companies or other commercial and financial institutions or by and with governmental agencies, entities or departments.

**Credit Agreement Obligations** means any liability of the Cities to pay any amount of principal, interest, or other payment on any debt or liability created under a Credit Agreement in favor of a Credit Provider that is declared by the terms of an Additional Supplemental Ordinance either (i) to be a Parity Credit Agreement Obligation, or (ii) to be on a parity with Subordinate Lien Obligations.

**Credit Provider** means each party identified and named in an Additional Supplemental Ordinance that provides credit or liquidity support for, or insurance insuring the payment of, any amounts due or owing on Obligations, on Subordinate Lien Obligations, or on other financial undertakings in a Credit Agreement, including a counterparty to the Cities under a Swap Agreement.

**Current Gross Revenues** means Gross Revenues less any amounts transferred to the Operating Revenue and Expense Fund as described in the last paragraph under the caption "**SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE—Funds and Flow of Funds—Debt Service Reserve Fund**" or in clause (a) under the caption "**SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE-Funds and Flow of Funds—Capital Improvements Fund**" or retained as described under the second to last paragraph under "**SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE—Funds and Flow of Funds—Flow of Funds.**"

**Dallas** means the City of Dallas, Texas.

**Debt Service** means for each Debt Service Accrual Period with respect to a series of Obligations, and related Parity Credit Agreement Obligations, an amount equal to the sum of:

(1) interest accruing on each series of Outstanding Obligations, including as to Interim Obligations and to each series of Variable Interest Rate Obligations, if any, the amount estimated by an Authorized Officer that will accrue during the Debt Service Accrual Period based on the applicable Standard Assumptions, and excluding interest funded or projected by an Authorized Officer to be funded from the proceeds of Additional Obligations; and

(2) that portion of the next maturing Principal Installment for each series of Outstanding Obligations which will accrue during the Debt Service Accrual Period, other than a Principal Installment of or with respect to Interim Obligations that are to be paid either with the proceeds of other Obligations or with funds provided by a Credit Provider, and other than amounts scheduled to be paid by a counterparty to a Swap Agreement that is not in default. For the purpose of determining the amount of the next maturing Principal Installment that will accrue during the Debt Service Accrual Period, the Board and the Paying Agent will assume that the Principal Installment accrues daily in equal amounts from the next preceding Principal Installment due date. If there is no preceding Principal Installment due date with respect to the series of Obligations, the Principal Installments with respect to that series will not begin to accrue until the later of (A) the date which is one year preceding the first Principal Installment due date of that series, or (B) the date of issuance of that series. The Board and the Paying Agent will further assume that no

Obligations of the series will cease to be Outstanding except by reason of the payment, through defeasance or otherwise, of each Principal Installment on the due date thereof; and

(3) all amounts due and payable on Parity Credit Agreement Obligations during the Debt Service Accrual Period, including interest amounts payable by the Cities or the Board under a Swap Agreement during the Debt Service Accrual Period above the amount of interest accruing on a series of Obligations during such period, so long as the counterparty to that Swap Agreement is not in default.

Debt Service Requirements will be calculated on the assumption that no Obligations Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of the Principal Installments or Sinking Fund Installments thereon when due, except as provided in the Master Bond Ordinance for Interim Obligations. Such Debt Service requirements will not include termination fees or other similar charges with respect to Parity Credit Agreement Obligations.

**Debt Service Accrual Period** means the period commencing, as applicable, on the date of issuance of a series or issue of Obligations or the execution of Parity Credit Agreements or on the day following the most recent Interest Payment Date or Principal Payment Date, and ending on, but including, the last day of the calendar month prior to the next succeeding Interest Payment Date or Principal Payment Date thereafter; provided, however, with respect to provision for the final payment of any one or more of the Obligations or Parity Credit Agreement Obligations, such accrual period with respect to such Obligations or Parity Credit Agreement Obligations may be shortened to a period sufficient to provide for the payment of such Obligations or Parity Credit Agreement Obligations in full when due. The Board may adjust the Debt Service Accrual Period from time to time, by the terms of Additional Supplemental Ordinances or otherwise, in order to assure that all Obligations and Parity Credit Agreement Obligations are paid in full when due.

**Debt Service Fund** means the fund designated and created as the "Interest and Sinking Fund" in the Contract and Agreement, and confirmed and renamed in the Thirtieth Supplement.

**Debt Service Reserve Fund** means the fund designated and created as the "Reserve Fund" in the Contract and Agreement, and confirmed and renamed in the Thirtieth Supplement.

**Debt Service Reserve Requirement** means the total amount required to be on deposit in the Debt Service Reserve Fund as described in clause (b) under the caption "**SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE—Funds and Flow of Funds—Debt Service Reserve Fund**" and/or for which alternative funding is provided as described in clause (c) under the caption "**SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE—Funds and Flow of Funds—Debt Service Reserve Fund.**"

**Depository Bank** means the lawful depository bank of the Board at which the Joint Revenue Fund is to be held pursuant to the Contract and Agreement.

**Event of Default** means the occurrence of any of the events or circumstances described under the caption "**SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE—Events of Default—Description.**"

**Facilities** means any facilities, buildings or equipment comprising a part of or used in connection with the Airport.

**Fiscal Year** means the twelve month period commencing on the 1st day of October of any year and ending at midnight on September 30 of the next succeeding year.

**Fort Worth** means the City of Fort Worth, Texas.

**Gross Revenues** means all income and revenues derived directly or indirectly by the Board from the operation or ownership of the Airport or any part thereof, whether resulting from improvements, extensions, enlargements, repairs, or betterments to the Airport, additional Facilities, or otherwise, and expressly including (i) all revenues received by the Board or any municipal corporation or entity succeeding to the revenues of the Cities from the Airport, (ii) all rentals, tolls, rates or other charges for the use of the Airport or any Facilities or for the entry upon any part thereof or for any service rendered by the Board or the Cities in the operation thereof, (iii) any funds transferred to the Operating Revenue and Expense Fund as described in the last paragraph under the caption "**SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE—Funds and Flow of Funds—Debt Service Reserve Fund**" or in clause (a) under the caption "**SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE—Funds and Flow of Funds—Capital Improvements Fund**," (iv) the rentals payable under Ground Leases, (v) any funds retained in the Operating and Expense Fund as described under the second to last paragraph under "**SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE—Funds and Flow of Funds**" and (vi) any net amounts owing to the Cities or the Board under a Swap Agreement, but expressly excluding the following:

(A) rentals or other amounts derived from Net Rent Leases to the extent and for so long as they are pledged as security for Special Facility Bonds and reserves therefor;

(B) any moneys received as grants or gifts from the United States of America, the State of Texas, or other sources, the use of which is limited by the grantor or donor to the construction or acquisition of capital improvements, additions or extensions to the Airport, except to the extent any such moneys are received as payments for the use of the Airport;

(C) all Special Revenues and/or unrestricted federal subsidies, except for such portion thereof as may be included as a part of "Gross Revenues" under the provisions of an Additional Supplemental Ordinance;

(D) the proceeds of any Additional Obligations or Credit Agreements, and the interest or other investment income realized from the investment of the proceeds of Obligations, and all other investment income not required to be deposited to the Operating Revenue and Expense Fund;

(E) the proceeds of insurance other than from insurance policies insuring against the loss of use or business interruption at the Airport;

(F) the money on deposit in the Capital Improvements Fund except for such amounts as are transferred to the Operating Revenue and Expense Fund as described in the last paragraph under the caption "**SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE—Funds and Flow of Funds—Debt Service Reserve Fund**" or in clause (a) under the caption "**SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE—Funds and Flow of Funds—Capital Improvements Fund**";

(G) moneys received by the Cities pursuant to interlocal agreements entered into among the Cities and municipalities having jurisdiction within the boundaries of the Airport under which such municipalities and the Cities agree to share in certain tax receipts and other revenues lawfully imposed and

collected by such municipalities resulting from the continued development of Airport-owned property within such municipalities; and

(H) any and all money deposited to, or required to be deposited to, a Rebate Fund relating to a Tax-Exempt Obligation.

**Ground Lease** means the lease of Airport lands required to be executed in connection with the construction of Special Facilities.

**Holder** means the registered owner of an Obligation according to an Obligation Register.

**Independent Insurance Consultant** means a firm of independent professional consultants knowledgeable in the ownership and operation of publicly-owned properties, including airports, and having a favorable reputation for skill and experience in the field of insurance consultation.

**Interest Payment Date(s)** means the date or dates on which interest on Obligations or Parity Credit Agreement Obligations is payable, as said date or dates are specified in an Outstanding Ordinance or in Additional Supplemental Ordinances.

**Interim Obligations** mean Obligations (i) for or with respect to which no Principal Installments are required to be made other than on the Stated Maturity Date thereof, which date shall be no later than five (5) years from the date of their delivery to their initial purchasers, and (ii) which are authorized by an Additional Supplemental Ordinance which declares the Cities' intent, at the time of issuance, to refund or refinance all or a part of the same prior to or on such Stated Maturity Date, including commercial paper, notes, and similar Obligations.

**Investment Securities** mean any and all of the investments permitted by Applicable Law for the investment of the public funds of the Board, provided that such investments are at the time made included in and authorized by the official investment policy of the Airport as approved by the Board from time to time and are not prohibited by an Additional Supplemental Ordinance.

**Joint Airport Fund** means the master fund by that name created by the Cities for the purpose of accurately and adequately recording and accounting for the ownership, operations and properties to the joint venture evidenced by the Contract and Agreement, all as described and provided in the Contract and Agreement.

**Market Value** means the fair market value of Investment Securities calculated as set forth in the Master Bond Ordinance.

**Master Bond Ordinance** means the Master Bond Ordinance adopted by the Cities and effective as of September 22, 2010.

**Maximum Interest Rate** means, with respect to any particular Variable Interest Rate Obligations or Parity Credit Agreement Obligations bearing a Variable Interest Rate, a numerical or other statement of the rate of interest, which is set forth in the Additional Supplemental Ordinance authorizing such Obligations, or in a related Credit Agreement with respect to Parity Credit Agreement Obligations, in each case being the maximum rate of interest such Obligations or Parity Credit Agreement Obligations may bear at a single time or over the period during which they are Outstanding or unpaid, but in no event exceeding the maximum amount or rate of interest permitted by Applicable Law.

**Minimum Interest Rate** means, with respect to any particular Variable Interest Rate Obligations, or Parity Credit Agreement Obligations, bearing a Variable Interest Rate, a numerical rate of interest which may (but need not) be set forth in the Additional Supplemental Ordinance authorizing such Obligations that is the minimum rate of interest such Obligations will at any time bear.

**Net Rent Lease** means a lease of Airport property or Facilities entered into by the Board pursuant to which the lessee agrees to pay to the Board a rental during the term thereof in an amount at least equal to the principal, interest and any special reserve requirements contained in the ordinance authorizing the Special Facility Bonds (as herein defined) to which such lease relates, as contemplated by Section 3.8(A) of the Master Bond Ordinance, and to pay, in addition to such rental, all operation and maintenance expenses applicable to the Special Facilities to be constructed with said bonds, including, without limitation, any insurance premiums applicable to such Special Facilities (as may be required by said lease); any and all ad valorem or other property taxes lawfully levied or assessed against the leasehold interest of the lessee in and to such Special Facilities and to the Airport land upon which the same are to be situated pursuant to the Ground Lease executed in connection therewith (such leasehold interest, irrespective of the term thereof, as distinguished from the remainder or other interest of the Cities therein, being for such purposes the property of such lessee and not the property of the Cities); any and all lawful excise or other types of taxes imposed on or in respect of such properties; and the expenses of upkeep thereof of every kind and character including the repair or ordinary restoration thereof.

**Net Revenues** mean the amount remaining after deducting Operation and Maintenance Expenses from Gross Revenues.

**Newspaper** means newspapers printed in the English language, published at least once each calendar week and of general circulation within the Cities.

**1968 Ordinance** means the "1968 Regional Airport Concurrent Bond Ordinance," passed by the City Councils, respectively, on November 11, 1968, and November 12, 1968, as amended and supplemented by the other Outstanding Ordinances, such ordinance having authorized the initial bonds issued by the Cities for the purpose of financing the Airport and establishing the terms and provisions of and the security for additional bonds to be issued for the purposes of the Airport.

**Obligation Register** means, as to each series of Obligations, the register or registers maintained pursuant to the Master Bond Ordinance.

**Obligations** mean the Outstanding Obligations and the Additional Obligations.

**Operating Revenue and Expense Fund** means the Fund by that name established as a part of the Joint Airport Fund in the Contract and Agreement and referred to in the Master Bond Ordinance.

**Operation and Maintenance Expenses** means all reasonable and necessary current expenses of the Board (paid or accrued) of operating, maintaining, and repairing the Airport. Without limiting the generality of the foregoing, such term shall include insurance premiums, refunds/payments to be made to airlines pursuant to agreements between the Board and such airlines, the reasonable charges of any Paying Agent and any other depository bank appertaining to the Airport, contractual services, professional services required by the Master Bond Ordinance or by the Board, salaries and administrative expenses, labor and the cost of materials and supplies used for current operation; but shall not include the costs of improvements, extensions, enlargements or betterments, which according to standard accounting principles are chargeable as capital replacements or improvements.

**Outstanding** when used with reference to Obligations, including Obligations acquired by a Credit Provider with the proceeds of a Credit Agreement, means, as of any date, Obligations theretofore or thereupon being authenticated and delivered under the Outstanding Ordinances or an Additional Supplemental Ordinance, except:

(i) Obligations which have been fully paid at or prior to their maturity or on or prior to a redemption date;

(ii) Obligations (or portions thereof) for the payment of which moneys equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption, will be held by a Paying Agent or a trustee in cash in trust, as required by the Master Bond Ordinances, and set aside for payment at maturity or redemption on a redemption date and for which notice of redemption has been given or provision has been made therefor;

(iii) Obligations in lieu of or in substitution for which other Obligations have been authenticated and delivered pursuant to an Additional Supplemental Ordinance; and

(iv) Obligations for which payment has been provided by defeasance as described under the caption "**SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE—Discharge of Ordinance—Discharge by Defeasance.**"

**Outstanding Obligations** mean the Dallas Fort Worth International Airport Joint Revenue Refunding Bonds, Series 2011A; the Dallas Fort Worth International Airport Joint Revenue Refunding Bonds, Series 2011C; the Dallas Fort Worth International Airport Joint Revenue Refunding Bonds, Series 2011D; the Dallas Fort Worth International Airport Joint Revenue Refunding Bonds, Series 2012B; the Dallas Fort Worth International Airport Joint Revenue Refunding and Improvement Bonds, Series 2012C; the Dallas Fort Worth International Airport Joint Revenue Improvement Bonds, Series 2012D; the Dallas Fort Worth International Airport Joint Revenue Refunding Bonds, Series 2012E; the Dallas Fort Worth International Airport Joint Revenue Refunding Bonds, Series 2012F; the Dallas Fort Worth International Airport Joint Revenue Refunding Bonds, Series 2012G; the Dallas Fort Worth International Airport Joint Revenue Improvement Bonds, Series 2012H; the Dallas Fort Worth International Airport Joint Revenue Improvement Bonds, Series 2013A; the Dallas Fort Worth International Airport Joint Revenue Improvement Bonds, Series 2013B; the Dallas Fort Worth International Airport Joint Revenue Improvement Bonds, Series 2013C; the Dallas Fort Worth International Airport Joint Revenue Refunding Bonds, Series 2013D; the Dallas Fort Worth International Airport Joint Revenue Refunding Bonds, Series 2013E; the Dallas Fort Worth International Airport Joint Revenue Refunding Bonds, Series 2013F; the Dallas Fort Worth International Airport Joint Revenue Improvement Bonds, Series 2013G; the Dallas Fort Worth International Airport Joint Revenue Refunding Bonds, Series 2014A; the Dallas Fort Worth International Airport Joint Revenue Improvement Bonds, Series 2014B; the Dallas Fort Worth International Airport Joint Revenue Improvement Bonds, Series 2014C; the Dallas Fort Worth International Airport Joint Revenue Refunding Bonds, Series 2014D; the Dallas Fort Worth International Airport Joint Revenue Refunding and Improvement Bonds, Series 2014E; the Dallas Fort Worth International Airport Joint Revenue Refunding and Improvement Bonds; Series 2016; the Dallas Fort Worth International Airport Joint Revenue Improvement Bonds, Series 2017; and the Dallas Fort Worth International Airport Joint Revenue Refunding Bonds, Taxable Series 2019A.

**Outstanding Ordinances** means the Master Bond Ordinance and the following ordinances adopted and approved by each of the Cities, to-wit:

(i) the Forty-Fifth Supplemental Concurrent Bond Ordinance, effective May 25, 2011;

- (ii) the Forty-Sixth Supplemental Concurrent Bond Ordinance, effective May 25, 2011;
- (iii) the Forty-Seventh Supplemental Concurrent Bond Ordinance, effective May 25, 2011;
- (iv) the Forty-Eighth Supplemental Concurrent Bond Ordinance , effective March 28, 2012;
- (v) the Forty-Ninth Supplemental Concurrent Bond Ordinance , effective February 27, 2013;
- (vi) the Fiftieth Supplemental Concurrent Bond Ordinance, effective March 4, 2014;
- (vii) the Fifty-First Supplemental Concurrent Bond Ordinance, effective August 24, 2016;
- (viii) the Fifty-Second Supplemental Concurrent Bond Ordinance, effective September 12, 2017;
- (ix) the Fifty-Third Supplemental Concurrent Bond Ordinance, effective May 22, 2019;
- (x) the Fifty-Fourth Supplemental Concurrent Bond Ordinance, effective May 22, 2019;
- (xi) the Fifty-Fifth Supplemental Concurrent Bond Ordinance, effective September 10, 2019; and
- (xii) the Fifty-Seventh Supplemental Concurrent Bond Ordinance, effective April 8, 2020;

**Parity Credit Agreement Obligation** means a Credit Agreement Obligation that is declared by an Additional Supplemental Ordinance to be payable from and secured by a lien on Pledged Revenues and Pledged Funds on a parity with the Outstanding Obligations.

**Paying Agent** means any paying agent for a series or issue of Obligations appointed pursuant to the Master Bond Ordinance and its successor or successors.

**Person** means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

**Pledged Funds** mean, collectively, (i) amounts on deposit in the Debt Service Fund, (ii) amounts on deposit in the Debt Service Reserve Fund, (iii) any amounts that are due and owing, and any amounts that are paid, under a Credit Agreement executed in lieu of making cash deposits to the Debt Service Reserve Fund, (iv) any Investment Securities or other investments or earnings belonging to either of the funds identified in clauses (i) and (ii), above, and (v) any additional funds, accounts, revenues, or other moneys or funds of the Cities which hereafter may be, by an Additional Supplemental Ordinance, expressly and specifically pledged to the payment of all, but not less than all, of the Outstanding Obligations. The foregoing notwithstanding, the term "Pledged Funds" does not include, unless specifically provided in an Additional Supplemental Ordinance, any amounts deposited to or investments or earnings belonging to a

Rebate Fund to the extent necessary to make a payment to the United States of America in accordance with Section 148 of the Code.

**Pledged Revenues** mean collectively (i) Gross Revenues, and (ii) such other money, income, revenues or other property as may be specifically included in such term in an Additional Supplemental Ordinance.

**Principal Installment** means, with respect to Obligations or Parity Credit Agreement Obligations, any amounts, other than interest payments, including any Sinking Fund Installments, which are stated to be due or required to be made on or with respect to an Obligation or Parity Credit Agreement Obligation, which, when made, would reduce the amount of the Obligation or series of Obligations that remain Outstanding or would retire and pay the same in full, and which are not otherwise paid from other funds of the Airport or from the proceeds of other obligations of the Airport, including Obligations.

**Principal Payment Date(s)** means the date or dates upon which Principal Installments are due as specified in an Outstanding Ordinance or an Additional Supplemental Ordinance, to and including the Stated Maturity Date of an Obligation.

**Project** means any addition, improvement, expansion or extension to the Airport to be financed with all or a portion of the proceeds of Obligations, as determined by the Board.

**Prior Obligations** means the Obligations, which are no longer Outstanding, that were issued prior to the approval of the Master Bond Ordinance by the Cities.

**Rebate Fund** means any fund established by an Outstanding Ordinance or an Additional Supplemental Ordinance in connection with the issuance of any Obligation that is a Tax-Exempt Obligation, to ensure compliance with the provisions of Section 148 of the Code, including, in particular, Section 148(f) of the Code. For purposes of the foregoing and of the Master Bond Ordinance and the Outstanding Ordinances, the Board and the Cities are permitted to rely on a firm of certified public accountants, Bond Counsel or other persons who specialize in the exemption from federal income taxation of interest payable on Tax-Exempt Obligations, and the Cities may include in Additional Supplemental Ordinances covenants relating to Tax-Exempt Obligations, to a Rebate Fund, and to the use and application of money on deposit in the funds created or confirmed in the Master Bond Ordinance or in the funds or accounts created in an Additional Supplemental Ordinance.

**Redbird Airport** means the airport presently belonging to Dallas and formerly bearing the name "Redbird Airport," now known as the Dallas Executive Airport.

**Redemption Price** means, with respect to any Obligation, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to the terms of such Obligation or its authorizing Outstanding Ordinance or Additional Supplemental Ordinance.

**Registrar** means any registrar for Obligations appointed pursuant to the Master Bond Ordinance (which may include the Paying Agent and its successors or assigns).

**Risk Manager** means the insurance risk manager of the Airport in the control and employ of the Board, or such other officer or employee of the Board having the responsibility to acquire and maintain insurance on the Board's behalf.

**Sinking Fund Installment** means, with respect to any series of Obligations, the portion of the Accrued Aggregate Debt Service required by an Additional Supplemental Ordinance to be deposited to the

Debt Service Fund in all events on a future date to be held on deposit or applied, in either case, for the mandatory redemption or retirement, in whole or in part, of any Outstanding Obligations of said series having a stated maturity after said future date. Said future date is deemed to be the date when such Sinking Fund Installment is due and payable.

**Special Facilities** means hangars, aircraft overhaul, maintenance and repair shops, storage facilities, garages and other buildings, structures, Facilities and appurtenances being a part of or related to the Airport and financed wholly or in part with the proceeds of Special Facility Bonds.

**Special Facility Bonds** means bonds payable solely from all or a portion of the rentals received from any one or more Net Rent Leases appertaining to Special Facilities.

**Special Revenues** means any one or all (i) taxes or special charges, other than tolls and charges imposed for entry to the Airport, that are levied or imposed for use of the Airport, or on the price of goods, products, or services sold or provided at the Airport pursuant to Applicable Law, such as, but not limited to, passenger facilities charges imposed pursuant to 49 U.S. Code, Sec. 40117, as amended, or any successor or similar law, sales and/or use taxes received by the Board from any source, hotel occupancy taxes, and special taxes or surcharges imposed on automobile rental or use charges, and (ii) ad valorem taxes received by the Board from any source. Special Revenues will not include moneys received by the Cities pursuant to interlocal agreements entered into among the Cities and municipalities having jurisdiction within the boundaries of the Airport under which such municipalities and the Cities agree to share in certain tax receipts and other revenues lawfully imposed and collected by such municipalities resulting from the continued development of Airport-owned property within such municipalities.

**Special Revenue Bonds** mean bonds, notes or other obligations issued for the purposes of the Airport that are made payable from Special Revenues pursuant to the right to issue the same as described under the caption "**SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE—Additional Indebtedness—Special Revenue Bonds.**"

**Standard Assumptions** mean, subject to the last sentence of this paragraph, wherever in the Master Bond Ordinance a calculation of Debt Service during any current or future Debt Service Accrual Period with respect to Interim Obligations is required by application of the Standard Assumptions, the Debt Service will be computed by assuming that the principal amount of the Interim Obligations will be continuously refinanced and will remain Outstanding until the first Fiscal Year for which interest on the Obligations has not been capitalized or otherwise funded or provided for, at which time (which will not be beyond the Stated Maturity Date of the Interim Obligations\*) it will be assumed (A) that the Outstanding principal amount of the series of Interim Obligations will be refinanced with a series of Additional Obligations that will be amortized over a period not to exceed twenty-five (25) years in such manner as will cause the maximum Debt Service Requirement applicable to such series in any twelve (12) month period not to exceed 110% of the minimum Debt Service Requirements applicable to such series for any other twelve (12) month period, and (B) that the series of Additional Obligations will bear interest at a fixed interest rate estimated by the Board's financial advisor to be the interest rate such series of Additional Obligations would bear if issued on such terms on the date of such estimate. Notwithstanding any to the contrary, for the purposes of setting rates, fees and charges, as required by the Master Bond Ordinance, for the then current Fiscal Year, the Board may assume an interest rate that is equal to the average rate over the last twelve months plus 50 basis points.

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\* See APPENDIX B — "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE - Proposed Amendments."

Subject to the last sentence of this paragraph, wherever in the Master Bond Ordinance a calculation of Debt Service during any current or future Debt Service Accrual Period with respect to each series of Variable Interest Rate Obligations that are not Interim Obligations is required by application of the Standard Assumptions, the Debt Service will be computed by assuming that such Obligations will bear interest at the highest of (i) the actual rate on the date of calculation, or, if such Obligations are not yet Outstanding, the initial rate, if established and binding, (ii) if the Obligations have been Outstanding for at least twelve months, the average rate over the twelve months immediately preceding the date of calculation, or (iii) (A) if the Obligations are Tax Exempt Obligations, the most recently published "Revenue Bond Index," published by the financial news publication presently known as The Bond Buyer, or comparable index if no longer published, plus fifty basis points, or (B) if the Obligations are not Tax Exempt Obligations, the interest rate on direct obligations of the United States with comparable maturities, plus 50 basis points; provided, however, for the purpose of verifying prior compliance with the rate covenants, such Obligations will be deemed to bear interest at the actual rate borne during any prior test period. Notwithstanding any to the contrary, for the purposes of setting rates, fees and charges, as required by the Master Bond Ordinance, for the then current Fiscal Year, the Board may assume an interest rate that is equal to the average rate over the last twelve months plus 50 basis points.

**State** means the State of Texas.

**Stated Maturity Date** means the date on which an Obligation matures and the full amount owed thereon is in all events due and payable, as specified in Additional Supplemental Ordinances.

**Subordinate Lien Obligations** mean bonds, notes or other obligations issued pursuant to and in accordance with the Master Bond Ordinance as described under the caption "**SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE—Additional Indebtedness—Subordinate Lien Obligations.**"

**Swap Agreement** means a Credit Agreement with respect to a series of Obligations pursuant to which the Cities or the Board agrees to pay to a qualified counter party an amount of money in exchange for the counter party's promise to pay all or a portion of the actual amount of interest due and payable on such series according to its terms as it becomes due. For the purposes of this definition, a counter party is not qualified unless it holds a current rating for claims-paying ability by at least two nationally recognized rating agencies at least equal to the rating of each such rating agency assigned to the Outstanding Obligations without reference to any Credit Agreement.

**Tax-Exempt Obligation** means any Obligation the interest on which is excludable from the gross income of the Holder for federal income tax purposes under Section 103 of the Code.

**Thirtieth Supplement** means the Dallas Fort Worth International Airport Thirtieth Supplemental Concurrent Bond Ordinance.

**Variable Interest Rate** means a variable or adjustable interest rate that varies from time to time based on a formula or reference to specified financial indicators, or by negotiation, auction, or revisions through another method from time to time and to be borne by all or a part of a series of Obligations or Parity Credit Agreement Obligations, all as specified in an Additional Supplemental Ordinance or Credit Agreement.

**Variable Interest Rate Obligations** mean Obligations or Parity Credit Agreement Obligations which bear a Variable Interest Rate.

## **Funds and Flow of Funds**

**Funds.** The Master Bond Ordinance (i) confirms and renames the "Interest and Sinking Fund" (created in the 1968 Ordinance) as the "Debt Service Fund," (ii) confirms and renames the "Reserve Fund" (created in the 1968 Ordinance) as the "Debt Service Reserve Fund," and (iii) confirms and continues the "Capital Improvements Fund," the "Operating Revenue and Expense Fund," and the "Construction Fund," and the following special funds, as confirmed and continued within the Joint Airport Fund, are governed by the terms of the Master Bond Ordinance:

- (i) the Debt Service Fund;
- (ii) the Debt Service Reserve Fund;
- (iii) the Capital Improvements Fund;
- (iv) the Operating Revenue and Expense Fund; and
- (v) the Construction Fund.

The Cities may authorize the creation of special or general accounts within any of such Funds and may prescribe the terms applicable thereto in Additional Supplemental Ordinances; provided, however, the Board may authorize special and general accounts within any such Funds for accounting purposes. The Debt Service Fund and the Debt Service Reserve Fund, and any and all accounts created therein, if any, are special trust funds, to be held by the Board for the benefit of the Holders of Obligations, the Credit Providers holding Parity Credit Agreement Obligations, and Persons to whom Administrative Expenses are owed, due and payable. Unless required otherwise by an Additional Supplemental Ordinance, all of such funds not expressly required by the Master Bond Ordinance or an Additional Supplemental Ordinance to be held by a trustee, may be held in any bank or lawful depository of the funds of the Board, including the Treasurer. Any other funds, accounts or moneys required to be created or held under the terms of any Additional Supplemental Ordinance will be held at the place or places specified in such Additional Supplemental Ordinance. All funds and accounts created or confirmed in the Master Bond Ordinance and in any Additional Supplemental Ordinance, and the books and records of account with respect thereto, will be kept and maintained in such manner as will record on a regular basis all deposits therein and the source thereof, withdrawals therefrom and the purposes therefor, and the earnings realized with respect thereto. All moneys on deposit in the special funds described under this caption on the date of delivery of any of the Obligations shall be held therein and thereafter shall be maintained, supplemented, invested, and applied as directed in the Master Bond Ordinance and in Additional Supplemental Ordinances, as applicable.

**Flow of Funds.** All Gross Revenues, when and as received by the Board, will be promptly deposited to the credit of the Operating Revenue and Expense Fund.

Unless made more frequent by an Additional Supplemental Ordinance, the Board will transfer, only to the extent required, amounts on deposit in the Operating Revenue and Expense Fund monthly on or before the last Business Day of each month to the following Funds and in the following order of priority:

- (i) First, to the Debt Service Fund, an amount equal to the lesser of (A) all funds available for transfer, or (B) an amount equal to the Accrued Aggregate Debt Service for such monthly period, subject to the provisions set forth under the caption "**SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE—Funds and Flow of Funds—Adjustments in Transfer Requirements**";

(ii) Second, if and to the extent required by an Additional Supplemental Ordinance pursuant to which Obligations are issued and/or related Parity Credit Agreements are authorized, to a special account or accounts, such amount as is necessary to pay any Administrative Expenses that are due and payable during the succeeding month;

(iii) Third, to the Debt Service Reserve Fund, the lesser of (A) all funds available for transfer, or (B) subject to the alternative funding methods permitted under the Master Bond Ordinance and described herein, up to the amount required to cause the amount on deposit therein to be equal to the lesser of (y) the Debt Service Reserve Requirement, or (z) the amount then required to be on deposit therein according to said sections, plus any amounts required to restore or replenish any deficiencies in the Debt Service Reserve Fund so that the amounts required by the Master Bond Ordinance are on deposit therein when, as, and in the amounts therein required;

(iv) Fourth, to any other fund or account required by any Additional Supplemental Ordinance authorizing Obligations and/or Parity Credit Agreement Obligations, the amounts required to be deposited therein; and

(v) Fifth, to a special account or fund, if any, created by the Cities in an Additional Supplemental Ordinance, for the purpose of paying the principal and redemption price of, the interest on, and reserves for Subordinate Lien Obligations, and paying Credit Agreement Obligations that are declared to be on a parity therewith.

Unless otherwise directed by an Additional Supplemental Ordinance, during each month, subject to the transfers as described above under this subcaption, the Board is authorized to expend or set aside any money on deposit in the Operating Revenue and Expense Fund for the following purposes, in the following order of priority:

(i) First, expending such money for the purpose of paying the Operation and Maintenance Expenses of the Board in accordance with the current annual budget of the Board; and

(ii) Second, setting aside into a separate account an amount sufficient to pay Operation and Maintenance Expenses for the ensuing period of ninety (90) days, as estimated by an Authorized Officer.

Gross Revenues remaining unexpended at the close of business on the last day of each Fiscal Year, after expending or setting aside the money required for the purposes set forth in the above paragraphs of this subcaption, will be deposited to the credit of the Capital Improvements Fund for use, deposit and application as described under the caption "**SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE—Funds and Flow of Funds—Capital Improvements Fund**"; provided, however, an Authorized Officer may, at such time, elect to keep all or a portion of such unexpended funds in the Operating Revenue and Expense Fund.

Notwithstanding the other provisions under this subcaption, the Board is not required to set aside or pay any amounts to a Credit Provider or to a Paying Agent in respect of Administrative Expenses except as requested by such Persons and approved by an Authorized Officer. Notwithstanding the other provisions of this subcaption, Gross Revenues received from or through the United States of America, the State of Texas, or other sources, the use of which is limited, shall be used as Gross Revenues in compliance with any requirements placed on the use of such funds.

**Adjustments in Transfer Requirements.** The Accrued Aggregate Debt Service required to be transferred to the Debt Service Fund by subsection (i) of the second paragraph of the immediately preceding subcaption for such monthly period will be reduced by an amount equal to the total of any moneys already

on deposit in the Debt Service Fund and any account created therein, or on deposit in another Pledged Fund, if any, that is created in an Additional Supplemental Ordinance, and after taking into account investment earnings actually realized and on deposit therein (inclusive of accrued interest and amortization of original issue discount or premium), excess deposits made on account of Variable Rate Obligations and the assumed interest rates thereof, and money deposited therein from the proceeds of Obligations as capitalized interest or otherwise. It is provided, however, that the amounts required to be transferred will never be reduced to an amount below the amount necessary to pay all amounts then due and owing on the Obligations as capitalized interest or otherwise and Parity Credit Agreement Obligations when due and payable. In the event the counterparty to a Swap Agreement becomes obligated to make payments to the Board, such amounts will be deposited to the Debt Service Fund. The Board may at any time increase the amounts of any transfers required under the subcaption "**SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE—Funds and Flow of Funds—Flow of Funds**" from funds on deposit in the Operating Revenue and Expense Fund, or from any other lawfully available moneys, so long as such transfers do not reduce the amounts required to be transferred to any particular fund or account as described under the subcaption "**SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE—Funds and Flow of Funds—Flow of Funds.**"

**Debt Service Fund.** (a) The Board will pay, out of the Debt Service Fund, to the respective Paying Agents for any of the Obligations from time to time Outstanding, or directly to a Credit Provider holding a Parity Credit Agreement Obligation, as applicable (i) on the date specified in the Outstanding Ordinances and in Additional Supplemental Ordinances or Credit Agreements pursuant to which Parity Credit Agreement Obligations are created, but in no event later than each Interest Payment Date, the amount (as determined by each Paying Agent or other party designated in each applicable Outstanding Ordinance and Additional Supplemental Ordinance) required for the payment of interest on the Obligations or Parity Credit Agreement Obligations due on such Interest Payment Date, and (ii) on the date specified in the Outstanding Ordinances and Additional Supplemental Ordinances or Credit Agreements pursuant to which Parity Credit Agreement Obligations are created, but in no event later than the redemption date, the amount required for the payment of accrued interest on Obligations or Parity Credit Agreement Obligations to be redeemed or paid unless the payment of such accrued interest is otherwise provided for. Such amounts paid to Paying Agents will be held and applied by the Paying Agents paying the amounts owing on the Obligations with respect to which such transfers were made and upon demand for such payment by a proper Holder.

(b) The Board will pay, out of the Debt Service Fund, to the respective Paying Agents, on the dates specified in the Outstanding Ordinances and each Additional Supplemental Ordinance, but in no event later than each Principal Payment Date for any of the Obligations from time to time Outstanding or Parity Credit Agreement Obligations coming due, the amount (as determined by each Paying Agent or other party designated in each applicable Additional Supplemental Ordinance) required for the payment of any Principal Installments and any Redemption Price that are due on Obligations, and similar amounts that are due and payable on Parity Credit Agreement Obligations on such Principal Payment Date and such amounts paid to Paying Agents or Credit Providers will be held and applied by the Paying Agents or Credit Providers as directed in each Outstanding Ordinance and in each Additional Supplemental Ordinance.

(c) The amount accumulated in the Debt Service Fund for each Sinking Fund Installment may, and if so directed and authorized by an Additional Supplemental Ordinance shall, be applied prior to a day preceding the due date of such Sinking Fund Installment, as fixed in the Additional Supplemental Ordinance, to:

(i) the purchase of Obligations of the series and maturity for which such Sinking Fund Installment was established, at prices (including any brokerage and other charges) not exceeding the Redemption Price payable from Sinking Fund Installments for such Obligations when such Obligations are

redeemable by application of said installments plus unpaid interest accrued to the date of purchase, such purchases to be made in such manner as is specified in the Additional Supplemental Ordinance, or

(ii) the redemption of Obligations pursuant to the provisions of the applicable Additional Supplemental Ordinance authorizing such Obligations, if then redeemable by their terms, at a price not exceeding the Redemption Price.

(d) If a stated Interest Payment Date or a Principal Payment Date, or a date fixed for redemption of Obligations or Parity Credit Agreement Obligations, is not a Business Day, then the Interest Payment Date, Principal Payment Date or redemption date will be deemed to be the next succeeding Business Day and no interest will accrue between the stated day and the applicable succeeding Business Day.

**Debt Service Reserve Fund.** (a) Moneys on deposit in or required by a Credit Agreement to be deposited to the Debt Service Reserve Fund shall be used solely and exclusively for the purposes of making transfers to the Debt Service Fund in the event the moneys in the Debt Service Fund are not sufficient to make transfers to the Paying Agents, or payments to Credit Providers for the payment of Parity Credit Agreement Obligations, on the dates and in the full amounts required by the Master Bond Ordinance, by any Additional Supplemental Ordinance, or by any Credit Agreement.

(b) Subject to the rights reserved in the immediately following paragraph (c), the Debt Service Reserve Fund shall be established and maintained in an amount equal to the Debt Service Reserve Requirement, as such amount is determined in accordance with the following paragraphs of this subcaption, to-wit:

(i) The amount of the Debt Service Reserve Requirement to be deposited and maintained in the Debt Service Reserve Fund on account of the Prior Obligations is an amount equal to the average annual Debt Service on and with respect to the Prior Obligations calculated as of November 1 of each year, unless otherwise directed by the Board; and

(ii) The amount of the Debt Service Reserve Requirement to be deposited, accumulated, and maintained, or alternatively funded in accordance with the immediately following paragraph (c) on account of each respective series of Additional Obligations will be established and funded, or funding will be provided therefor, in accordance with the provisions of Additional Supplemental Ordinances authorizing their issuance, but will be in an amount that is not less than the average annual Debt Service that will be required to be paid on or with respect to such Additional Obligations that are from time to time Outstanding, except that no increase in the Debt Service Reserve Requirement is required on account of any series of Interim Obligations that are secured, guaranteed, or insured by a Credit Provider.

For the purposes of this paragraph (b), computations with respect to Variable Interest Rate Obligations will be made by applying the applicable Standard Assumptions.

(c) The Debt Service Reserve Requirement required on account of the issuance of each respective series of Additional Obligations will be funded either (i) by including the required amount in the principal amount of the Obligations being issued, (ii) by requiring the required amount to be deposited to the Debt Service Reserve Fund from Gross Revenues in approximately equal monthly installments over a period not exceeding sixty (60) months following the delivery of such Additional Obligations, respectfully, (iii) by entering into one or more Credit Agreements, such as surety, insurance, other similar contracts, letters of credit and similar arrangements, with an insurance company or companies or a bank or banks, insuring or providing amounts up to the portion of the Debt Service Reserve Requirement applicable to the Obligations being issued, or (iv) by any combination of such methods. Such Credit Agreements must

provide for the payment of the principal of and interest on the Obligations when due, and in order to avoid a default thereof, up to an amount equal to the Debt Service Reserve Requirement applicable to the Obligations to which they relate, to the extent cash funds in the Debt Service Reserve Fund do not contain the amount required to be on deposit therein from time to time. The total dollar amount of the insured or guaranteed liability under the Credit Agreement with respect to the payment of such Obligations will be deemed for all purposes of the Master Bond Ordinance to satisfy a corresponding amount of the Debt Service Reserve Requirement. In order for a Credit Agreement to be effective in satisfying in whole or in part the Debt Service Reserve Requirement, the execution of such Credit Agreement must not result in or cause the then underlying credit rating on the Obligations to be lowered or withdrawn by a majority of the credit rating agencies then having a contract credit rating with respect to the Obligations. A determination by the Cities that the terms and provisions of a particular Credit Agreement are in compliance with the requirements of this subcaption is conclusive. To the extent such agreements or contracts are entered into, the Cities may pay the costs thereof from amounts that would otherwise be deposited to the Debt Service Reserve Fund as described in clause (iii) of the second paragraph under the subcaption "**SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE—Funds and Flow of Funds—Flow of Funds.**"

If, at any time, a transfer is required from the Debt Service Reserve Fund for the purposes stated in paragraph (a) of this subcaption, the Board will make such transfer on the dates on which transfers are required to be made to the Paying Agents under the Master Bond Ordinance or an Additional Supplemental Ordinance.

Subject to such limitations as may be contained in an Additional Supplemental Ordinance, the Cities have the right and option to apply money in the Debt Service Reserve Fund to redeem Obligations or to pay related Parity Credit Agreement Obligations in advance of their maturity date when and if the same are subject to redemption at the option of the Cities in an amount by which the redemption lowers the Debt Service Reserve Requirement.

Any funds on deposit in the Debt Service Reserve Fund in excess of the Debt Service Reserve Requirement from time to time may be transferred to the Debt Service Fund or, at the discretion of the Board, may be applied to pay Costs of the Airport, or transferred to the Operating Revenue and Expense Fund.

**Capital Improvements Fund.** (a) Moneys transferred to the Capital Improvements Fund, as described above in the second to last paragraph under the caption "**SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE—Funds and Flow of Funds—Flow of Funds,**" shall be used for any purpose permitted by Applicable Law related to the Airport.

(b) Notwithstanding the above provisions of this subcaption, moneys on deposit in the Capital Improvements Fund will be used to prevent a default in the payment of any Obligations or Parity Credit Agreement Obligations.

**Restoration of Deficiencies.** Should the Debt Service Fund or the Debt Service Reserve Fund, or any other fund or account of any of the types described in the second paragraph under the subcaption "**SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE—Funds and Flow of Funds—Flow of Funds,**" contain less than the amount required to be on deposit therein, then such deficiency will be restored from Pledged Revenues over a period not longer than sixty (60) months, and further transfers to the Capital Improvements Fund pursuant to the penultimate paragraph under the subcaption "**SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE—Funds and Flow of Funds—Flow of Funds**" will be suspended until such deficiency has been restored.

**Construction Fund.** Except as otherwise provided in the Master Bond Ordinance or in an Additional Supplemental Ordinance, moneys deposited in the Construction Fund and the moneys within said Fund shall be used solely for the purpose of defraying a part of the Costs of the Airport. Disbursements from the Construction Fund will be made pursuant to the customary practices of the Airport. All disbursements from the Construction funds shall be accounted for and recorded in the appropriate records of the Airport. When improvements made with Obligation proceeds, will have been completed in accordance with the plans and specifications, and when all amounts due, including all proper incidental expenses, will have been paid, the Authorized Officer shall file with the Board a certificate so stating, and thereupon the Board shall cause the transfer of all moneys remaining in the Construction Fund, if any, to the Capital Improvements Fund.

**Investments.** Subject to restrictions set forth in a Credit Agreement, if any, amounts in any fund or account may, to the extent permitted by Applicable Law, be invested in Investment Securities. All investments will be made by or upon written instruction of an Authorized Officer in accordance with Applicable Law and the Board's investment policy approved by the Board from time to time. Such investments will mature in such amounts and at such times as may, in the judgment of such Authorized Officer, be necessary to provide funds when needed to make timely payments from such fund or account. In order to avoid loss in the event of a need for funds, the Board may, in lieu of a liquidation of investments in the fund or account needing funds, exchange such investments for investments in another fund or account that may be liquidated at no, or at a reduced, loss.

Except as otherwise provided in the Master Bond Ordinance, obligations purchased as an investment of moneys in any fund or account created in or confirmed by the Master Bond Ordinance will be deemed at all times to be a part of such fund or account and the income or interest earned, profits realized or losses suffered by a fund or account due to the investment thereof will be retained in, credited or charged, as the case may be, to such fund or account. It is provided, however, that earnings may be used as provided in the fourth paragraph under the subcaption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE—Funds and Flow of Funds—Flow of Funds" and in an Additional Supplemental Ordinance.

In computing the amount in the Debt Service Reserve Fund, obligations purchased as an investment of moneys therein shall be valued at their Market Value annually prior to the adoption of the annual budget for the Airport.

Except as otherwise provided in the Master Bond Ordinance, the Board will sell or cause to be sold at the best price obtainable, or present for redemption or exchange, any Investment Security purchased as an investment pursuant to the Master Bond Ordinance whenever it is necessary in order to provide moneys to meet any payment or transfer from the fund or account for which such investment was made.

To the extent not invested in Investment Securities, funds and accounts shall be fully secured in the same manner as is required for the public funds of the Board.

**Effect of Deposits With Paying Agents.** (a) Whenever Pledged Revenues are on deposit with a Paying Agent in the amounts required in an Outstanding Ordinance, or in an Additional Supplemental Ordinance, then the Cities and the Board will be released from any further obligations of payment of the interest on or the principal or Redemption Price of Obligations with respect to which the deposits and transfers were made. The Holders of the Obligations with respect to which such moneys are held shall look solely to the appropriate Paying Agents for payment of the interest on or the principal or Redemption Price of the applicable Obligations from such moneys.

(b) Moneys transferred to a Paying Agent will be set aside and continuously held uninvested (unless otherwise provided in an Outstanding Ordinance or in an Additional Supplemental Ordinance) in a special trust fund or account held by the Paying Agent and will be used for the sole and exclusive purpose of paying the amounts due and owing on the Obligations with respect to which such transfers were made and upon demand for such payment by the proper Holders. Any moneys remaining unclaimed for a period specified in any Applicable Law relating to the escheat of property or money will be distributed by the Paying Agent in accordance with such law.

(c) Obligations, for the full payment of the principal amount or Redemption Price of which moneys have been provided to the appropriate Paying Agents as described in this subcaption, will no longer be deemed to be Outstanding from and after the maturity or redemption date thereof and all interest thereon will cease to accrue from and after said date.

(d) Notwithstanding the provisions of paragraphs (a) and (b) of this subcaption, an Additional Supplemental Ordinance may require the payment of amounts deposited with the Paying Agent to be paid to a Credit Provider if offsetting and comparable amounts are deposited by the Credit Provider with the applicable Paying Agent for the purpose of making direct payment to the Holders of the applicable Obligations.

### **Additional Indebtedness**

**Additional Obligations.** No Additional Obligations will be issued under the Master Bond Ordinance unless the following instruments are executed:

(i) A certificate, dated as of the date of delivery of the Additional Obligations, executed by an Authorized Officer, certifying, in effect, that:

(A) All conditions precedent have been satisfied which are provided for in the Master Bond Ordinance and in each Additional Supplemental Ordinance, the provisions of which relate to or further restrict the issuance of Additional Obligations; and

(B) No Event of Default has occurred and is then continuing under the Master Bond Ordinance or under any Additional Supplemental Ordinances that will not be cured by the issuance of the Additional Obligations; and

(ii) A written order, executed by an Authorized Officer, directing that the Additional Obligations will be authenticated if the same are required to be authenticated under the terms of the Additional Supplemental Ordinance; and

(iii) A Certificate executed by an Authorized Officer certifying that the Cities have received at least one of the following:

(A) An Airport Consultant's written report\* setting forth projections of Gross Revenues and Operation and Maintenance Expenses, and the report indicates that (I) the estimated Net Revenues for each of three (3) consecutive Fiscal Years beginning with the first Fiscal Year in which Debt Service is due on or with respect to the Additional Obligations proposed to be issued, and for the payment of which provision has not been made as indicated in the report of such Airport Consultant from the proceeds of such Additional Obligations and/or from interest that has been capitalized from the proceeds of previously issued

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\* See **APPENDIX B — "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE — Proposed Amendments."**

Obligations, are equal to at least 125% of the Debt Service that will be due and owing and scheduled to be paid during each of such three (3) consecutive Fiscal Years, after taking into consideration any additional Debt Service to be paid during such period on or with respect to the Additional Obligations then proposed to be issued and any reduction in Debt Service that may result from the issuance thereof, and after applying the Standard Assumptions with respect to Outstanding or proposed Interim Obligations or Variable Interest Rate Obligations and (II) the schedule of rentals, rates and charges then in effect meets the requirements described in clause (iii) under the caption "**SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE—Particular Covenants—Rates, Charges and Free Use of Land**"; or

(B) A certificate, executed by the Chief Financial Officer of the Board, showing that (I) for either the Board's most recent complete Fiscal Year, or for any consecutive twelve (12) out of the most recent eighteen (18) months, the Net Revenues were equal to at least 125% of the maximum Debt Service on or with respect to all Outstanding Obligations and Parity Credit Agreement Obligations scheduled to be paid during the then current or any future Fiscal Year after taking into consideration the issuance of the Additional Obligations then proposed to be issued, and after applying the Standard Assumptions with respect to Outstanding or proposed Interim Obligations or Variable Interest Rate Obligations and (II) the schedule of rentals, rates and charges then in effect meets the requirements described in clause (iii) under the caption "**SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE—Particular Covenants—Rates, Charges and Free Use of Land.**"

The Cities will include in each Additional Supplemental Ordinance authorizing the issuance of Additional Obligations a requirement that an amount equal to the Debt Service Reserve Requirement will be deposited into or made available for the purposes of the Debt Service Reserve Fund or the Debt Service Fund, either (i) by including the required amount in the principal amount of the Obligations being issued, (ii) by requiring the required amount to be deposited to the Debt Service Reserve Fund from Gross Revenues in approximately equal monthly installments over a period not exceeding sixty (60) months following the delivery of such Additional Obligations, respectively, (iii) by executing a Credit Agreement with one or more qualified Credit Provider(s) as described in paragraph (c) under the subcaption "**SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE—Funds and Flow of Funds—Debt Service Reserve Fund**" by which the Credit Provider(s) agree(s) to make deposits to either the Debt Service Reserve Fund or the Debt Service Fund in an amount equal to or greater than the amount of the Debt Service Reserve Requirement allocable to the Obligations being issued, in either case, if necessary to pay the Obligations and the Parity Credit Agreement Obligations when due, or (iv) any combination of the methods permitted by clauses (i) through (iii).

**Subordinate Lien Obligations.** The Cities reserve the right (i) to issue bonds, notes or other obligations for the purpose of further developing, improving, repairing, or maintaining the Airport, or refunding and refinancing previously issued or created indebtedness of the Cities relating to the Airport, and (ii) to enter into Credit Agreements creating Credit Agreement Obligations in connection therewith, that are, in each case, secured by and payable solely from the money on deposit from time to time in a special fund or account described pursuant to clause (v) under the second paragraph under the subcaption "**SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE—Funds and Flow of Funds—Flow of Funds,**" upon and having such terms, conditions, and provisions as the Cities deem appropriate, and, if desired, to additionally pledge Special Revenues thereto.

Subordinate Lien Obligations, and Credit Agreement Obligations created in connection therewith, if any, will be authorized, and their terms and provisions prescribed, in Additional Supplemental Ordinances.

**Special Revenue Bonds.** The Cities reserve the right (i) to issue bonds, notes or other obligations for the purpose of paying Costs of the Airport or otherwise further developing, improving, repairing,

expanding, or maintaining the Airport, or refunding and refinancing previously issued or created indebtedness of the Cities relating to the Airport, and (ii) to enter into related credit support agreements having such terms as are permitted by Applicable Law, that are, in each case, exclusively or partially secured by and payable from a first and superior lien on Special Revenues for such purposes, in such form, and having such terms and provisions as are permitted by Applicable Law.

The rights of the Cities described in the paragraph immediately above include, but are not limited to, the right to pledge Special Revenues to the payment of, and as additional security for, Subordinate Lien Obligations.

Special Revenues, when and while they are pledged to secure the payment of Special Revenue Bonds or Subordinate Lien Obligations may be deposited to such funds and accounts of the Board as may be required by Applicable Law or as directed in the documents and agreements authorizing or relating to their issuance.

Special Revenue Bonds may be authorized, and their terms prescribed, in such ordinances, resolutions, indentures, or other proceedings as determined by the Cities.

**Parity Credit Agreement Obligations.** Parity Credit Agreement Obligations and the rights and obligations of the Credit Providers holding the same will be as specifically provided in Additional Supplemental Ordinances.

**Special Facility Bonds.** The Cities have the right to enter into contracts, leases or other agreements pursuant to which the Board will agree to construct and pay all costs of construction of Special Facilities to be financed by the issuance by the Cities of Special Facility Bonds. Such bonds may be issued upon and subject to certain conditions, including the following:

(i) A Net Rent Lease will be entered into between the parties thereto pursuant to which the lessee agrees to the matters specified in the definition of such term and agrees to cause the payments there required and the rentals therein to be payable over a period not longer than the latest maturity of the Special Facility Bonds.

(ii) A second lease, the "Ground Lease," for at least the same term as the Net Rent Lease, will be entered into between the parties to provide for additional rentals for the ground upon which such Special Facilities are to be located, which Ground Lease will provide for rental payments to the Board payable in periodic installments in amounts not less than as required pursuant to a schedule or schedules for rental of ground space at the Airport as fixed from time to time by the Board, which ground rental payments will constitute a part of Gross Revenues.

(iii) No Special Facility Bonds will ever be payable in whole or in part from Gross Revenues. After such Special Facility Bonds have been fully paid and retired all revenues derived from the leasing or operation or use of such Special Facilities will be a part of Gross Revenues and will be subject to all provisions of the Master Bond Ordinance relating thereto.

## **Particular Covenants**

**Rates, Charges and Free Use of Land.** The Cities covenant and agree as follows:

(i) The Board will fix, place into effect, directly or through leases, contracts or agreements with users of the Airport, a schedule of rentals, rates, fees and charges for the use, operation and occupancy of the Airport premises and Facilities and the services appertaining thereto, which is reasonably estimated

to produce the amounts provided in paragraphs (ii) and (iii), next below. From time to time and as often as it appears necessary, the Executive Director of the Airport and other Authorized Officers will make recommendations to the Board as to the revision of the schedule of rentals, rates, fees and charges. Upon receiving such recommendations, the Board will revise, insofar as it may legally do so, the rentals, rates, fees and charges for the use, operation and occupancy of the Airport, its Facilities, and the services appertaining thereto in order continually to fulfill the requirements of this covenant. This covenant will not be construed to require adjustment or revision in long-term agreements which by their terms are not subject to adjustment or revision.

(ii) The schedule of rentals, rates, fees and charges required by paragraph (i), next above, will be at least sufficient to produce in each Fiscal Year Gross Revenues sufficient to pay (a) the Operation and Maintenance Expenses, plus (b) 1.25 times the amount of Accrued Aggregate Debt Service accruing during each Fiscal Year, respectively, plus (c) an amount equal to the amounts required to pay any other obligations payable from Gross Revenues of the Airport, including Subordinate Lien Obligations, but excluding Special Revenue Bonds and Special Facility Bonds, and plus (d) any additional amounts required by the terms of an Additional Supplemental Ordinance.

(iii) The schedule of rentals, rates, fees and charges required by paragraph (i), next above, will be at least sufficient to produce in each Fiscal Year Current Gross Revenues sufficient to pay the amounts provided in clauses (a), (c) and (d) of paragraph (ii), next above, plus 1.00 times the amount of Accrued Aggregate Debt Service accruing during each Fiscal Year, respectively.

(iv) The Board will cause all rentals, fees, rates and charges pertaining to the Airport to be collected when and as due, will prescribe and enforce rules and regulations for the payment thereof and for the consequences of nonpayment for the rental, use, operation and occupancy of and services by the Airport, and will provide methods of collection and penalties to the end that the Gross Revenues and the Current Gross Revenues will be adequate to meet the respective requirements hereof.

(v) To the full extent lawfully permissible, no free use of the land, public roads and ways comprising a part of the Airport will be allowed or permitted for commercial purposes by private or commercial concerns providing direct service to the traveling public, and no rights-of-way, easements, access or uses on or across said lands or public roads and ways for commercial purposes will be granted except through easements, franchises or permits granted, and for consideration fixed, by the Board.

**Budgets and Expenditures.** (a) For each Fiscal Year, the Board will, in accordance with the terms, provisions and requirements of the Contract and Agreement, prepare and annually submit to the Cities an annual budget containing estimates of expenditures and anticipated Gross Revenues for the next ensuing Fiscal Year.

(b) All Operation and Maintenance Expenses will be reasonable and the total expenditures for the purchase of services, goods or commodities will not exceed in any year the total expenditures thus set forth in the annual budget except on the express approval of the Board and the Cities in accordance with the Contract and Agreement.

**Transfers of Airport and Facilities.** So long as any Obligations are outstanding and unpaid, the Cities will not sell, transfer, or in any manner dispose of or otherwise alienate, any part of the property comprising the Airport. It is provided, however, that:

(1) the Cities may acquire additional property as an extension to the Airport additional to that reflected within the preliminary boundaries contained in the Board's overall preliminary plan of the Airport and will be authorized to grant rights of foreclosure in connection with mortgages, pledges, or other

encumbrances of the land or revenues thereof fixed in connection with such acquisition and the Special Facilities to be placed therein, such mortgages and pledges being authorized subject to the restrictions applicable to Special Facilities; and

(2) the Cities have the right to sell or otherwise dispose of any property, real or personal, which is no longer necessary, appropriate or required for the use of, profitable to, or for the best interests of the Board in operation of the Airport. The net proceeds of any sale pursuant to this provision will be used for the purpose of replacing properties or equipment at the Airport, if necessary, or will be deposited into the Capital Improvements Fund; except that the proceeds from the sales of surplus land may be distributed to the Cities as a return of capital under the Contract and Agreement.

Notwithstanding the provisions of the first paragraph of this subcaption, the Cities retain, reserve, and have the right and privilege of transferring, selling, leasing or disposing of the entire properties and Facilities constituting the Airport to another political body or political subdivision of the State of Texas which is authorized by law to own and operate airports, subject to the following conditions, to-wit:

(1) The governing body of such political entity by lawfully adopted and effective ordinance, order, resolution or by other appropriate action, expressly and unequivocally assumes each and every, all and singular, the covenants, obligations, duties and responsibilities of the Cities and the Board imposed by the Master Bond Ordinance, the Outstanding Ordinances and all ordinances supplemental thereto or adopted in connection with the issuance of any future issues of Obligations.

(2) If such properties and Facilities comprising the Airport are sold to such political body and such sale is on a deferred-payment basis, such deferred payment will be junior and subordinate to all payments required to be made to or on account of any Obligations from time to time outstanding; or, if the purchase price is to be made in cash at the time of sale, no part thereof shall be or shall have been derived from Gross Revenues.

**The Contract and Agreement.** The Cities covenant and agree for the benefit of the Holders of the Obligations that they will honor, fulfill, and enforce the Contract and Agreement between themselves, as amended. The Cities reserve the right by mutual agreement to additionally amend or supplement the Contract and Agreement from time to time in such respects as they consider appropriate so long as the effect of such amendment will not be to impair or diminish the rights of the Holders of Obligations; and they have the right to dissolve the Contract and Agreement upon transfer of the Airport in accordance with the Master Bond Ordinance.

**Standard of Operation.** The Airport will be maintained in an efficient, operating condition; and such improvements, enlargements, extensions, repairs and betterments will be made thereto as are necessary or appropriate in the prudent management thereof to insure its economic and efficient operation at all times, to maintain it in good repair, working order and operating condition; and such standards will be maintained as may be required in order that the same will be approved by all proper and competent agencies of the Federal Government for the landing and taking-off of Aircraft operating in scheduled service, and as a terminal point of the Cities for the receipt and dispatch of passengers, property and mail by Aircraft.

**Rules and Regulations.** The Board will establish and enforce reasonable rules and regulations for the use and occupancy, management, control, operation, care, repair and maintenance of the Airport. The Board will comply with all valid acts, rules, regulations, orders and directives of any executive, administrative or judicial body applicable to the Airport, unless the same are contested in good faith, all to the end that it will remain operative at all times.

**Federal Financial Assistance.** The Board will, insofar as it may legally do so, maintain, preserve, keep, and operate the Airport in such manner as will qualify the Airport to receive maximum financial aid from Federal or State sources, which aid may be sought and procured if available on fair and reasonable terms (in the sole opinion of the Board) which are not inconsistent with the provisions of the Master Bond Ordinance and when in the best interests of the overall financial and operating conditions of the Airport and the Joint Airport Fund.

**Casualty Insurance.** Except to the extent provided by others, the Board will at all times maintain insurance for such of the Facilities, in such amounts (including deductible amounts) and against such losses or damages, as are customarily insured by the owners of publicly-owned properties, including airports, having similar properties and operations as the Airport. All such insurance maintained by the Board will be either obtained from a responsible insurance company or companies authorized to do business in the State, to the extent such insurance is obtainable at commercially reasonable rates, or provided through a program of self-insurance.

The Board will annually determine, following consultation with an Independent Insurance Consultant or the Risk Manager, the Facilities to be insured and the type and amount (including deductible amounts) of insurance to be obtained by the Board.

**Use and Occupancy, Liability, and Other Insurance.** The Board, subject to the approval of the City Attorneys of the Cities, may carry with a responsible insurance company or companies authorized and qualified under the laws of the State of Texas insurance covering the risk of loss of revenues during necessary interruptions, total or partial, due to damage or destruction of the Airport, however caused, upon and subject to the following conditions:

(1) Such requirement is only to the extent not provided for in leases and agreements with the Board, and in any event will be in such amount as the Executive Director estimates as being sufficient to provide a full normal income during the period of interruption.

(2) Such insurance covers a reasonable period of reconstruction, as estimated by the Executive Director; and the same may exclude losses sustained by the Cities during the first fourteen (14) days of any total or partial interruption of use.

(3) If at any time the Board is unable to obtain such insurance to the extent above required, at reasonable prices, it will carry such insurance to the extent reasonably obtainable.

In ascertaining a full normal income for such insurance, the Executive Director will give consideration to the expected, as well as current and prior revenues, from the leasing or other operation or use of such facilities or from other sources, and may also make allowances for any probable decrease in operation and maintenance costs while use is interrupted. Any proceeds of such insurance will be deposited to the credit of the Operating Revenue and Expense Fund and will be subject to the uses and applied as provided for moneys in said Fund.

Insurance in the form and amount recommended by the City Attorneys of the Cities will be obtained insuring against liability to any person sustaining death, bodily injury or property damage by reason of material defects or want of repair in or about the Airport, or by reason of the negligence of any employee, and against such other liability to persons and property to the extent attributed to the ownership and operation of the Airport.

**Land Title and Rights.** No funds from the proceeds of Obligations will be paid for labor or to contractors, builders or materialmen on account of the construction, improvement or enlargement of the

Airport unless such improvements or enlargements are located on lands good and marketable title to which is owned or can be acquired by the Cities in fee simple, or over which the Cities have acquired or can acquire easements or rights sufficient for the purposes of such improvements and enlargements. Additionally, no payments will ever be made from the proceeds of any Obligations for the acquisition of real property or any interest therein unless and until the Cities have received an opinion of the City Attorneys of the Cities to the effect that upon acquisition all necessary and good and sufficient title to such property or the interest therein to be acquired, free and clear of encumbrances, will be vested in the Cities and subject to the control and jurisdiction of the Board pursuant to the terms of the Contract and Agreement.

**Encumbrances by Cities, Board, or Others.** The Cities will not issue any bonds or other obligations payable from the Gross Revenues or Net Revenues and having a lien on a parity with or senior to the Obligations, except as provided in the Master Bond Ordinance, and it is covenanted and agreed that no mortgages or other liens of any kind shall be permitted to be attached or imposed upon any lands constituting a part of the Airport, except as expressly provided otherwise in the Master Bond Ordinance. Additionally the Board shall require the inclusion in all Net Rent Leases and Ground Leases provisions to the effect that the same are taken subject to the terms and provisions of the Master Bond Ordinance; that the lessee shall not enter into any contracts of a nature such that liens of any nature or kind are permitted to become attached to the remainder interests of the Board and the Cities thereunder; that the holders of such leasehold interests, when rendering or otherwise declaring the fair market value thereof, within the taxing jurisdictions in which situated and when required by law, shall render the fair market value of the lessee's interest, irrespective of the term thereof, based upon the value of a comparable facility situated on private property. All or other interest in the Board as Airport and publicly owned property, including the remainder or other interest, shall be and remain always exempt from and not subject to ad valorem taxation. The holders of such leases shall never suffer or permit to be imposed or attached to any such leasehold interests any liens for taxes. No action or default on the part of such lessees shall be construed to create a lien on the interests of the Cities in such Facilities or land.

**Representations as to Pledged Funds and Pledged Revenues.** The Cities represent and warrant that they are authorized by Applicable Law to authorize and issue the Obligations and to pledge the Pledged Funds and Pledged Revenues in the manner and to the extent provided in the Master Bond Ordinance, and that the Pledged Funds and Pledged Revenues so pledged are and will be and remain free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge and lien created in or authorized by the Master Bond Ordinance except as expressly provided in the Master Bond Ordinance for Obligations and Parity Credit Agreement Obligations.

The Obligations and the provisions of the Master Bond Ordinance are and will be the valid and legally enforceable special obligations of the Cities in accordance with their terms and the terms of the Master Bond Ordinance, subject only to any applicable bankruptcy or insolvency laws or to any Applicable Law affecting creditors' rights generally.

The Cities will at all times, to the extent permitted by Applicable Law, defend, preserve and protect the pledge of the Pledged Funds and Pledged Revenues and all the rights of the Holders and the Credit Providers under the Master Bond Ordinance and all Credit Agreements against all claims and demands of all persons whomsoever.

## **Events of Default**

**Description.** Each of the following occurrences or events for the purposes of the Master Bond Ordinance is an "Event of Default."

(1) The failure to make payment of the Principal Installment of any of the Obligations when the same become due and payable;

(2) The failure to pay any installment of interest on Obligations when the same become due and payable;

(3) The failure to pay when due any amounts, whether principal, interest, or other payment, that are due and owing on any Parity Credit Agreement Obligations and such failure continues for a period of sixty (60) days after the due date thereof;

(4) Default in any covenant, undertaking, or commitment contained in the Contract and Agreement, the failure to perform which materially affects the rights of the Holders, including, but not limited to, their prospect or ability to be repaid in accordance with the terms and provisions of the Master Bond Ordinance, and the continuation thereof for a period of sixty (60) days after written notice of such default by any Holder;

(5) The Cities or the Board discontinue or unreasonably delay or fail to carry out with reasonable dispatch the reconstruction of any part of the Airport which is destroyed or damaged and which materially affects the revenue producing capacity thereof;

(6) An order or decree is entered by a court of competent jurisdiction with the consent and acquiescence of the Cities appointing a receiver or receivers for the Airport or of the rentals, rates, revenues, fees or charges derived therefrom; or if any order or decree having been entered without the consent and acquiescence of the Cities is not vacated or discharged or stayed on appeal within ninety (90) days after entry; and

(7) The Cities default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Obligations, or a Parity Credit Agreement Obligation, or in the Master Bond Ordinance, or in any of the provisions of the Outstanding Ordinances that are continued, restated, or incorporated into the Master Bond Ordinance or in an Additional Supplemental Ordinance, and if such default continues for thirty (30) days after written notice specify such default and requiring the same to be remedied shall have been given to the Cities or to the Board by the Holders of not less than two percent (2%) in aggregate principal amount of the Obligations then Outstanding, or by a Credit Provider that is granted the authority to give and to withdraw such notices under the terms of an Additional Supplemental Ordinance.

**Remedies for Defaults.** Upon the happening and continuance of any of the Events of Default as provided in the preceding subcaption, then and in every case any Holder and any Credit Provider holding Parity Credit Agreement Obligations, including, but not limited to, a trustee or trustees therefor, may proceed against the Cities and the Board, for the purpose of protecting and enforcing the rights of the Holders and Credit Providers holding Parity Credit Agreement Obligations under the Master Bond Ordinance and any Additional Supplemental Ordinance, by mandamus or other suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any covenant or agreement contained in the Master Bond Ordinance or in any Outstanding Ordinance, or thereby to enjoin any act or thing which may be unlawful or in violation of any right of the Holders or of Credit Providers holding Parity Credit Agreement Obligations under the Master Bond Ordinance or any combination of such remedies. It is provided, however, that all of such proceedings at law or in equity will be instituted, strictly subject to the provisions of the Master Bond Ordinance, and will be had and maintained for the equal benefit of all Holders, and, as applicable, the Credit Providers holding Parity Credit Agreement Obligations. Each right or privilege of any Holders and of any Credit Provider holding a Parity Credit Agreement Obligation (or trustee therefor) is in addition to and

cumulative of any other right or privilege and the exercise of any right or privilege by or on behalf of any Holders or Credit Provider holding Parity Credit Agreement Obligations will not be deemed a waiver of any other right or privilege thereof.

Pursuant to the Fifty-Seventh Supplement, in the event of the occurrence of an Event of Default, the right of acceleration of the Stated Maturity Date or the mandatory redemption date of any Bond or of any Parity Credit Agreement Obligation is not granted as a remedy, and the right of acceleration for the Bonds is expressly denied by the Fifty-Seventh Supplement.

## **Amendments**

**Additional Supplemental Ordinances Without Holders' Consent.** (a) Subject to any limitations contained in an Additional Supplemental Ordinance, the Cities may, from time to time and at any time, adopt and implement Additional Supplemental Ordinances without consent of or notice to the Holders, for the following purposes:

(i) To cure any formal defect, omission or ambiguity in the Master Bond Ordinance if such action is not adverse to the interest of the Holders or to the Credit Providers holding the Parity Credit Agreement Obligations;

(ii) To grant to or confer upon the Holders of any series of Obligations any additional rights, remedies, powers, authority or security which may lawfully be granted or conferred and which are not contrary to or inconsistent with the Master Bond Ordinance as theretofore in effect;

(iii) To add to the covenants and agreements of the Cities and the Board in the Master Bond Ordinance, other covenants and agreements to be observed by the Cities and the Board which are not contrary to or inconsistent with the Master Bond Ordinance as theretofore in effect;

(iv) To add to the limitations and restrictions in the Master Bond Ordinance, other limitations and restrictions to be observed by the Cities which are not contrary to or inconsistent with the Master Bond Ordinance as theretofore in effect;

(v) To confirm, as further assurance, any pledge or lien created or to be created by the Master Bond Ordinance, of the Pledged Funds and Pledged Revenues, or to subject to the lien or pledge of the Master Bond Ordinance additional revenues, properties or collateral;

(vi) To authorize the issuance of the Additional Obligations, and Subordinate Lien Obligations and to prescribe the terms, forms and details thereof not inconsistent with the Master Bond Ordinance and, in connection therewith, to create such additional funds and accounts, and to effect such amendments of the Master Bond Ordinance as may be necessary for such issuance, provided that no Additional Supplemental Ordinance will be inconsistent with the limitations described under the subcaption "**SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE—Amendments—Powers of Amendment**"; or

(vii) To make modifications in the Master Bond Ordinance or in an Additional Supplemental Ordinance that are necessary in the opinion of bond counsel selected by the Cities to conform to requirements of federal tax or securities law or other Applicable Law and that do not, in the opinion of such counsel, adversely affect the rights and security of the Holders to be paid in full when due.

(b) Additional Supplemental Ordinances adopted for any of the purposes permitted by this subcaption need not, in order to be valid, be signed or accepted by any other Person. Copies of all Additional

Supplemental Ordinances and Credit Agreements will be filed with each Credit Provider and the Paying Agent.

**Powers of Amendment.** Any modification or amendment of the Master Bond Ordinance and of the rights and obligations of the Cities and the Board and of the Holders may be made by an Additional Supplemental Ordinance, with the written consent (i) of the Holders of more than a majority of the combined principal amount of the Obligations then Outstanding, or (ii) in case less than all of the several series of Obligations then Outstanding are affected by the modification or amendment, of the Holders of more than a majority in principal amount of the Obligations of each series so affected and Outstanding at the time such consent is given; provided, however, no such modification or amendment will permit a change in the terms of redemption or maturity of the principal of any Outstanding Obligation, or of any installment of interest thereon, or a reduction in the principal amount of the Redemption Price thereof, or in the rate of interest thereon, without the consent of the Holder of such Obligation, and provided further that no such modification or amendment may be made without the prior written consent of such of the Credit Providers as are granted the right of such consent under the provisions of an Additional Supplemental Ordinance. The Cities may obtain and receive an opinion of counsel selected by the Board, as conclusive evidence as to whether Obligations of any particular series or maturity would be so affected by any such modification or amendment of the Master Bond Ordinance.

**Consent of Holders or Credit Providers.** (a) The Cities may at any time adopt an Additional Supplemental Ordinance making a modification or amendment as set forth under the subcaption "**SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE—Amendments—Powers of Amendment,**" to take effect when and as provided in this paragraph (a) or in paragraph (b) of this caption. A copy of such Additional Supplemental Ordinance (or brief summary thereof or reference thereto) together with a request for consent addressed to the Holders whose consent is required, will promptly after adoption be mailed by the Board to the appropriate Holders (but failure to mail such copy and request will not affect the validity of the Additional Supplemental Ordinance when consented to as herein provided). Such Additional Supplemental Ordinance will not be effective unless and until the Cities will have received the written consents of the proper Holders having the percentages described in the immediately preceding subcaption. Any such consent will be continuously binding upon the Holder giving such consent and upon any subsequent Holder thereof and of any Obligations issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Holder giving such consent or a subsequent Holder thereof by filing with the Cities, prior to the time action is taken in response to such consents. At any time thereafter notice, stating in substance that the Additional Supplemental Ordinance (which may be referred to as an Additional Supplemental Ordinance adopted by the Cities on a stated date) has been consented to by the Holders of the required percentages of Obligations and will be effective as hereinafter described, will be given to the Holders (whose consent was required) by the Cities by mailing such notice to such Holders (but failure to mail such notice will not prevent such Additional Supplemental Ordinance from becoming effective and binding). The Additional Supplemental Ordinance making such amendment or modification will be conclusively binding upon the Cities, the Board, each Paying Agent, all Holders, and all Credit Providers at the expiration of 30 days after the mailing by the Cities of such last mentioned notice, except in the event of a final decree of a court of competent jurisdiction setting aside such Additional Supplemental Ordinance in a legal action or equitable proceeding for such purpose commenced within such 30-day period; provided, however, that the Cities and any Paying Agent during such 30-day period and any such further period during which any such action or proceeding may be pending will be entitled in their reasonable discretion to take such action, or to refrain from taking such action, with respect to such Additional Supplemental Ordinance as they may deem expedient.

(b) Unless the right is limited by the terms of an Additional Supplemental Ordinance, the Cities reserve and will have the continuing right to amend the Master Bond Ordinance as described under the

subcaption "**SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE—Amendments—Powers of Amendment**" and this subcaption, without the consent of or notice to the Holders as described under paragraph (a) of this subcaption, if such amendment is approved by each Credit Provider which is existing at the time the amendment is proposed by the Cities. Such right is hereby granted to such Credit Providers and the exercise of such right shall require no further action.

### **Discharge of Ordinance**

**Discharge by Payment.** (a) When all Obligations and Subordinate Lien Obligations have been paid in full as to principal, interest and premium, if any, and all Credit Agreement Obligations and Administrative Expenses have been paid in full, or when all Obligations, Subordinate Lien Obligations and all Credit Agreement Obligations become due and payable, whether at maturity or by prior redemption and the Cities have provided for the payment of the whole amount due or to become due thereon by depositing with the Paying Agents the entire amount due and to become due thereon, and the Cities also have paid or caused to be paid all Administrative Expenses, then all of the terms, provisions, pledges and liens of the Master Bond Ordinance and any applicable Additional Supplemental Ordinances will be released.

(b) The terms, provisions, pledges and liens of the Master Bond Ordinance and any applicable Additional Supplemental Ordinances will be released on less than all of the Obligations as and to the extent funds are provided to the Paying Agents as described under the caption "**SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE—Funds and Flow of Funds—Effect of Deposits With Paying Agents.**"

**Discharge by Defeasance.** (a) Subject to compliance with the requirements of paragraph (b) immediately below, and of any Additional Supplemental Ordinance, the Cities reserve the right to discharge their obligations to pay the principal of, premium, if any, and interest and the purchase price (if tender provisions are applicable), on all or any portion of the Obligations, and their obligation to pay all Administrative Expenses and all Parity Credit Agreement Obligations and thereby to obtain a release of the terms, provisions, pledges and liens of the Master Bond Ordinance and any applicable Additional Supplemental Ordinances as to all or any part of the Obligations and related Parity Credit Agreement Obligations (i) by depositing or causing to be deposited with a trustee or escrow agent moneys derived from any lawful source, expressly including the issuance of Additional Obligations, which, together with the interest earned on or capital gains or profits to be realized from the investment of such moneys in "Government Securities" or in other investments authorized in clause (b)(iii) immediately below will be, as determined by a firm of independent and nationally recognized certified public accountants selected by the Cities, sufficient to pay the principal of, purchase price, if applicable, premium, if any, and interest on such Obligations to maturity, or to a date fixed by the Cities for the redemption of such Obligations, and to pay interest thereon to maturity or to the date fixed for redemption, and to pay all Administrative Expenses as may be reasonably estimated by the Cities to become payable under the Master Bond Ordinance on account of the Obligations being discharged by defeasance and to pay all other Parity Credit Agreement Obligations relating to the Obligations being discharged and estimated to become due and payable, and (ii) by delivering to said trustee or escrow agent irrevocable instructions of the Cities to make the payments described in clauses (b)(ii) and (b)(iii) immediately below by delivery to said trustee or escrow agent of a Certificate and an opinion of counsel selected by the Cities that all conditions precedent with respect to such defeasance have been complied with.

(b) To implement a defeasance of all or a part of the Obligations or related Parity Credit Agreement Obligations under paragraph (a) above, the Cities will make provision with said trustee or escrow agent for:

(i) the establishment of an irrevocable trust pursuant to a trust agreement creating a trust separate and apart from the Master Bond Ordinance and each applicable Outstanding Ordinance or Additional Supplemental Ordinance, and will therein deposit and maintain such moneys, Government Securities or other investments, interest earnings, profits and capital gains;

(ii) the payment, out of such moneys, Government Securities, and other investments to the Holders of the Obligations being defeased, or to Credit Providers with respect to Parity Credit Agreement Obligations, at their dates of maturity, or at the dates fixed for redemption, of the full amount to which the Holders of such Obligations and Credit Providers with respect to Parity Credit Agreement Obligations would be entitled in payment of principal, premium and interest to the dates of such maturity or redemption; and

(iii) the investment of such moneys at the direction of the Cities in either:

(A) Government Securities; or

(B) if the Obligations being defeased are insured by a Credit Provider that has issued and maintains in effect a policy of municipal bond insurance with respect to such Obligations, either in Government Securities or in such other investments as are authorized by Applicable Law and are approved by the Credit Provider issuing such policy, with all of such investments maturing in sufficient amounts and at such times as are necessary to make available the moneys required for the purposes stated in clause (ii), above, as determined by a firm of independent and nationally recognized certified public accountants selected by the Cities and acceptable to the Trustee.

(c) If Variable Interest Rate Obligations are to be defeased, the Maximum Interest Rate must be assumed unless a lesser, actual rate to maturity or applicable redemption date is ascertainable or unless a Credit Provider guarantees a lesser rate.

(d) After compliance with the requirements of paragraphs (a) and (b) immediately above, the Obligations and Parity Credit Agreement Obligations, with respect to which moneys have been provided and investments in government securities have been made, will no longer be Outstanding, and the terms, provisions, pledges and liens of the Master Bond Ordinance will be automatically released as to such Obligations and Parity Credit Agreement Obligations.

(e) For the purposes of this subcaption, "Government Securities" means and is limited to (i) direct, non-callable obligations of the United States of America and securities that are fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, or to which direct obligations or guarantees the full faith and credit of the United States of America has been pledged, (ii) Refcorp interest strips, CATS, TIGRS, STRPS, and (iii) defeased municipal bonds rated AAA by Standard & Poor's Corporation or Aaa by Moody's Investors Services, Inc., or their successors, or, if such firms are no longer issuing such ratings, the highest ratings granted by another nationally recognized rating agency.

### **Proposed Amendments**

The Cities have adopted the Fifty-Third Supplemental Concurrent Bond Ordinance (the "Fifty-Third Supplement"), effective as of May 22, 2019, which makes certain amendments (the "Amendments") to the Master Bond Ordinance. Included in the Amendments is a provision that permits a "Certificate of an Authorized Officer" in lieu of an "Airport Consultant's written report" with respect to Additional Obligations. See "**Additional Indebtedness**" above. The Amendments also deletes the references to "(which shall not be beyond the Stated Maturity Date of the Interim Obligations)". See definition of

"Standard Assumptions" above. Such Amendments become effective upon the consent of the holders of a majority of the principal amount of the Obligations then Outstanding. **Purchasers of the Bonds are deemed to have given consent to the Amendments.**

## APPENDIX C

### ANNUAL FINANCIAL REPORT

The Annual Financial Report with respect to Dallas Fort Worth International Airport, including the Independent Auditor's Report of Deloitte & Touche LLP, Management's Discussion and Analysis and Basic Financial Statements for the Fiscal Year ended September 30, 2019, is hereby incorporated by reference in this Official Statement. Such Annual Financial Report has been filed with the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access ("EMMA") system at <https://emma.msrb.org/ER1322136-ER1030289-ER1437232.pdf>.

Deloitte & Touche LLP has not performed any procedures on any of the Airport's Financial Statements or other financial information of the Airport including without limitation any of the information contained in this Official Statement, since the date of its Independent Auditor's Report and has not been asked to consent to the inclusion of its Report in the Official Statement.

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## APPENDIX D

### DTC INFORMATION

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered Bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect

Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Airport as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Airport or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the Airport, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Airport or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Airport or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Airport may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this Section concerning DTC and DTC's book-entry system has been obtained from sources that the Airport believes to be reliable, but neither the Airport nor the Underwriters take any responsibility for the accuracy thereof.



