

181272

September 12, 2018

WHEREAS, the Dallas Fort Worth International Airport (“the Airport”) serves the aviation needs of the owner cities of Dallas and Fort Worth; and

WHEREAS, the Dallas Fort Worth International Airport Board (“the Board”) presented the FY 2019 Proposed Budget to the City Council of the City of Dallas for its approval in accordance with the Contract and Agreement between the cities of Dallas and Fort Worth, dated April 15, 1968, as amended, which established the Board as the operating Board of Directors for the Airport;

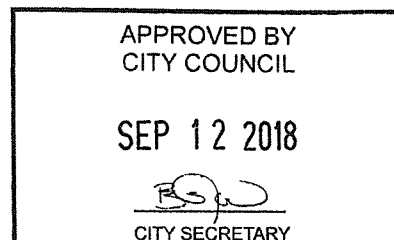
Now, Therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:

SECTION 1. That the City Council hereby approves the Dallas Fort Worth International Airport Board’s FY 2019 Proposed Budget, attached hereto as **Exhibit A**.

SECTION 2. That the approvals and authorization contained in this resolution are further conditioned upon similar approvals by the City Council of the City of Fort Worth.

SECTION 3. That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.



FY 2019 Proposed Budget

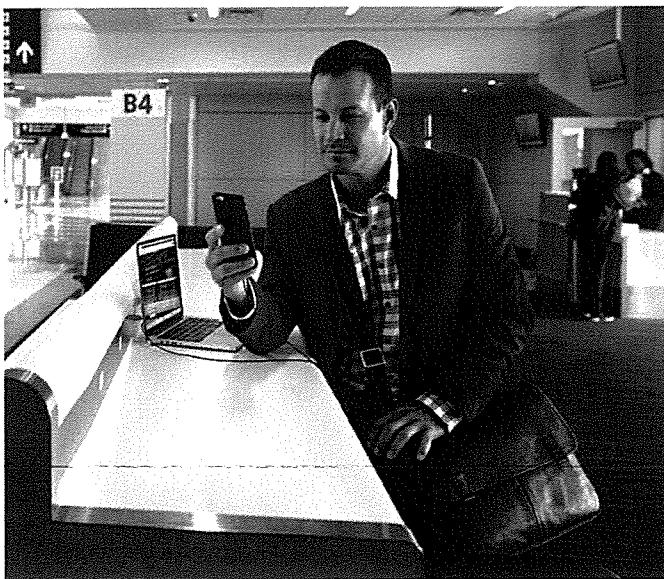
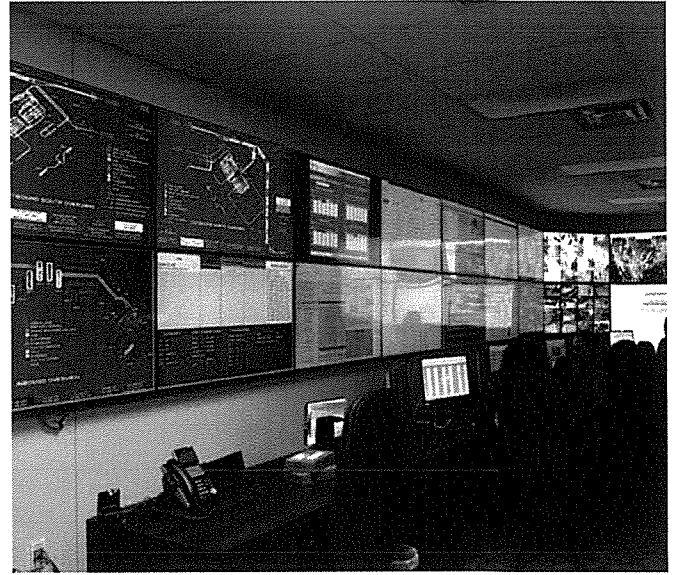
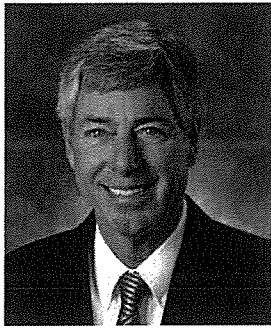


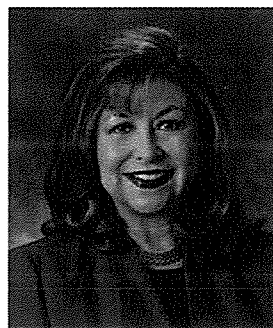
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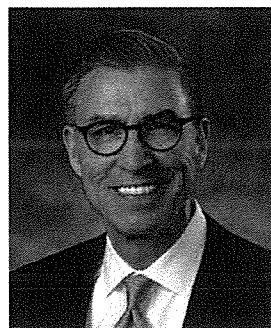
Board of Directors



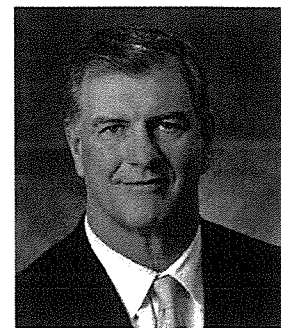
William Meadows
Chair
Fort Worth



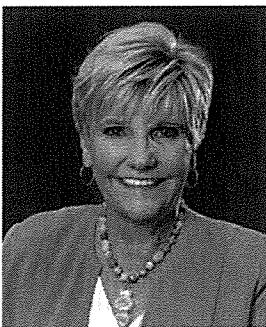
Regina Montoya
Vice Chair
Dallas



Henry Borbolla III
Secretary
Fort Worth



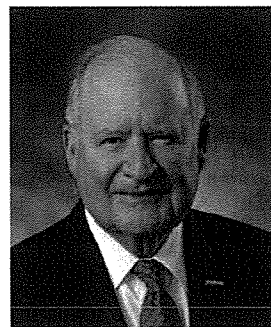
Mike Rawlings
Mayor
Dallas



Betsy Price
Mayor
Fort Worth



Lillie M. Biggins
Fort Worth



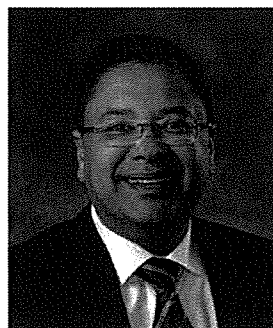
Sam Coats
Dallas



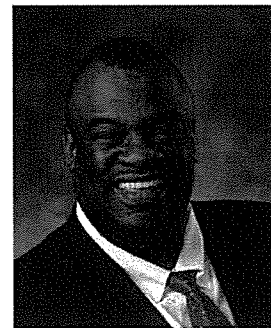
Matrice Ellis-Kirk
Dallas



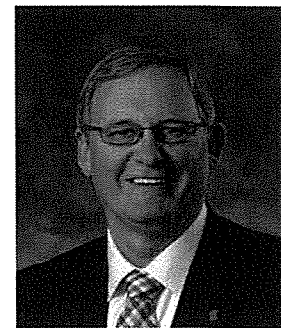
Madeleine Johnson
Dallas



Raj Narayanan
Dallas



Eddie Reeves
Dallas



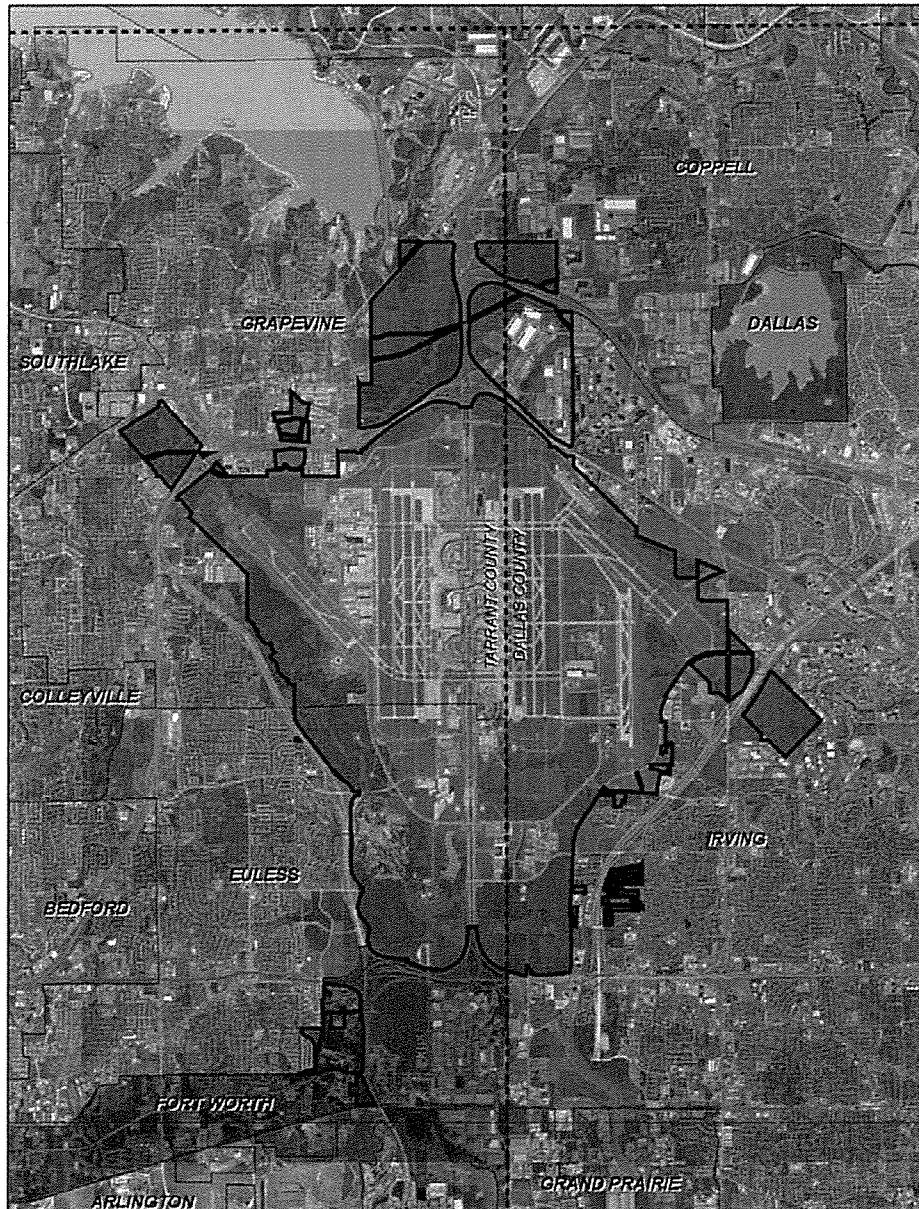
Rick Stopfer
Mayor
Irving

DFW'S Vision Statement
Travel. Transformed.

DFW'S Mission Statement
We provide an exceptional Airport experience for our customers and connect our community to the world.

Airport Background

Dallas Fort Worth International Airport (the "Airport" or "DFW") was created by a "Contract and Agreement" between the cities of Dallas, Texas, and Fort Worth, Texas ("the Cities") on April 15, 1968 for the purpose of developing and operating an airport as a joint venture between the Cities. Although owned by Dallas and Fort Worth, DFW is located within the boundaries of the Cities of Grapevine, Coppell, Irving, Euless and Fort Worth; and within Dallas and Tarrant Counties.



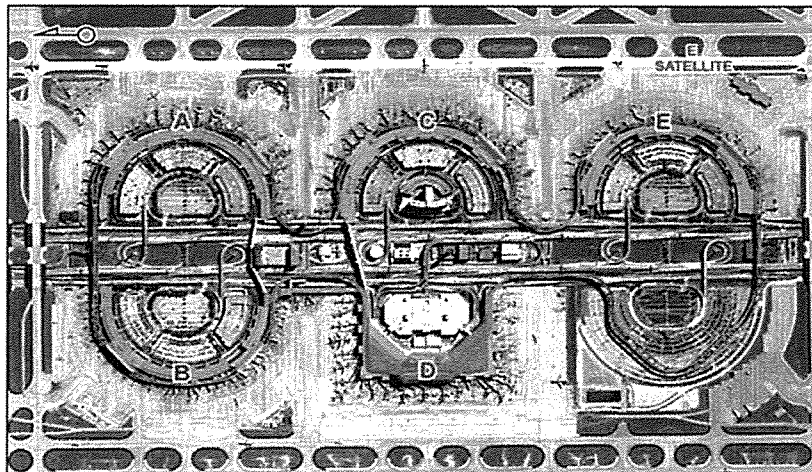
Source: DFW Airport Information Technology Services

DFW property consists of 17,207 acres making it one of the largest land mass airports in the world. DFW is located within a four-hour flight time of 98% of the U.S. population, and currently ranks fourth among the world's busiest airports in terms of operations and 12th in terms of passengers. Its central location is the focal point of one of the nation's largest intermodal hubs, connecting air, rail, and interstate highway systems. DFW currently operates daily passenger flights to 231 destinations worldwide, including 174 nonstop domestic destinations and 57 nonstop international destinations. There are 27 passenger carriers and 22 cargo carriers serving DFW. The Airport is the economic engine for North Texas. According to a recent study, DFW drives \$37 billion in annual economic activity, supporting approximately 60,000 on-airport employees, 228,000 local jobs, and an annual payroll of \$12.5 billion.

DFW Infrastructure

Terminals – DFW has 5 terminals (A, B, C, D, and E) totaling 6.3 million square feet of building space, including 165 aircraft boarding gates, 373 ticketing positions with 96 supporting self-service kiosks, and 15 security checkpoints. Collectively, the airlines averaged 6.7 turns per active gate per day for the first six months of the 2018.

DFW Terminal Complex



American Airlines (“AA”) operates domestic service and international departures in Terminals A, C, and D. Envoy Aviation Group dba American Eagle (“Envoy”), Mesa Airlines, and ExpressJet operate AA’s regional domestic and international service in Terminals B, D, and E. All other domestic flights and certain Canadian pre-cleared flights operate from Terminal E. All international flights requiring U. S. Customs and Immigration clearance operate from DFW’s Terminals D and B (with the exception of some Spirit Airlines international flights that arrive at Terminal E, and their passengers are bussed to Terminal D for customs clearance).

All terminal gate leases expire September 30, 2020 per the terms of the Airline Lease and Use Agreement (Use Agreement) which became effective on October 1, 2010. DFW’s Federal Inspection Service (FIS) facilities are located in Terminal D. The Airport’s FIS facility is approximately 406,000 square feet with 36 inspection booths, 54 automated passport control kiosks, and 8 baggage carousels.

DFW is responsible for all of the janitorial and facility maintenance in Terminals B, D, E and baggage maintenance in Terminals B and E. Most of the maintenance and janitorial functions are contracted out to third parties. Costs associated with maintenance of these facilities are included in DFW's operating budget. AA is responsible for the majority of the facilities maintenance, custodial services, and the jet-bridge and baggage system maintenance in Terminals A and C. In Terminal D, AA maintains its preferentially leased jet-bridges and the entire baggage system for the terminal. The maintenance cost is paid directly by AA and not included in DFW's budget or financial statements. AA receives a maintenance credit in the terminal rates and charges calculation.

Airfield – DFW has seven runways with significant airfield capacity that can accommodate simultaneous takeoffs and landings. Five runways are configured as north/south parallels with two diagonals. Four of DFW's runways are 13,400 feet in length. DFW's infrastructure is capable of supporting next generation aircraft such as the Airbus A380 and the Boeing 747-8F. Per FAA benchmark studies, the Airport's designated hourly capacity arrival/departure flow is approximately 170 aircraft operations per hour under reduced instrument flight rule (IFR) weather conditions and approximately 226-264 aircraft operations per hour under optimum visual flight rule (VFR) weather conditions, a condition that prevails approximately 82% of the time.

Airport Operations Center – The Airport Operations Center (AOC) serves as a single point of contact to centralize communications for DFW's passengers, guests, tenants, employees, and contractors, with an emphasis on Communication, Collaboration and Coordination (C³). The AOC is the communication and coordination center that provides DFW Board staff, airport tenants and aviation stakeholders with the situational awareness needed to efficiently and quickly manage airport resources. The AOC facilitates coordination among stakeholders when responding to routine/daily infrastructure deficiencies, irregular operations and emergency incidents. The combined facility handles approximately 45,000 calls per month and generates approximately 4,000 work orders per month.

DPS 911 Dispatch Center / Emergency Operations Center

The DPS 911 Dispatch Center serves as a single point of contact for emergency communications for DFW's passengers, guests, tenants, contractors and employees. The DPS Dispatch Center provides 3-1-1 information services, and 9-1-1 emergency call management of police, fire, and emergency medical response teams. The Emergency Operations Center is the coordination center that provides DFW Board staff, airport tenants and aviation stakeholders with the situational awareness needed to efficiently and effectively manage airport resources during any disruption of critical airport services, and during situations that require large-scale emergency response.

Automated People Mover (APM) and Transportation System – The Skylink APM system began service in 2005 and carries over 50,000 passengers and employees each day between DFW's five terminals. Skylink trains are on the secure side of the terminals and travel in concentric loops in both directions. There are two Skylink stations in each terminal and trains average two minutes headways. The typical customer ride duration is less than eight minutes. Skylink operates around-the clock with 16 two-car trains.

DFW uses 24 buses to shuttle passengers between the terminals and Grand Hyatt (Terminal Link); 58 buses between remote and express parking lots and the terminals; 5 buses for various DFW Activities and service between the Trinity Railway Express CenterPoint stations and terminals; 32 buses between employee parking lots and the terminals; and 54 buses between the terminals and the RAC.

DFW Controlling Documents

In addition to the Contract and Agreement between the Cities, DFW is governed by several other key documents, including the Master Bond Ordinance and the Use Agreements between DFW and the Signatory Airlines. Collectively, these agreements are called the Controlling Documents.

The Controlling Documents define how DFW manages its business affairs. DFW does not collect any local tax revenue to fund its operations. The Controlling Documents require that Gross Revenues of the Airport be deposited into the "Revenue and Expense Fund." Gross Revenues are defined as all Airport revenues and receipts except: bond proceeds; Passenger Facility Charge (PFC) proceeds used to fund capital projects (rather than for debt service); interest earned on unspent bonds; proceeds in the Capital Accounts; grant proceeds used to fund capital projects; and sale of land or mineral rights, including natural gas royalties.

Strategic Plan

DFW's executive team rolled out the organization's new Strategic Plan in the first quarter of FY 2017. The structure of the plan is shown in the next page. The new Vision statement is **Travel. Transformed.** The new Plan expanded the number of key results, beginning with the overarching key result of Customer Experience. The supporting key results are Business Performance, Employee Engagement, Operational Excellence, and Community Engagement, with the foundational key result of Safe and Secure.

Customer Experience has been elevated to emphasize its importance to DFW's ongoing success. Tools such as a Customer Engagement Management technology platform will allow DFW to establish personal relationships with its customers.

Business Performance addresses how DFW will remain financially strong and cost competitive by generating higher net revenues. This key result also addresses DFW's core business of growing air passenger and cargo services and to position DFW as a prime gateway between Asia and Latin America for passenger and air cargo service.

Employee Engagement is one of the keys to achieving the Airport's goals and objectives. Engagement measures an employee's willingness to give discretionary effort and demonstrate commitment to the organization resulting in personal and organizational success.

Operational Excellence defines how DFW will improve operational efficiencies, incorporate sustainability best practices, and leverage technology. DFW will also embark on a new capital program to ensure future growth for the Airport for the next 30-40 years.

Community Engagement leverages the Airport's commitment to the regional community. DFW will continue to positively impact the community by generating economic benefits and employing responsible business practices that help all parts of the region grow and prosper.

Safe and Secure has been added as a key result to demonstrate its critical nature. Investments in training and technology will provide both physical and cyber security and focus on resiliency.

A copy of DFW's Strategic Plan is available at www.dfwairport.com.

Vision

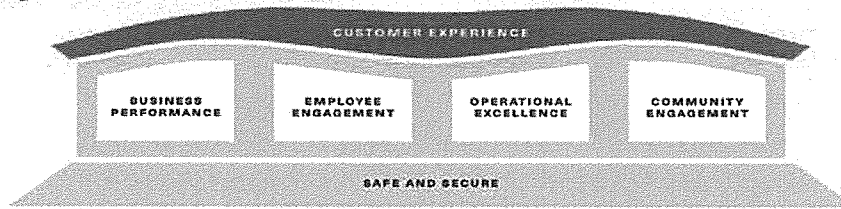
Travel. Transformed.



Mission

We provide an exceptional Airport experience for our customers and connect our community to the world.

Key Results



Beliefs



YOU'RE IMPORTANT



OWNING IT



STEPPING UP



REACHING OUT



INNOVATING WINS

Airline Use Agreement Rate Model

The Airline 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 (e.g., parking) in the DFW Cost Center (DFWCC). The following chart summarizes the Airline Use Agreement rate model.

Operating Revenue and Expense Fund (the "102 Fund")		
Airline Cost Centers		DFW Cost Centers
Airfield	Terminal	DFW
<u>Expenses</u> Direct Costs DPS and Overhead Allocations Debt Service (net of PFCs)	<u>Expenses</u> Direct Costs DPS and Overhead Allocations Debt Service (net of PFCs)	<u>DFW Revenues (Business Units)</u> Parking, Concessions, RAC, Commercial Development, Employee Transp., Taxis, Utilities, and Interest Income
<u>Less: Misc Airfield Revenues</u> General Aviation Fueling Facility Lease	<u>Less: Misc. Terminal Rentals</u> Federal Inspection Fees Turn Fees; TSA Rentals Concessions Reimbursements	<u>Less: Expenses</u> Direct Costs DPS and Overhead Allocations Debt Service (net of PFCs)
<u>+/- Transfers/Adjustments</u> - Lower Threshold Adjustment + Upper Threshold Adjustment +/- True-Up Adjustment	<u>+/- Transfers/Adjustments</u> + DFW Terminal Contribution + Annual Capital Transfer +/- True-Up Adjustment	<u>- Transfers/Other</u> - Skylink Costs - DFW Terminal Contribution
Net Cost = Landing Fees (KPI)	Net Cost = Terminal Rentals (KPI)	KPI = DFW Cost Center Net Revenues
Airline Cost & Airline Cost per Enplanement (KPI)		+/- Threshold Adjustments +/- True-Up Adjustment
		Net Revenues to the DFW Capital Account (KPI)
Capital Accounts ("Capital Improvement Fund")		
Joint Capital Account	Coverage Account	DFW Capital Account
+ Natural Gas Royalties + Sale of Land Proceeds - Annual Capital Transfer to the Terminal Cost Center	Funded from existing coverage, plus coverage from New Debt Service from all three cost centers as debt service increases	Funded annually from DFW CC. Contributions currently equal upper threshold plus 25%.

Airline Cost Centers – The Airline Cost Centers are cost recovery in nature, such that the amount charged to the airlines equals the cost 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 Passenger Facility Charges (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

divided by leasable square footage. The Use Agreement requires the Airport to charge an equalized terminal rental rate for all five terminals.

The amount paid by the airlines for landing fees and terminal rent fees less airline incentive payments for new service equals airline cost, which is an airport industry Key Performance Indicator (KPI). Another common industry KPI is passenger airline cost per enplaned passenger or (CPE). This KPI for passenger airlines is calculated by dividing the amount paid by passenger airlines for landing fees and terminal rent fees (i.e., collectively, airline cost) by the number of enplanements.

DFW Cost Center – All non-airline business units, plus interest income, are included in the DFW Cost Center. The DFW Cost Center also pays all costs associated with the Skylink people mover system. The net revenues from this cost center are transferred to the DFW Capital Account and currently equal the “upper threshold” plus 25%. One of DFW’s most important KPIs is DFW Cost Center Net Revenue. This KPI measures the profitability (i.e., net revenues) generated by the Airport’s non-airline business units, after adjusting for the cost of Skylink and drives the contribution of discretionary capital to the DFW Capital Account.

Joint Capital Account – Funds in the Joint Capital Account (JCA) generally require DFW and 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.

Coverage Account – The Airport established the Coverage Account as part of the new Use Agreement in order to implement “rolling coverage.” Each year, the Coverage Account is rolled into the 102 Fund as a source of revenue, and then transferred back into the Coverage Account as excess revenue at the end of the year. The Coverage Account must equal 25% of aggregate debt service each year. If new debt is issued, rates 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. If DFWCC Net Revenues are budgeted to be less than the Lower Threshold (\$44.6 million in FY 2019), an incremental charge (i.e., a Lower Threshold Adjustment) is collected through landing fees in an amount sufficient to achieve the Lower Threshold amount. Although clearly not needed given current levels of net revenues, the theoretical benefit of the Lower Threshold Adjustment guarantees that DFW will have a minimum level of cash to transfer to the DFW Capital Account to replace assets on a timely basis. If DFWCC Net Revenues are budgeted to be greater than the Upper Threshold (\$68.2 million in FY 2019), 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. Sharing net revenues over the Upper Threshold sharing provides sufficient funds for capital replacement but also provides funds to lower landing fees. 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 is either charged or credited to the appropriate cost center in the next fiscal year beginning in January.

DFW Terminal Contribution – Per the terms of the Use Agreement, an annual transfer is made from the DFW Cost Center 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 is \$2.9 million in FY 2019.

DFW's Fund Structure

Although DFW uses the word "fund" to describe the designation of the source and prospective use of proceeds, DFW is an Enterprise Fund and does not utilize traditional fund accounting commonly used by government organizations. The table below summarizes the primary funds used by DFW:

Number	Fund Description	Primary Use
101	Fixed Assets and Long Term Debt	Capital Assets/Bonds
102	Operating Revenues and Expenses	Operations
252	Passenger Facility Charges (PFC)	Collections/Debt Service
320s/330s	Joint Capital Account and Bond Funds	Capital/Bond Proceeds
340s	DFW Capital Accounts and Bond Funds	Capital/Bond Proceeds
500-600s	Debt Service and Sinking Funds	Principal and Interest
907/910/914	Public Facility Improvement Corporation (PFIC)	Rental Car Facility/Grand Hyatt and Hyatt Place Hotels

DFW's financial statements are issued in conformance with Generally Accepted Accounting Principles (GAAP) and include all of DFW's funds, whereas the Annual Budget focuses on revenues and expenses included in the 102 Fund. DFW manages its day-to-day operations primarily through the 102 Fund in accordance with the Controlling Documents.

Passenger Facility Improvement Corporation (PFIC)

DFW has a PFIC which owns and operates the Grand Hyatt Hotel in Terminal D and the Hyatt Place Hotel in Southgate Plaza, as well as the Rental Car Facility and rental car bus transportation services. Revenues, expenses, and capital projects of the PFIC are not included in this budget. These businesses are specifically excluded from the airline rate base per the Use Agreement. DFW has issued bonds to finance the construction of the Grand Hyatt Hotel and Rental Car Facility. Each business transfers funds in an amount equal to the debt service so that there is no impact on the airline rate base.

Basis of Budgeting

The Operating Revenue and Expense Fund budget is commonly called the Operating Budget, but contains elements that are not expenses under GAAP such as debt service, reserve requirements, and certain expenditures that may be capitalized under GAAP.

Capital expenditures are funded through Joint Revenue Bonds, grants, PFCs, or cash in the DFW or Joint Capital Accounts. From a process standpoint, the Board of Directors approves the Operating Budget. The Board reviews the capital budget as part of the Annual Budget process and the Financial Plan process. The Board approves contracts associated with capital projects.

FY 2019 Budget Comparisons to Other Periods

FY 2018 Outlook – DFW employs continuous forecasting techniques to project revenues and expenses for the full 12 months of the fiscal year (called the Outlook). Most of the tables and charts in this budget document include FY 2018 Outlook comparisons to provide the best basis for comparison (rather than comparing to the FY 2018 Budget). The detailed Outlook in this Budget Book was developed in a bottoms-up process such that every account was reforecast. This was completed in February 2018.

Presentation of Amounts and Prior Years Actuals – The FY 2019 Budget is presented in tables and charts that are rounded to millions and thousands. Some columns and charts may not appear to add-up or foot due to rounding differences. Certain prior year amounts have been reclassified to reflect the FY 2019 presentation.

Budget Schedule

DFW's fiscal year begins October 1. The FY 2019 Expense Budget was compiled by the various DFW departments in April and reviewed and modified by management in April and May. Presentations were made to representatives of the Signatory Airlines on April 23, 2018 and May 15, 2018, with follow up information provided. A preview of the FY 2019 Budget was presented to the Finance Committee on May 01, 2018. The final recommended Budget was presented to and approved by the Board on June 7, 2018. The FY 2019 Budget must be submitted to the City Managers of Dallas and Fort Worth by August 15, 2018, with approval of the two City Councils by September 30, 2018.

FY 2019 Key Performance Indicators

The table below compares the Key Performance Indicators (KPIs) of the FY 2018 Outlook and the FY 2019 Budget.

Key Performance Indicators	FY18 Outlook	FY19 Budget	Increase (Decrease)	
			Amount	Percent
Total Passengers (Ms)	69.0	73.3	4.3	6.3%
Total Landed Weights (Bs)	42.9	46.5	3.6	8.3%
Total 102 Expenditure Budget (Ms)	\$951.6	\$1,008.4	\$56.8	6.0%
DFW Cost Center Net Revenues (Ms)	\$112.8	\$133.3	\$20.5	18.1%
Amount to DFW Capital Account (Ms)	\$78.0	\$84.4	\$6.5	8.3%
Airline Costs (Ms)	\$474.6	\$498.4	\$23.8	5.0%
Airline Cost Per Enplanement	\$13.36	\$13.28	(\$0.08)	(0.6%)

The majority of the changes in the FY 2019 Budget when compared to the FY 2018 Outlook can be summarized by the following six items:

1. Increase in Passengers – Total passenger traffic is budgeted at 73.3 million, a 4.3 million (6.3%) increase over the FY 2018 Outlook. This is a record number of passengers for DFW. The increase in passengers has a positive impact on DFW Cost Center revenues, Passenger Facility Charges (PFCs) collections and Airline Cost Per Enplanement (CPE). DFW has budgeted for some increases in operating expenses from passenger growth.
2. FY 2016A Bonds and debt service increases – The issuance of the 2016A Bonds included accelerated principal and coverage payments of \$31.2 million in total.
3. Increase in Passenger Facility Charges (PFCs) – The passenger traffic growth and DFW's reserve policy of two months reflects a budget of an additional \$16.8 million of PFCs to pay for debt service.
4. Operating expenses and strategic priorities funded – Total operating expenses are up 5.5% from FY 2018 Outlook. The operating expenses include incremental funding for passenger growth and \$9.5 million of strategic priorities, specifically for the key results of Safe and Secure, Customer Experience and Operational Excellence.
5. Increase DFW Cost Center net revenues – Net revenues are increasing \$20.5 million from the FY 2018 Outlook which benefits the airfield cost center and lowers land fees and CPE.
6. Airline Cost Per Enplanement (CPE) – DFW is projecting a decrease in CPE of \$0.08 to \$13.28. The decrease is due to net cost rising less than passenger growth.

FY 2019 Budget Comparisons and Walkforward

The table below compares the Expenditure Budget for the FY 2018 Budget, FY 2018 Outlook and the FY 2019 Budget. The budget consists of operating expenses and debt service. The FY 2019 Budget is \$1,008.4 million, a \$56.8 million (6.0%) increase over the FY 2018 Outlook and a \$54.2 million (5.7%) increase over the FY 2018 Budget. The total budget request that will be approved by the Cities of Dallas and Fort Worth also includes \$10 million of contingency outside of the rate base. This contingency may only be accessed with Board approval. The debt service increase results primarily from the 2016A Bonds which had expedited principal payments. This is the final year that DFW will experience an increase in debt service costs from this bond issuance.

Annual Budget (in Millions)	FY18 Budget	FY18 Outlook	FY19 Budget	FY19B v FY18B		FY19B v FY18OL	
				Inc (Dec) Amount	Percent	Inc (Dec) Amount	Percent
Operating Expenses	\$471.1	\$470.6	\$496.2	\$25.1	5.3%	\$25.7	5.5%
Gross Debt Service	483.1	481.0	512.2	29.1	6.0%	31.2	6.5%
Total 102 Expenditures Budget	\$954.2	\$951.6	\$1,008.4	\$54.2	5.7%	\$56.8	6.0%
Contingency O/S Rate Base			10.0				
Total Budget w/Contingency			\$1,018.4				

The FY 2019 Operating Expense Budget is 5.3% higher than the FY 2018 Budget and 5.5% higher than the FY 2018 Outlook. During the budget process, the planned activity for FY 2019 is reviewed and aligned with DFW's overall Strategic Plan. Following are some assumptions that were used in preparing the FY 2019 Budget.

Strategic Priorities – The budget includes \$9.5 million (\$7.6 million plus the 25% operating reserve) for strategic priorities, specifically for the key results of Safe and Secure, Customer Experience and Operational Excellence. An incremental \$4.0 million has been added for Safe and Secure to increase security presence and improve security screening and network security. Customer Experience priorities include an additional \$2.4 million for Customs and Border Protection, custodial increases related to passenger growth and terminal curbside management. Operational Excellence has increased by \$1.2 million to provide funds for planning the integrated operations center and developing an ITS master plan.

Passengers and Landed Weights - Total passenger traffic is budgeted to be 73.3 million, a 4.3 million (6.3%) increase over the FY 2018 Outlook. This growth is in line with American Airlines announcement that it will be increasing service at DFW. The Airport projects a 4.2%, 5.8% and 7.3% increase in originating, destination and connecting passengers, respectively, compared to the FY 2018 Outlook. International passengers are budgeted to increase to 9.0 million, 0.3 million (4.4%) over the FY 2018 Outlook. Landed weights increase 8.4% year over year primarily due to American Airlines increase passenger and operations growth and its use of new heavier airplanes.

The following table summarizes the major changes in operating expense between the FY 2018 Outlook and the FY 2019 Budget. Operating expenses increased \$25.7 million (5.5%) from the FY 2018 Outlook, of which, \$7.2 million relates to the DFW Cost Center and \$18.4 million relates to the Airline Cost Centers. Excluding a one-time \$3.0 million (\$2.4 million plus 25% operating reserve) change for the accounting for planning services, the operating expense increase is 4.8%. Explanations of the changes in the walkforward are addressed in the Operating Expenses section.

Operating Expenses (in Millions)	Total	Cost Center	
		DFW	Airline
FY 2018 Outlook	\$470.6	\$175.5	\$295.1
Budget reductions	(5.4)	(2.1)	(3.3)
Strategic Priorities			
Customer experience	2.4	1.0	1.3
Safe and secure	4.0	0.8	3.2
Operational Excellence	1.2	0.4	0.8
Salary annualization and merit pool	8.1	2.6	5.4
Fixed contract increases	8.4	2.7	5.7
Restore budgets	3.0	0.4	2.5
Other increases	4.0	1.2	2.8
Net increase	25.7	7.2	18.4
FY 2019 Budget	\$496.2	\$182.7	\$313.5

Revenue and Expense Budget Exposures

Revenues - The FY 2019 revenue budget includes an estimated \$3.3 million of exposure items that could result in DFW not attaining its revenue budget targets.

Revenue Budget Exposures (in Millions)	
Rental car revenues	\$2.0
Department of Public Safety (DPS) revenues	1.3
Total revenue exposures	<u>\$3.3</u>

Rental car revenues have an estimated exposure of \$2.0 million due to declines in average rental rates partially due to the competitive impact of TNCs. If rental car companies are unable to maintain pricing at FY 2018 levels, their percentage rent paid to DFW will decrease. The Department of Public Safety's revenue budget includes \$1.3 million for a Federal reimbursement program for law enforcement officers. The FY 2019 Budget assumes that this program will continue.

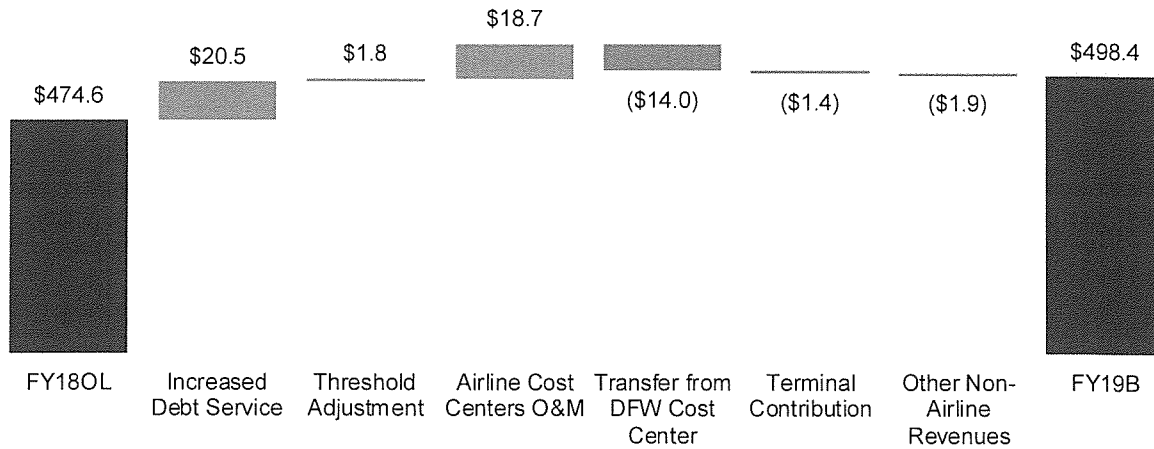
Expenses - The FY 2019 Budget includes expenses for additional security, custodial and Customs and Border Protection (CBP) passenger facilitation costs. The incremental increases are based on passenger growth projections. However, if passenger growth is greater than expected or more new late-night cargo business is achieved, there is exposure for incremental cost. DFW is also a party to several significant lawsuits that could cost more than budgeted.

There are other related cost exposures such as weather, inflation, regulatory, security and other items. Unless these exposures result in substantial cost increases, management believes that the CEO Contingency of \$4.0 million should be adequate to cover the exposures. The budget includes \$10 million of Board-controlled contingency (outside of the rate base) to mitigate additional operating expense exposures or to fund new strategic priorities that arise during the fiscal year, especially if non-airline revenues are higher than projected.

Airline Cost

Airline cost represents the fees paid to DFW by the passenger and air cargo carriers, primarily for landing fees and terminal rents. Cost per enplanement (explained below) is based solely on passenger airline cost. The FY 2019 Airline Cost Budget is \$498.4 million, \$23.8 million (5.0%) higher than the FY 2018 Outlook. Following is a walkforward of airline cost from the FY 2018 Outlook to the FY 2019 Budget. Approximately 93.3% of the increase is related to debt service and fixed Use Agreement items. Variances are explained in the Airline Cost Centers section.

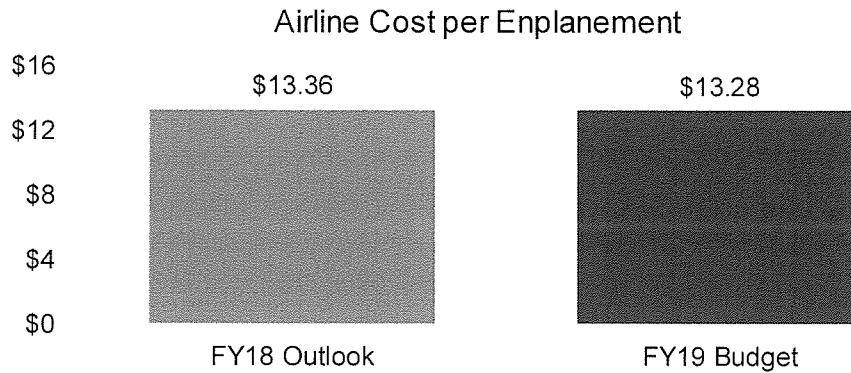
Change in Airline Cost - \$23.8 Million



The debt service increase is due to the 2016A Bonds which have expedited principal retirements and the completion of TRIP. Offsetting this increase is higher PFC's collections of \$16.8 million due to passenger growth. Net Operating Expenses increases are detailed in the operating expense section. The DFW Cost Center Transfer increased due to higher DFW Cost Center net revenues.

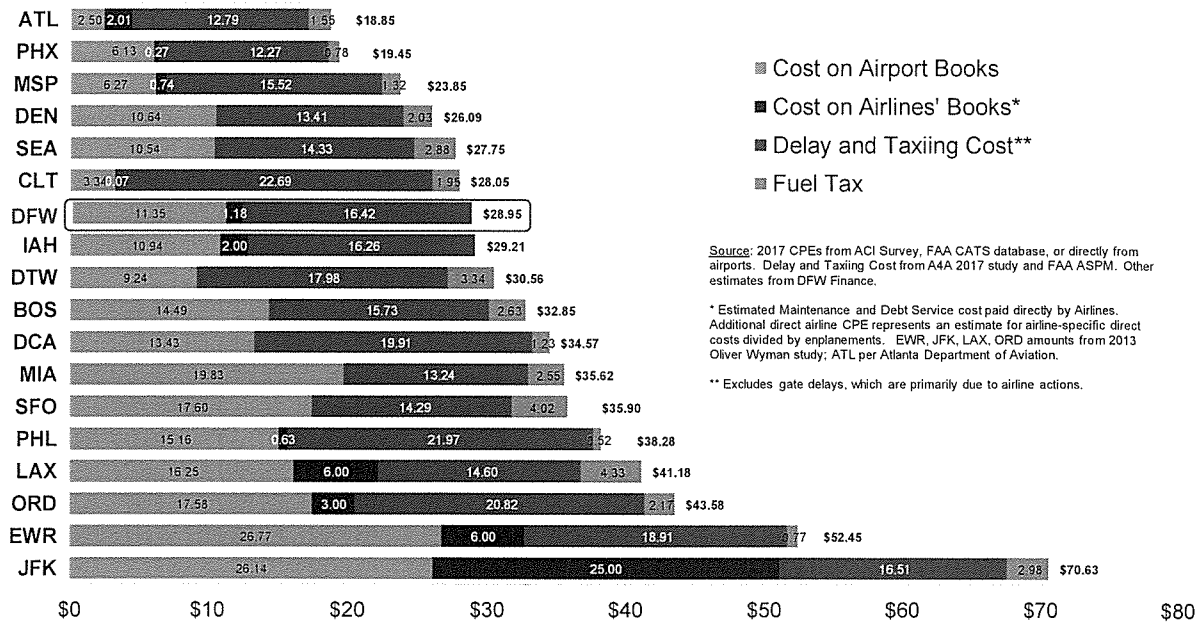
Passenger Airline Cost Per Enplanement

Cost Per Enplanement (CPE) – CPE is the total passenger airline cost paid to DFW divided by the number of enplaned passengers. CPE is a standard metric used by the airline industry. Enplaned passengers is used as the denominator because it is a key revenue/cost driver for the airlines; however, this is not the case for an airport. Airport costs are based on the cost to operate and maintain its facilities and runways. Notwithstanding this issue, DFW (and the industry) use this indicator as a cost performance metric. CPE decreases in FY 2019 are due to the factors noted above where passengers have increased by 6.3%. In addition, airport costs are benefited in FY 2019 due to higher PFC collections and DFW Cost Center net revenues that reduce airline rates. FY 2019 is the first year CPE has been reduced since 2011.



CPE Benchmarked to Other Airports – DFW’s strategic goal is to have a competitive CPE. The following chart benchmarks DFW’s fully-loaded CPE with the fully-loaded CPE projections for DFW’s competitive set of 17 large U.S. hub airports using the latest data available from Airports Council International (ACI) surveys from FY 2017. Fully-loaded cost is the most meaningful comparison because it includes most of the costs incurred by airlines to operate at an airport, including what they pay the airport (blue), what they pay directly for terminal maintenance and terminal debt service (purple), an estimate of what costs the airlines incur for delay and taxiing (orange) and an estimate for fuel taxes (yellow). The graph illustrates that DFW is competitive from a cost standpoint compared to AA’s other major hubs.

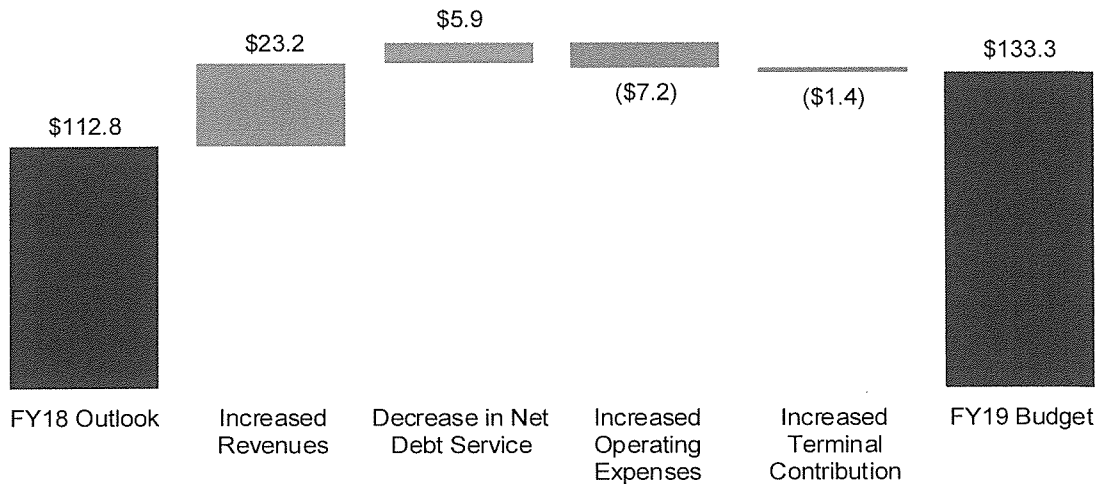
Fully Loaded C.P.E. - DFW 2017 vs Competitive Set



DFW Cost Center Net Revenues

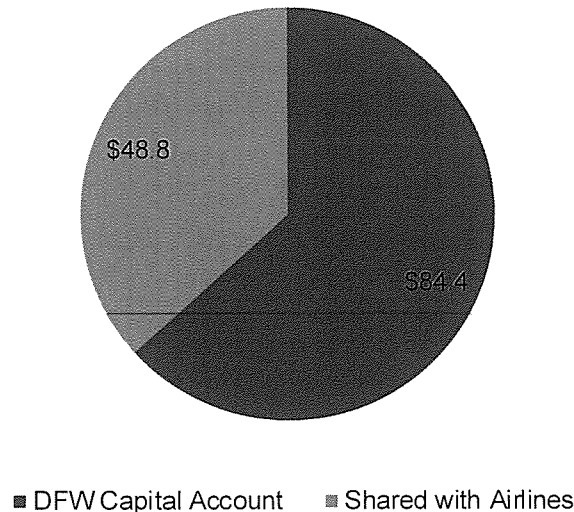
The following chart is a walkforward of DFW Cost Center (DFWCC) net revenues. The FY 2019 net revenues budget is \$133.3 million, a \$20.5 million (18.1%) increase from the FY 2018 Outlook. This represents the profit from non-airline business, such as Parking, Concessions, Rental Car and Commercial Development.

Change in DFW Net Revenues - \$20.5 Million



The following chart highlights the portion of DFWCC net revenues that are shared with the airlines to reduce landing fees and the amount transferred to the DFW Capital Account. The Use Agreement requires DFW to share 75% of revenues over the "upper threshold" of \$68.2 million (in FY 2019) with the airlines.

Net Revenues from DFW Cost Center (Millions)



In addition to the \$48.8 million, the Use Agreement requires a terminal contribution from the DFW Cost Center to reduce terminal rates. The terminal contribution for FY 2019 is \$2.9 million. The combined amount of \$51.7 million reduces landing fees and terminal rates. The \$51.7 million share to the airlines in FY 2019 is an increase of \$15.4 million compared to the FY 2018 Outlook.

Passengers

DFW projects a record number of passengers in FY 2019. The FY 2019 Budget for passengers is 73.3 million, an increase of 4.3 million (6.3%) more than the FY 2018 Outlook. Originating passengers begin their trip at DFW. Destination passengers live elsewhere and fly to DFW for business or leisure. People who travel through DFW to get to their final destination are connecting passengers. Enplanements represent all passengers boarding a plane at DFW.

Passengers (Millions)	FY18	FY19	Increase (Decrease)	
	Outlook	Budget	Amount	Percent
Origination	15.8	16.5	0.7	4.2%
Destination	12.6	13.3	0.7	5.8%
Connecting	40.6	43.5	2.9	7.3%
Total Passengers	69.0	73.3	4.3	6.3%
Enplanements	34.5	36.7	2.2	6.4%

Changes in these passenger metrics are important because they are the key revenue drivers for Parking (originating passengers), Concessions (enplanements) and Rental Car (destination passengers) revenues. See further detailed explanations in the DFW Cost Center section.

Revenues Overview

The table below summarizes revenues by cost center and compares the FY 2018 Outlook and the FY 2019 Budget.

Millions	FY18	FY19	Increase (Decrease)	
	Outlook	Budget	Amount	Percent
Revenues				
Airfield Cost Center	\$196.8	\$183.5	(\$13.4)	(6.8%)
Terminal Cost Center	344.0	394.9	50.9	14.8%
DFW Cost Center	362.9	386.0	23.2	6.4%
PFCs/CFCs/Other	160.7	177.2	16.5	10.3%
Total Revenues	\$1,064.4	\$1,141.6	\$77.2	7.3%

FY 2019 Terminal Cost Center revenues are higher than the FY 2018 Outlook primarily due to increased terminal rentals necessary to recover higher debt service and operating expenses.

FY 2019 DFWCC revenues increased from the FY 2018 Outlook primarily due to higher parking, concessions, commercial development revenues and interest income. FY 2019 Airfield Cost Center revenues are lower than FY 2018 Outlook primarily due to reduced debt service as a result of the 2016A bonds and higher DFW Cost Center net revenues.

PFCs are collected from enplaned revenue passengers and are used to offset debt service on debt issued prior to TRIP. Customer Facility Charges (CFCs) are collected from rental car customers based on the number of transaction days and are used to pay debt service on the Rental Car Center. Other Revenues relate to funds transferred from the Public Facility Improvement Corporation (PFIC) to pay debt service associated with the Grand Hyatt Hotel and funds transferred from the DFW Capital Account to pay for debt service associated with the Terminal E garage and DFW's headquarters facility. FY 2019 revenues are higher than the FY 2018 Outlook due to increased PFCs.

Capital Programs and Debt Financing

DFW has two capital accounts - the Joint Capital Account which requires both DFW and airline approval to access funds; and the DFW Capital Account which DFW may use at its sole discretion. The Joint Capital Account is funded from natural gas royalties, grants, debt proceeds, and interest income on the available cash balances. The DFW Capital Account is funded from net revenues from the DFW Cost Center, grants, debt proceeds (for commercial development) and interest income.

The Terminal Renewal and Improvement Program (TRIP) is complete in terminals A, B, and E. The budget for these three terminals was \$1.9 billion. DFW expects to achieve approximately \$66 million in savings after all of the contracts are closed-out. As of March 31, 2018, DFW was 97% contractually committed/spent for Terminals A, B and E, with \$51.1 million remaining to spend.

Another major component of DFW's capital program is infrastructure renewal, which is also funded from the Joint Capital Account. This program includes renewal for DFW's airfield, roadways, bridges, and various utilities. The FY 2019 capital budget contains significant spend for infrastructure renewal projects. The Joint Capital Account includes funding for an additional \$631 million of projects for which DFW has received airline approval. Additionally, DFW has \$378 million of capital projects currently underway and funded from the DFW Capital Account. DFW's capital program is explained in more detail in the Capital section.

Airline Cost Centers

There are two airline cost centers, the Airfield and the Terminal. The airlines pay DFW landing fees to cover the net cost of the airfield and terminal rents to cover the net cost to operate and maintain the terminals. At the end of each fiscal year, DFW performs a reconciliation or true-up, of actual costs paid and revenues received. If there is a variance (i.e., if revenues collected exceed or are lower than the actual cost), then the Airport provides a credit or adds an incremental charge in the following fiscal year to settle the difference.



Airline Cost Walkforward

The following table is a walkforward of airline cost between the FY 2018 Outlook and the FY 2019 Budget.

<u>Airline Cost Walkforward (in Millions)</u>	<u>Total</u>
FY 2018 Adjusted Outlook	\$474.6
Debt & Use Agreement Items	
Debt Service (net of PFCs)	20.5
Threshold Adjustment	1.8
Total Debt and Use Agreement	<u>22.3</u>
Net Operating Expenses	
Airline Cost Centers O & M	18.7
Transfer from DFW Cost Center	(14.0)
Terminal Contribution	(1.4)
Other Non-Airline Revenues	(1.9)
Total Net Operating Expenses	<u>1.5</u>
Total Increase	<u>23.8</u>
FY 2019 Budget	<u>\$498.4</u>

Summary of Airline Cost

The following table compares the summary of airline cost for the FY 2018 Outlook and the FY 2019 Budget.

Airline Revenue/Costs (in Millions)	FY18	FY19	Increase (Decrease)	
	Outlook	Budget	Amount	Percent
Landing Fees	\$150.1	\$122.9	(27.1)	(18.1%)
Terminal Leases	264.8	313.3	48.5	18.3%
FIS Fees	25.9	25.8	(0.1)	(0.3%)
Turn Fees & Terminal Office Rents	33.5	36.0	2.5	7.4%
Aircraft Parking	0.3	0.3	0.0	0.0%
Total Airline Revenue/Cost	\$474.6	\$498.4	\$23.8	5.0%

Airfield Cost Center

The table below compares the FY 2018 Outlook and the FY 2019 Budget for the Airfield Cost Center. Note that revenues equal expenses in this cost center in both periods. Revenue variances to the FY 2018 Outlook are explained below. See the Operating Expenses section for expenditure variances.

Airfield CC (in Millions)	FY18	FY19	Increase (Decrease)	
	Outlook	Budget	Amount	Percent
Revenues				
Landing Fees	\$150.1	\$122.9	(27.1)	(18.1%)
Transfer from DFW CC	34.9	48.8	14.0	40.1%
Other	11.9	11.7	(0.2)	(1.6%)
Total Revenues	196.8	183.5	(13.4)	(6.8%)
Expenditures				
Operating Expenses	93.7	100.6	6.9	7.4%
Net Debt Service	103.2	82.9	(20.3)	(19.6%)
Total Expenditures	196.8	183.5	(13.4)	(6.8%)
Net Airfield Revenue	\$0.0	\$0.0	\$0.0	n/a

Landing Fee Revenues

The FY 2019 landing fees budget is \$122.9 million, a decrease of \$27.1 million (18.1%) from the FY 2018 Outlook due to the decrease in net debt service charged to the airfield offset by an increase in the revenue sharing from the DFW Cost Center. The decrease in debt service is primarily the result of increased PFCs and reduced allocation of debt service related to 2016A Bonds.

Other Airfield Revenues

Other airfield revenues include threshold adjustments transferred from the DFW Cost Center, Corporate Aviation (CA) fees, Department of Public Safety (DPS) revenues and airline consortium rent for lease of the fuel farm. The airlines use fuel consortium to operate and maintain the fuel farm. See the DFW Cost Center section for variance explanations.

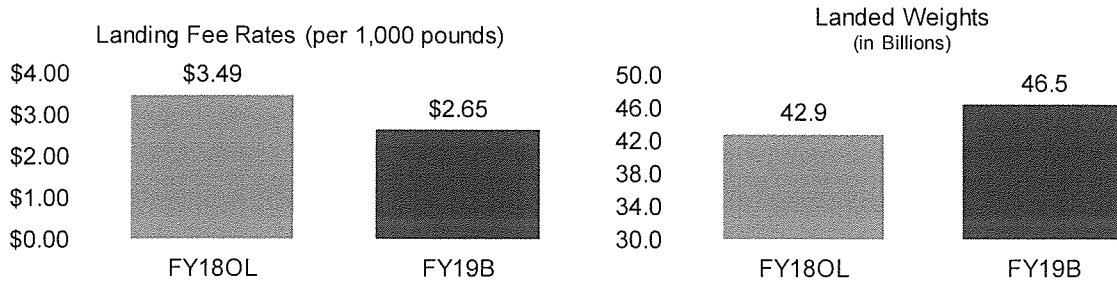
The Airfield is a residual cost center with landing fees as the balancer. The following table compares Airfield Cost Center revenues and expenditures for the FY 2018 Outlook and the FY 2019 Budget showing the landing fee revenues necessary to cover budgeted net airfield costs.

Airfield CC (in Millions)	FY18	FY19	Increase (Decrease)	
	Outlook	Budget	Amount	Percent
Expenditures				
Operating Expenses	\$93.7	\$100.6	\$6.9	7.4%
Net Debt Service	103.2	82.9	(20.3)	(19.6%)
Total Expenditures	196.8	183.5	(13.4)	(6.8%)
Revenues				
Aircraft Parking	0.3	0.3	0.0	0.0%
Corporate Aviation	2.9	2.8	(0.1)	(4.5%)
Fuel Facility	5.7	5.7	0.0	0.0%
DPS	3.1	3.2	0.1	2.9%
Other	(0.1)	(0.2)	(0.1)	153.2%
Transfer from DFW Cost Center	34.9	48.8	14.0	40.1%
Revenues before Landing Fees	46.7	60.5	13.8	29.5%
Landing Fees	\$150.1	\$122.9	(27.1)	(18.1%)

Landing Fees and Landed Weights

The following charts compare landing fees and landed weights for the FY 2018 Outlook and the FY 2019 Budget. The landing fee rate is assessed per 1,000 pounds of maximum approved landed weight for each specific aircraft as certified by the FAA. Changes in landed weights will not affect total landing fees because DFW must charge the airlines collectively for the cost to operate the airfield. Thus, an increase in landed weights will lower the average landing fee rate and a decrease in landed weights will cause the landing fee rate to increase.

Signatory landing fees are budgeted at \$2.65 in FY 2019, a \$0.84 (24.2%) decrease from the FY 2018 Outlook. This will generate sufficient revenue to pay for budgeted airfield costs. Per the Use Agreement, non-signatory airlines are assessed a rate that is 25% greater than signatory airlines. Non-signatory landed weights are only 1.1% of total weights in FY 2019.



Cargo

DFW is recognized by the industry as one of the top cargo airports in the world. The Airport's prime location allows assorted cargo to reach millions of U.S. customers by road, while also reaching several continents by plane in a matter of hours. Ninety eight percent of the continental U.S. population can be reached via truck within 48 hours from DFW Airport. Approximately 9.2% of all landing fees are budgeted to come from cargo aircraft for the FY 2019 Budget.



Terminal Cost Center

The table below compares the FY 2018 Outlook and the FY 2019 Budget for the Terminal Cost Center. Note that revenues equal expenses in this cost center in both periods. Revenue variances between the FY 2019 Budget and the FY 2018 Outlook are explained below. See the Operating Expense section for expenditure variations.

Terminal CC (in Millions)	FY18 Outlook	FY19 Budget	Increase (Decrease)	
			Amount	Percent
Revenues				
Operating Revenue				
Terminal Leases	\$264.8	\$313.3	\$48.5	18.3%
FIS Fees	25.9	25.8	(0.1)	(0.3%)
Turn Fees & Office Rents	33.5	36.0	2.5	7.4%
Other	19.8	19.8	0.0	0.0%
Total Operating Revenue	344.0	394.9	50.9	14.8%
DFW Terminal Contribution	1.6	2.9	1.4	86.3%
Total Revenues	345.6	397.9	52.3	15.1%
Expenditures				
Operating Expenses	201.4	212.9	11.5	5.7%
Net Debt Service	144.2	185.0	40.7	28.3%
Total Expenditures	345.6	397.9	52.3	15.1%
Net Terminal Revenue	\$0.0	\$0.0	\$0.0	n/a



The Terminal is a residual cost center with terminal leases as the balancer. The following table compares Terminal Cost Center revenues and expenditures for the FY 2018 Outlook and the FY 2019 Budget showing the terminal lease revenues necessary to cover budgeted net terminal costs.

Terminal CC (in Millions)	FY18	FY19	Increase (Decrease)	
	Outlook	Budget	Amount	Percent
Expenditures				
Operating Expenses	\$201.4	\$212.9	\$11.5	5.7%
Net Debt Service	144.2	185.0	40.7	28.3%
Total Expenditures	345.6	397.9	52.3	15.1%
Less Revenues				
Operating Revenue				
FIS Fees	25.9	25.8	(0.1)	(0.3%)
Turn Fees & Office Rents	33.5	36.0	2.5	7.4%
Other	19.8	19.8	0.0	0.0%
Operating Revenues	79.2	81.7	2.4	3.0%
Transfers				
DFW Terminal Contribution	1.6	2.9	1.4	86.3%
Revenues before Leases	80.8	84.6	3.8	4.7%
Terminal Leases Needed	\$264.8	\$313.3	\$48.5	18.3%

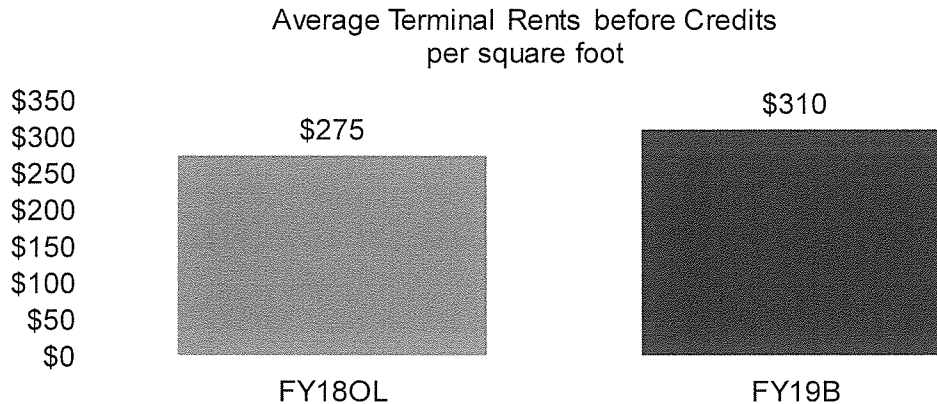
Terminal Leases

The FY 2018 Terminal Lease budget is \$313.3 million, a \$48.5 million (18.3%) increase from the FY 2018 Outlook due primarily to increases in net debt service charged to the terminals and higher operating costs. The increase in debt service is primarily due to the payment on TRIP debt and to a lesser extent, the annualization of debt service. Total terminal operations, maintenance and debt service costs, including utilities for the five terminals, are divided by leasable square feet to calculate an average lease rate per square foot. American Airlines pays directly for the maintenance costs of Terminals A and C. These costs are added into the numerator of this formula to derive the fully loaded average rate. American Airlines receives rent credit for their costs. The amount of the rent credit was negotiated as part of the Use Agreement (\$40.9 million in FY 2019).



Average Terminal Rents before Credits

The following chart compares average terminal rents before credits for the FY 2018 Outlook and the FY 2019 Budget. The increase in the FY 2019 Budget compared to the FY 2018 Outlook is due to increases in net debt service charged to the terminals and increases in operating costs.



Federal Inspection Services (FIS) Fees

Costs are allocated to the FIS based on its percent share of terminal square footage. The FIS budget for FY 2019 is \$25.8 million, a \$0.1 million (0.3%) decrease from the FY 2018 Outlook. The FY 2019 rate is based upon terminal costs excluding new debt service. The rate for FIS per international passenger clearing customs at DFW is budgeted at \$6.61. DFW expects 3.9 million International FIS passengers in FY 2019 compared to 3.8 million in FY 2018. FIS passengers do not include arriving passengers from a limited number of countries in which passengers clear U. S. Customs in the departing country (e.g., Canada and Abu Dhabi).

Turn Fees and Office Rents

Turn fees are paid by airlines for common use gates in Terminals D and E in lieu of permanently renting space. Per the terms of the Use Agreement, turn fee rates must change at the same percentage as terminal lease rates. The turn fees budget for FY 2019 is \$29.8 million, a \$2.3 million (8.6%) increase from the FY 2018 Outlook. The office rents budget for FY 2019 is \$6.2 million, a \$0.1 million (2.2%) increase from the FY 2018 Outlook.



Other Terminal Revenues

Other terminal revenues include TSA rents, concessions O&M reimbursements, catering fees and allocable miscellaneous DPS revenues. Concessionaires are required to reimburse the Airport (for Terminals B, D and E) and American Airlines (for Terminals A and C) for the allocated maintenance cost per square foot of the terminals. The other terminal revenues budget for FY 2019 is \$19.8 million which is flat to the FY 2018 Outlook.

Transfers - DFW Terminal Contribution

Per the terms of the Use Agreement, DFW pays for a portion of the terminal cost. This amount is based on DFW's proportionate share of expenses for common use and vacant space in the terminals. From a cost center standpoint, this contribution is shown as a source of cash in the Terminal Cost Center and a use of cash for the DFW Cost Center. DFW can reduce its contribution to the Terminal Cost Center by leasing more space to other airlines or tenants, increasing common use turn fees and by reducing costs in the terminals. The DFW terminal contribution is \$2.9 million, a \$1.4 million (86.3%) increase from the FY 2018 Outlook primarily due to an increase in terminal costs.

Cost Per Enplanement (CPE) Calculation

The following table shows the passenger airline cost per enplanement calculation and compares the CPE for the FY 2018 Outlook and the FY 2019 Budget. This KPI only includes passenger-related airline revenues (i.e., costs) and excludes cargo and general aviation revenues.

Cost Per Enplanement (in Millions)	FY18	FY19	Increase (Decrease)	
	Outlook	Budget	Amount	Percent
Enplanements ⁽¹⁾	34.5	36.6	2.2	6.3%
Passenger Airline Cost per Enplanement				
Airline Cost/Revenue	\$474.6	\$498.4	\$23.8	5.0%
Less: Cargo	(14.2)	(11.3)	2.9	(20.3%)
Total PAX Airline Revenue	460.5	487.1	26.6	5.8%
Cost per Enplanement (CPE) ⁽²⁾	\$13.36	\$13.28	(\$0.08)	(0.6%)

¹ Corporate Aviation enplanements are excluded from CPE calculation

² Actual rates, not in millions

DFW Cost Center

The table below compares the FY 2018 Outlook and the FY 2019 Budget for the DFW Cost Center. DFW Cost Center Net Revenues are shared between the airlines (to lower landing fees) and DFW Capital Account at the end of the fiscal year. For FY 2019, 75% of net revenues in excess of the "upper threshold" of \$68.2 million are transferred to the Airfield Cost Center as a "threshold adjustment". The remaining net revenues transferred to the DFW Capital Account is budgeted at \$84.4 million, a \$6.5 million (8.3%) increase over FY 2018.

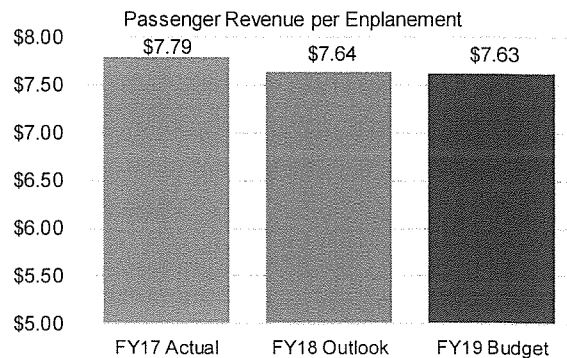
DFW Cost Center (in Millions)	FY18	FY19	Increase (Decrease)	
	Outlook	Budget	Amount	Percent
Revenues				
Parking	\$164.5	\$175.2	\$10.7	6.5%
Concessions	69.5	73.9	4.5	6.4%
Advertising	13.9	14.2	0.3	2.4%
Rental Car (RAC)	33.6	34.4	0.8	2.5%
Commercial Development	45.2	48.5	3.3	7.3%
Subtotal	326.7	346.3	19.6	6.0%
Employee Transportation	17.0	16.8	(0.2)	(1.4%)
Utilities & Miscellaneous	7.7	7.8	0.2	2.1%
DPS	1.4	1.4	0.0	0.0%
Interest Income	10.0	13.6	3.6	35.8%
Total Revenues	362.9	386.0	23.2	6.4%
Expenditures				
Operating Expenses	139.0	144.2	5.2	3.8%
Net Debt Service	64.5	60.4	(4.1)	(6.4%)
Total Expenditures and Debt Service	203.5	204.5	1.0	0.5%
Gross Margin - DFW Cost Center	159.4	181.5	22.2	13.9%
Less: Terminal Contribution	1.6	2.9	1.4	86.3%
Less: Skylink	45.0	45.3	0.3	0.7%
DFW Cost Center Net Revenues	112.8	133.3	20.5	18.1%
Transfer to Airfield Cost Center*	34.9	48.8	14.0	40.1%
Amount to DFW Capital Account	\$78.0	\$84.4	\$6.5	8.3%

* Threshold Adjustment

Revenue variances are explained in the rest of this section. Expenditure variances are covered in the Operating Expenses section.

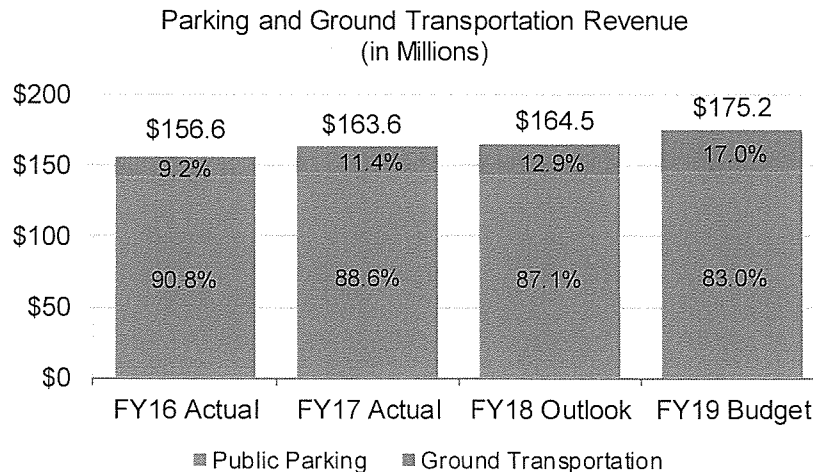
Passenger Revenues per Enplanement

DFW Cost Center has four business units that strive to maximize net revenues (Parking, Concessions, Rental Car Center and Commercial Development). Passenger Revenue per Enplanement measures passenger related revenues from business units that operate to make a profit (i.e. Parking, Concessions, Rental Car) but excludes revenue from other business units that are priced to break even (such as Employee Transportation and non-terminal utilities) and Commercial Development that is not correlated to passengers. The chart to the right compares Passenger Revenue per Enplanement. The FY 2019 Budget is flat to the FY 2018 Outlook. The passenger category with the highest growth of passengers is the connecting passenger category, which does not contribute to Parking or Rental Car revenues.



Parking

Beginning in FY 2017, DFW began to combine parking and ground transportation revenues into one revenue category to be consistent with FAA reporting and to reflect the fact that the two are very closely aligned. To get to the airport, originating passengers have the choice to park at the airport, get dropped off at the airport, or to take a taxi, limo or services provided by transportation network companies (TNCs). The following table shows the composition of parking and ground transportation revenues.



Parking Background – Parking is DFW’s most significant source of non-airline revenue. Customers are charged parking fees based on the length of stay and the parking product used. The table on the following page highlights DFW’s parking products, spaces and parking rates. Ground transportation fees are paid by taxis, limos, TNCs and other shared-ride transportation companies that require airport access to drop-off and pick-up passengers. DFW also collects a

privilege fee of 12% (of sales) from off-airport parking and valet providers beginning in FY 2019 (up from 10%). The Airport contracts directly with a third party to provide a DFW branded valet service.

DFW Parking Space and Rate Summary

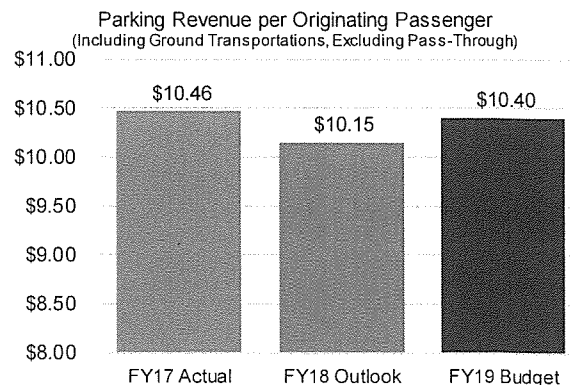
Parking Product	Available Space	Daily Parking Rate
Terminal	30,903	\$24 all day parking
Express Lots	7,669	\$12 uncovered; \$15 covered
Remote	4,871	\$10 uncovered
Intra-day	n/a	\$9 to \$10 (up to 6 hours)
Valet	n/a	\$31 (uses existing parking facilities) + tax
Meeter-Greeter	n/a	\$3 (30 minutes-2 hours)
Drop-Off	n/a	\$2 (8-30 minutes)
Pass-Throughs	n/a	\$4 (0-8 minutes)
Taxi, Limos	n/a	\$4 (up to 2 hours)
TNCs	n/a	\$5 (up to 2 hours)

Over the past few years, DFW has made substantial investments in new parking garages, systems and improvements. By the end of FY 2019, DFW will have spent over \$473 million on such investments. These investments include new garages for Terminals A and E, a Parking Control System, new parking plazas, a new Parking Guidance System in Terminals A, D, and E and the expanded Express lots. These investments require an annual debt service of almost \$31 million annually. The annual operating costs on the new parking control system and new parking guidance system will be \$2.3 million in FY 2019.

FY 2019 Budget – The FY 2019 parking revenue budget is \$175.2 million, an increase of \$10.7 million (6.5%) from the FY 2018 Outlook due to the anticipated growth of TNCs and \$1 per trip TNC rate increase.

Parking Revenue per Originating Passenger

The primary drivers for parking revenues are originating passengers, parking prices, and average length of stay. The goal is to maximize revenue per originating passenger. The increase in parking revenue per originating passenger for the FY 2019 Budget versus the FY 2018 Outlook is primarily due to a rate increase for TNC and off-airport providers.



Concessions

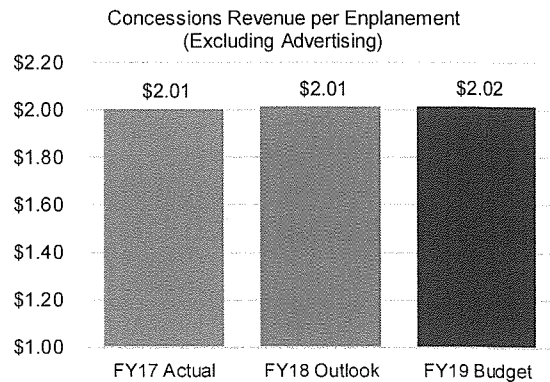
Background – Terminal concessions consist of food and beverage, retail and duty free, advertising, and various customer services/amenities. Concessions agreements consist of leases or contracts that range from 5 to 10 years and include a minimum annual guarantee and percentage rent. Concessions also issues short term permits for kiosks and storage locations. As of March 31, 2018, the Airport had 213 total locations and 80% are currently paying percentage rent. Concessions revenues also include contracts for sponsorships, advertising and communications services which generally have periodic or one-time payments that may be amortized over the life of the contract. Concessions’ goal is to optimize retail, services, and food and beverage options for customers to increase revenue per enplanement; and to grow new revenue streams from sponsorships, communications and advertising not tied directly to enplanements.



Concessions continues to enhance its offerings to better align with customer preferences through Terminal C and D Master Plan efforts. In May and June of 2018, DFW awarded new contracts for food and beverage and retail locations. Concessions plans to release Request for Proposals (RFPs) in 2018 for a Common Use Lounge and through 2019, which will include retail, food and beverage, and services, to ensure new offerings and a proper mixture of products to passengers.

FY 2019 Budget – The FY 2019 concessions budget is \$88.1 million, a \$4.8 million (5.7%) increase from the FY 2018 Outlook due to new food and beverage and retail concepts, and an increase in enplanements. Construction in Terminal C and airline terminal utilization may impact FY 2019 revenues.

Concessions Revenue per Enplanement – This is Concessions’ most significant KPI because it measures the amount of revenue earned by DFW from terminal concessions per enplaned passengers. This is also a standard metric used by the airport industry. The increase in concessions revenue per enplanement in FY 2019 as compared to the FY 2018 Outlook is primarily due to new concepts.



Rental Car Center (RAC)

Background – The RAC covers 155 acres and includes a common building with individual counters and back office space for each rental car company. The facility includes a parking garage for ready and return car spaces, a bus maintenance facility, overflow surface parking areas and individual rental company service sites including car wash racks, maintenance bays and fueling systems. The Airport collects ground lease, percentage rent (10% of sales), and O&M expenses from the rental car companies. The ground lease rate increases 3% each year. There are 5 rental car companies in the consolidated rental car facility with 13 brands operating from the RAC, providing a total available inventory of approximately 25,000 cars. The largest three rental car companies and their market share are Enterprise/Vanguard (38%), Avis/Budget/Payless/Zipcar (27%) and Hertz (28%). New rental car alternatives, such as TNCs and ridesharing from personal/fleet cars, have become a competitive challenge for the RAC companies across the US.

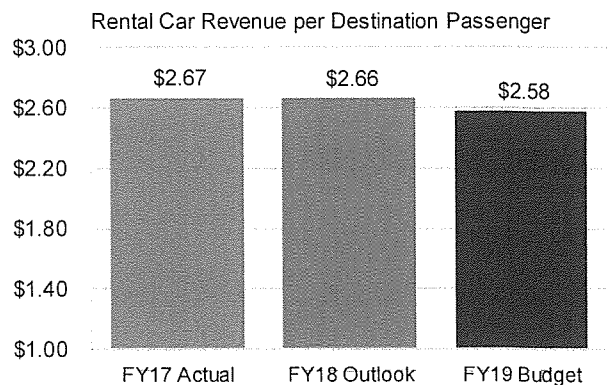


DFW management has very little control over rental car company activities. It assists the RAC companies where possible and maintains the RAC facility to high standards. Most RAC patrons are business travelers. RAC sales and DFW revenues tend to follow the economy. RAC revenues can rise or fall based on the number of DFW destination passengers, the percentage of destination passengers renting cars, the average stay per renter, and the average daily price charged for the cars.

FY 2019 Budget – The FY 2019 rental car revenue budget is \$34.4 million, a \$0.8 million (2.5%) increase from the FY 2018 Outlook due to the net impact of passenger growth and lower average rates. All other factors are assumed to stay constant with the FY 2018 Outlook. There is an estimated \$2 million of exposure due to various market factors, such as off-airport shared ride options and TNCs.

RAC Revenues per Destination Passenger

This KPI measures the percentage rent paid by the rental car companies to DFW divided by destination passengers (i.e. passengers from other cities that fly to DFW for business or pleasure). The FY 2019 Budget for RAC revenues per destination passenger is projected to be lower than the FY 2018 Outlook primarily due to a lower daily rate assumption and other market factors due partially to the competitive impact from TNCs.



Commercial Development

Background – The Airport has a total land mass of 17,207 acres. As of May 1, 2018, 2,374 acres have been commercially developed. Management estimates that approximately 4,000 acres of additional land is available for future development. A commercial development land use plan has been completed and approved by the Board. The Airport focuses primarily on developing land that has airport synergy, such as logistics and warehousing.

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

Industrial space demand has been consistent in the northern part of the airport specifically in the Coppell Industrial, International Commerce Park and Northwest Logistics areas. Current construction in mixed-use developments close to Grapevine's Main Street and Highway 114 includes automobile dealerships. The airport is increasingly focused on the southern region in response to market driven space demand, particularly the Passport Park, Bear Creek and Walnut Hill areas.

The key drivers for commercial development revenues are acres developed and the average ground rental rate. Approximately 59% of the ground lease revenue is based on negotiated rates and 41% on the airport services ground rental rate which are primarily older leases that have airfield access. The airport services ground rental rate per acre changes with inflation and will be \$28,400 in FY 2019.

FY 2019 Budget – The FY 2019 commercial development revenue budget is \$48.5 million, a \$3.3 million (7.3%) increase from the FY 2018 Outlook primarily due to lease rate increases and new ground leases.

Other DFW Revenues and Expenses

The fees charged in this category are established to recover costs (except interest income).

Employee Transportation – DFW charges fees for employees to access the transportation system that takes employees from the employee parking lots to the terminals. For most employees, the employer (airlines, concessionaires) pays these fees for their employees. The FY 2019 Budget is \$16.8 million, a \$0.2 million (1.4%) decrease from the FY 2018 Outlook due to a rate reduction due to lower cost to provide the service per employee.

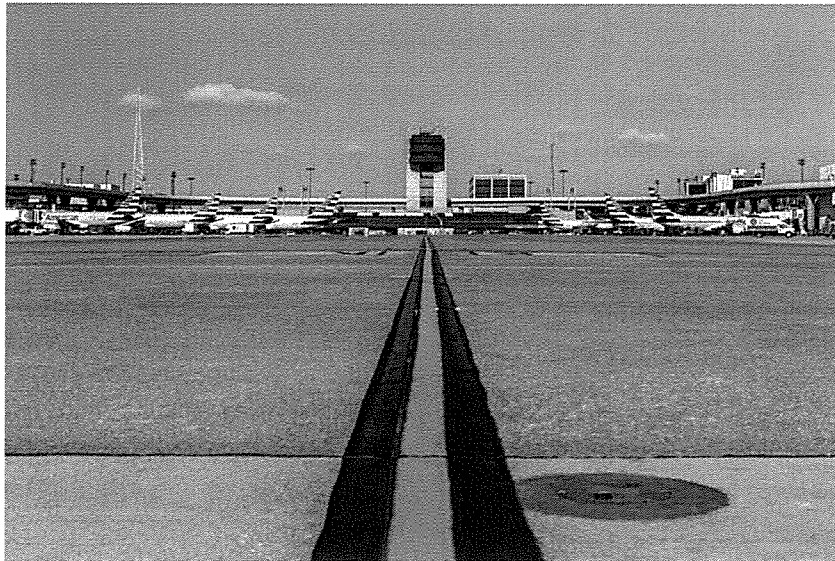
Utilities & Miscellaneous – This revenue category represents fees charged to non-airline users of utilities, HVAC, trash removal, water, and certain permit and accounting fees. Utility charges to users are based on the cost to provide the services. The FY 2019 Budget is \$7.8 million, a \$0.2 million (2.1%) increase from the FY 2018 Outlook primarily due to permit fees.

DPS Revenues – The Department of Public Safety (DPS) receives reimbursements from the TSA, badging, fire training and other services. The FY 2019 Budget is \$7.4 million, a \$0.3 million (4.1%) increase from the FY 2018 Outlook. There is a \$1.3 million exposure in Law Enforcement Officer (LEO) reimbursement program due to potential reductions in funding from the Federal government.

Interest Income – Interest income includes interest earned on investments from the Operating Revenue and Expense Fund, the three-month Operating Reserve, and Debt Service Reserve Fund and the Rolling Coverage Account. The FY 2019 interest income budget is \$13.6 million, a \$3.6 million (35.8%) increase from the FY 2018 Outlook due to higher assumed short-term interest rates and higher reserve balances.

Skylink – Expenses related to Skylink are covered in the DFW Cost Center so that bonds related to Skylink can remain non Alternative Minimum Tax (AMT). AMT interest rates are higher than municipal interest rates. The FY 2019 Budget is \$45.3 million, a \$0.3 million (0.7%) increase from the FY 2018 Outlook primarily due to higher bridge inspections that occur in alternating years offset by a lower debt service allocation.

Terminal Contributions – Per the terms of the Use Agreement, DFW pays terminal costs based on common use space and its share of vacant leasable space. The FY 2019 Budget is \$2.9 million, a \$1.4 million (86.3%) increase from the FY 2018 Outlook due to higher terminal costs.



FY 2019 Expenditure Budget

The FY 2019 Budget is \$1 billion, an increase of \$54.3 million (5.7%) from the FY 2018 Budget and an increase of \$56.9 million (6.0%) from the FY 2018 Outlook.

Annual Budget (in Millions)	FY18 Budget	FY18 Outlook	FY19 Budget	FY19B v FY18B		FY19B v FY18OL	
				Inc (Dec) Amount	Percent	Inc (Dec) Amount	Percent
Operating Expenses	\$471.1	\$470.6	\$496.2	\$25.1	5.3%	\$25.7	5.5%
Gross Debt Service	483.1	481.0	512.2	29.1	6.0%	31.2	6.5%
Total 102 Expenditures Budget	\$954.2	\$951.6	\$1,008.4	\$54.3	5.7%	\$56.9	6.0%
Contingency O/S Rate Base			10.0				
Total Budget w/Contingency			\$1,018.4				

Operating Expense Budget Walkforward

The following tables are walkforwards between the FY 2018 Outlook and the FY 2019 Budget:

Operating Expenses (in Millions)	Total	DFW	Airline
FY 2018 Outlook	\$470.6	\$175.5	\$295.1
Budget reductions	(5.4)	(2.1)	(3.3)
Strategic Priorities			
Customer Experience	2.4	1.0	1.3
Safe and Secure	4.0	0.8	3.2
Operational Excellence	1.2	0.4	0.8
Salary annualization and merit pool	8.1	2.6	5.4
Fixed contract increases	8.4	2.7	5.7
Restore budgets	3.0	0.4	2.5
Other increases	4.0	1.2	2.8
Net increase	25.7	7.2	18.4
FY 2019 Budget	496.2	182.7	313.5

Detailed Operating Expense Budget Walkforward

Budget Category (in Millions)	Total	DFW	Airline
FY 2018 Outlook	\$470.6	\$175.5	\$295.1
A. Budget reductions	(5.4)	(2.1)	(3.3)
Strategic Priorities			
B. Customer Experience			
Customs and border protection reimbursement	0.7	0.0	0.7
Custodial	0.7	0.2	0.5
Curbside management	0.6	0.9	(0.3)
Other Customer Experience	0.3	0.0	0.3
Total customer experience	2.4	1.0	1.3
C. Safe and secure			
Dock and Check Point Screening	2.0	0.4	1.6
DPS Annualization	1.2	0.2	1.0
New Positions	0.4	0.1	0.3
Technology	0.4	0.1	0.3
Total safe and secure	4.0	0.8	3.2
D. Operational Excellence			
Integrated Operations Center	0.9	0.3	0.6
ITS Master Plan	0.3	0.1	0.2
Total operational excellence	1.2	0.4	0.8
E. Salary annualization and merit pool			
Salary annualization	3.8	1.3	2.6
Merit and DPS tenure progression	4.2	1.4	2.9
Total salary annualization and merit pool	8.1	2.6	5.4
F. Fixed contract increases			
Facility maintenance	2.6	1.3	1.4
Technology	2.6	0.7	1.8
Healthcare	1.8	0.4	1.4
Utilities	0.7	(0.3)	1.0
Busing	0.5	0.5	0.0
Insurance premiums	0.2	0.2	0.1
Total fixed contract increases	8.4	2.7	5.7
G. Restore budgets			
Winter weather	1.5	(0.1)	1.6
CEO contingency	1.4	0.5	0.9
Total restore budgets	3.0	0.4	2.5
H. Other increases			
Planning Projects	2.4	0.9	1.5
Operating Reserve	1.3	0.4	0.9
Cost Center Shift	(0.0)	(0.7)	0.7
Other, net	0.3	0.7	(0.4)
Total other increases	4.0	1.2	2.8
Net increase	25.7	7.2	18.4
FY 2019 Budget	496.2	182.7	313.5

Note: The reference letters in the previous table are cross-referenced to the variance explanations in the Expense Comparison by Summary Account explained further in this section.

A. Budget reductions**(\$5.4) million**

Budget reductions related to FY 2018 non-recurring, reimbursable and various other savings have been removed from the FY 2019 Budget.

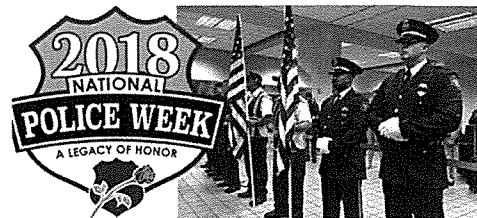
- FY 2018 one-time projects (\$1.5 million) were eliminated from the FY 2019 Budget. These projects were completed in FY 2018 and are non-recurring.
- Equipment (\$1.3 million) due to decreased computer replacements and discretionary requests.
- Overtime (\$1.0 million) due to increased headcount and scheduling changes.
- Facility maintenance and janitorial supplies (\$0.6 million) primarily reduced usage of reverse osmosis filters and other supplies.
- Airfield paint removal (\$0.5 million) due to fewer scheduled runway closures.
- Defined contribution pension and OPEB (\$0.5 million) per actuarial analysis.

B. Customer Experience**\$2.4 million**

The budget reflects the Airport's continued emphasis to invest in strategic priorities. Customer experience includes increases in Customs and Border Protection reimbursement (\$0.7 million), contract labor to manage changes in curbside utilization (\$0.6 million), customer growth impact for Terminals B and E custodial operations (\$0.5 million), terrazzo floor polishing (\$0.3 million), and expansion of electrical seating for all terminals (\$0.2 million). Management believes these changes will continue to keep DFW near the top of its competitive set for customer survey scores.

**C. Safe and Secure****\$4.0 million**

Another important strategic priority is safe and secure. The Department of Public Safety budget includes increases in employee check point and vendor dock screening due to contract price increases and annualization (\$2.0 million), annualization of salaries and benefits (\$1.2 million) for new positions in FY 2018, six new officers to provide increased security presence in the terminals plus two additional positions in support services (\$0.4 million). The dock screening allows concessionaires to bring in product downstairs, rather than through TSA lanes upstairs, which will improve passenger throughput. The budget also includes the addition of new ITS software and professional services that will enhance ITS security (\$0.4 million).

**D. Operational Excellence****\$1.2 million**

An additional strategic priority is operational excellence. The airport is developing an Integrated Operations Center that will house personnel from all areas of the airport and stakeholders to

create a seamless, integrated team that is proactive, response driven and focused on continual process improvement (\$0.9 million). The airport will also complete an ITS Master Plan that will consolidate supporting systems to ensure achievement of strategic initiatives (\$0.3 million).

E. Salary annualization and merit pool

\$8.1 million

In FY 2018, management intentionally held several positions open. The FY 2019 Budget assumes that these positions will be filled; although the assumed hire dates have been staggered throughout the fiscal year. Salary annualization accounts for \$3.8 million of this increase. The budget also includes a 3.1% merit pool for non - DPS, a 3.0% merit pool for DPS, the annualization of last year's merit increase (for the first quarter of the fiscal year), a 3.0% DPS STEP table increase (\$2.8 million), a 0.4% supplementary pool for position grades 1-4 (\$0.5 million), and DPS tenure step progression (\$0.8 million). Salary and wage increases are budgeted for nine months (beginning the first pay period in January).



F. Fixed contract increases

\$8.4 million

Contract increases in this category are fixed in nature due to, for example, annualization of partial year contracts from FY 2018, contracts with cost escalation and airline requests for new services and insurance premiums.

- Facility maintenance contracts (\$2.6 million) include annualization of contracts related to conveyances, skylink and other facility maintenance contracts.
- Technology (\$2.6 million) includes increased scope for radio systems and central fire alarm, incremental full year impact of new contracts and first year maintenance contracts on various new software systems placed in service.
- Healthcare costs are projected to increase 4.7% in FY 2019. The budget has been increased \$1.8 million for medical costs, long and short-term disability, life insurance plus the amount necessary to cover health costs for positions hired in FY 2019.
- Busing contracts (\$0.5 million) primarily due to Consumer Price Index and driver rate increases.
- Insurance premiums (\$0.2 million) are increasing due to increased property values due to TRIP and new buildings.

G. Restore budgets

\$3.0 million

This category reflects increases for operating expenses being restored to FY 2018 Budget levels in the following areas:

- Restore winter weather budgets (\$1.5 million). FY 2018 was a mild winter in the DFW area so these costs are not included in the Outlook. The FY 2019 Budget restores deicing contract, winter weather and deicing supplies and equipment to slightly under FY 2018 Budget levels.
- Restore CEO contingency (\$1.4 million). CEO contingency is included in the rate base and may be used by the CEO without Board approval. Total requested contingency for

FY 2019 Proposed Budget | Operating Expenses

FY 2019 is \$4 million. Over the past twelve years, budgeted CEO contingency has ranged from \$7.5 million to \$1.75 million.

H. Other increases**\$4.0 million**

Other increases include expenses that are non-recurring or variable in nature.

- Planning projects (\$2.4 million) due to a change accounting. In the past, these studies were charged to the DFW Capital Account, even though they were expensed for accounting purposes. Beginning in FY 2019, the studies are being charged to the expense budget.
- Operating reserve (\$1.3 million) is the incremental amount required over FY 2018 to maintain a 90 day cash reserve for operating expenses. The total Operating Reserve for FY 2019 is \$5.0 million.
- Other, net (\$0.3 million) includes minor increases in training, business development, uniforms, and supplies.

Operating Budget by Category

The table below compares the FY 2018 Outlook with the FY 2019 Budget by expense category. Variance explanations by major cost driver follow in the walkforward.

Annual Budget (in Millions)	FY18 Outlook	FY19 Budget	Increase (Decrease)	
			Amount	Percent
Salaries & Wages	\$150.6	\$159.8	\$9.2	6.1%
Benefits	71.9	74.2	2.3	3.2%
Contract Services	176.6	187.3	10.8	6.1%
Utilities	24.9	25.6	0.7	3.0%
Equipment & Supplies	20.6	19.7	(0.9)	(4.5%)
Insurance	5.5	5.7	0.2	3.9%
Fuels	4.1	4.3	0.2	4.6%
General, Admin & Other	9.3	9.7	0.4	4.3%
Contingency*	2.6	4.0	1.4	0.0%
Subtotal	465.9	490.3	24.4	5.0%
Change in Operating Reserve	4.6	5.9	1.3	22.2%
Total Budget	\$470.6	\$496.2	\$25.7	5.2%

* FY18 budgeted contingency of \$1.4 million has been reallocated to the budget categories in which it was used.

Salaries and Wages

The FY 2019 salaries and wages budget is \$159.8 million, a \$9.2 million (5.8%) increase from the FY 2018 Outlook of \$150.6 million due to annualization of unfilled positions planned to be hired, 3 months of the FY 2018 merit (\$5.0 million), a 3.1% merit pool and a 3.0% DPS STEP table increase (\$2.8 million), a 0.4% supplementary merit pool for position grades 1-4 (\$0.5 million), DPS tenure step progression (\$0.8 million), and 15 new positions (\$1.4 million), offset by the deferral of vacant positions (\$0.3 million) and an overtime reduction (\$1.0 million). The hiring of new and vacant positions has been staggered throughout FY 2019 based upon operational needs and strategic priority.

Benefits

The FY 2019 benefits budget is \$74.2 million, a \$2.3 million (3.2%) increase from the FY 2018 Outlook of \$71.9 million. This is primarily the result of increases in healthcare costs (2.3%, approximately \$1.0 million), benefits for new positions (\$0.3 million) and annualization of benefits for unfilled and new positions to be hired in FY 2019 (\$1.4 million), offset by a reduction in the defined benefit retirement plan (\$0.5 million).

Contract Services

The FY 2019 contract services budget is \$187.3 million, a \$10.8 million (6.1%) increase from the FY 2018 Outlook of \$176.6 million due to increases in computer systems for security/disaster recovery, fixed and variable contracts for hardware, software and maintenance (\$3.0 million); facility maintenance, mechanical, electrical, and plumbing services (MEPS), parts and materials, and conveyances (\$2.6 million); increases in customer experience for customs and border protection reimbursement, custodial contracts, curbside management and other customer experience improvements (\$2.4 million); employee check point and vendor dock screening (\$2.0 million); restoring winter weather deicing contracts (\$1.5 million); and busing contract increase and driver rate increase (\$0.5 million). These increases are offset by savings in professional services (\$1.0 million) and airfield paint and rubber removal (\$0.5 million).

Utilities

The FY 2019 utilities budget is \$25.6 million, a \$0.7 million (3.0%) increase from the FY 2018 Outlook of \$24.9 million. Increases in electricity (\$0.2 million), water (\$0.2 million) and sanitary sewer and solid waste (\$0.4 million) were offset by decreases in communications (\$0.1 million). To lower energy rates DFW locked in favorable electric commodity rates in 2017 through February FY 2020.

Equipment and Supplies

The FY 2019 equipment and supplies budget is \$19.7 million, a \$0.9 million (4.5%) decrease from the FY 2018 Outlook of \$20.6 million primarily due to a reduction in computer purchases and supplies (\$1.5 million), facility maintenance supplies (\$0.6 million), and reverse osmosis filters (\$0.3 million) offset by increases related to winter weather (\$1.0 million) for deicing, winter weather supplies and equipment, repairable supplies (\$0.2 million) uniforms/equipment (\$0.2 million), and janitorial supplies (\$0.1 million).

**Insurance**

The FY 2019 insurance budget is \$5.7 million, a \$0.2 million (3.9%) increase from the FY 2018 Outlook of \$5.5 million primarily due to increased premiums based on claims experience and the value of DFW's assets primarily due to TRIP improvements.

Fuels

The FY 2018 fuels budget is \$4.3 million, a \$0.2 million (4.6%) increase from the FY 2018 Outlook of \$4.1 million due to increased diesel fuel utilization and higher compressed natural gas rates.

General and Administrative (G&A)

The FY 2019 general and administrative budget is \$9.7 million, a \$0.4 million (4.3%) increase from the FY 2018 Outlook of \$9.2 million due to increased business development (\$0.3 million), staff training (\$0.3 million) and other net increases (\$0.1 million) such as board memberships, postage and other miscellaneous administrative expenses offset by reductions in fingerprinting (\$0.2 million) and travel (\$0.1 million).

Contingency

The FY 2019 Budget includes \$4.0 million of contingency inside the rate base to be spent at the CEO's discretion for projects and unforeseen events that come up during the fiscal year. The FY 2018 Budget included \$4.0 million for contingency.

Operating Reserve

DFW is required to have a 90-day cash reserve for operating expenses. The FY 2019 Change in Operating Reserve budget of \$5.9 million is the amount necessary to fund the reserve. This is a \$1.3 million increase from the FY 2018 Outlook.

Contingency Outside of Rate Base

Beginning in FY 2010, DFW began to add contingency outside of the rate base to the budget. This is done so that the airlines do not have to pay for the contingency during the year in the rate base, but provides management with flexibility should costs rise unexpectedly and as an incentive to budget costs more accurately. This also allows management to make investments if incremental revenues are generated. Management must obtain Board of Directors' approval prior to using this contingency. Contingency outside the rate base is recommended to be \$10 million for FY 2019, consistent with the prior years.

Net Debt Service Budget

The FY 2019 Net Debt Service budget is \$335.0 million, a \$14.6 million (4.6%) increase from the FY 2018 as shown in the table below. The decrease in Existing Debt Service is due the payoff of refunding bonds related to the Series 2016 bond issue that will be defeased by the end of calendar year 2018. New Debt Service increases result from the completion of TRIP and other capital projects in FY 2018 and FY 2019 and the accelerated principal reductions included in the FY 2016A Bonds.

Debt Service (in Millions)	FY18 Outlook	FY19 Budget	Increase (Decrease)	
			Amount	Percent
Debt Service and Coverage				
Existing Debt Service	\$286.7	\$246.7	(\$40.0)	(14.0%)
New Debt (TRIP) Service ¹	162.8	234.7	71.9	44.2%
PFIC Related Debt Service ²	19.3	18.8	(0.5)	(2.4%)
DFW Capital Acct Debt Service ³	12.4	12.0	(0.4)	(3.6%)
Less: Interest Income	(0.1)	0.0	0.1	(100.0%)
Gross Debt Service and Coverage	481.1	512.2	31.1	6.5%
Offets to Debt Service				
PFCs for Existing Debt Service	129.0	145.9	16.8	13.1%
PFIC Transfers ²	19.3	19.4	0.1	0.5%
DFW Capital Acct Transfers ³	12.4	12.0	(0.4)	(3.6%)
Total Offsets	160.7	177.2	16.5	10.3%
Net Debt Service Paid by Rate Base	\$320.4	\$335.0	\$14.6	4.6%

¹ Shown net of Capitalized Interest

² Public Facility Improvement Corp for RAC, Grand Hyatt, and Hyatt Place Infrastructure

³ AHQ and Terminal E Garage

Passenger Facility Charges (PFCs) are collected from revenue enplaned passengers and are used to offset debt service from debt issued prior to TRIP. The increase is due to excess PFCs used for debt service in FY 2019 generated by increased passengers. PFC's are only used to help pay for Existing debt, not New Debt.

DFW issued \$280 million of bonds in a private placement in September 2016 that will fully amortize over 5 years. Including coverage, debt service on this bond issue will be \$81.9 million in FY 2019, an increase of \$24.2 million over FY 2018. DFW issued \$302 million of bonds in a private placement in December 2017. Including coverage, debt service on this bond issue will be \$3.3 million in FY 2019.

Public Facility Improvement Corporation (PFIC) debt service relates to debt associated with the RAC, Grand Hyatt Hotel, and Hyatt Place Hotel infrastructure. This debt service is funded from the PFIC so that the debt service does not impact the rate base. Similarly, DFW Capital Account Debt Service is related to the consolidated headquarters and Terminal E garage. This is funded with transfers from the DFW Capital Account so it does not impact the rate base.

The table below shows the categories of the \$14.6 million Net Debt Service increase by major cost center.

Net Debt Service Variance (in Millions)	Cost Centers				
	DFW	Airline			Total
		Airfield	Terminal	Total	
Existing Debt Service	(\$11.8)	(\$24.4)	(\$4.5)	(\$28.8)	(\$40.6)
New Debt Service	10.4	14.2	47.1	61.3	71.7
PFCs	(4.9)	(10.1)	(1.9)	(12.0)	(16.8)
DFW Capital Account Transfers	0.4	0.0	0.0	0.0	0.4
Total Debt Service Variance	(\$5.8)	(\$20.3)	\$40.7	\$20.5	\$14.6

Positions

The table below summarizes the total number of operating and capital positions assumed in the FY 2019 Budget. Operating positions are paid out of the 102 Fund. Salaries and benefits of capital positions are capitalized and paid from the capital accounts. A summary of positions by department is included at the end of the Department section.

	FY 2018	FY 2018	FY 2018	FY 2019	FY 2019
	Budget	Changes*	Adjusted Budget	New positions	Budget
Operating	2,044	26	2,070	15	2,085
Capital	111	0	111	0	111
Total	2,155	26	2,181	15	2,196

* FY 2018 changes include 14 ACES positions that will be converted from contract labor to board employees and 2 new positions to backfill for transfers to the IOC by end of FY 2018.

Fifteen new positions have been added for FY 2019, all are funded in the Fund 102 Operations Expense Budget.

Position Summary by Division

Division	FY18	FY19	
	Adjusted Budget	Changes	Budget
Administration & Diversity	163	0	163
Finance and Information Technology	242	0	242
Revenue Management	465	1	466
Operations/DPS	834	14	848
Global Strategy & Development	18	0	18
Infrastructure and Development	427	0	427
Legal	3	0	3
Audit Services	15	0	15
Executive Office	14	0	14
Total DFW	2,181	15	2,196

Department Overview and Walkforwards

DFW is organized into Divisions, which are comprised of Departments. Each Division page includes a summary of the Division's major functions and a walkforward of the FY 2019 Budget by major cost driver. The table below is a budget comparison by Department, in thousands.

	FY18 Outlook*	FY19 Budget	Increase (Decrease) FY19B vs FY18O	
Energy, Transportation & Asset Mgmt.	\$121,777	\$125,416	\$3,639	3.0%
Planning Department	3,721	6,127	2,406	64.7%
Design, Code, & Construction	4,335	4,925	589	13.6%
Commercial Development	2,502	2,496	(6)	(0.2%)
Infrastructure and Development	132,336	138,963	\$6,628	5.0%
Public Safety	83,762	88,976	5,215	6.2%
Operations	12,934	12,947	13	0.1%
Environmental Affairs	8,518	8,842	324	3.8%
Integrated Operations Center	0	934	934	n/a
Operations	105,214	111,699	6,485	6.2%
Parking	54,900	56,103	1,203	2.2%
Customer Experience	43,573	46,152	2,579	5.9%
Concessions	3,405	3,488	83	2.4%
Revenue Management	101,878	105,744	3,865	3.8%
Information Technology	56,556	59,627	3,071	5.4%
Finance	6,655	6,820	165	2.5%
Treasury/Cash Management	1,288	1,367	79	6.1%
Aviation Real Estate	1,541	1,599	59	3.8%
Finance & Technology	66,039	69,413	3,374	5.1%
Communications and Marketing	13,650	13,862	213	1.6%
Risk Management	8,511	8,665	155	1.8%
Procurement & Materials Management	5,045	5,161	115	2.3%
Human Resources	8,520	8,577	57	0.7%
Business Diversity and Development	1,865	1,916	51	2.7%
Administration and Diversity	37,591	38,182	591	1.6%
Research & Analytics	1,228	1,507	279	22.8%
Airline Relations	1,090	1,081	(9)	(0.8%)
Government Relations	738	794	57	7.7%
Cargo Business Development	480	635	155	32.2%
Global Strategy & Development	3,536	4,018	482	13.6%
Non Departmental	9,406	11,822	2,415	25.7%
Contingency	2,576	4,000	1,424	55.3%
Executive Office	5,865	6,197	332	5.7%
Audit Services	2,693	2,763	70	2.6%
Legal	3,422	3,430	8	0.2%
Total Operating Expenses	\$470,556	\$496,230	25,674	5.5%

* Outlook has been adjusted for the reorganization.

Expense Budget Walkforward

Budget Category (in Millions)	Total	DFW	Airline
FY 2018 Outlook	\$470.6	\$175.5	\$295.1
A. Budget reductions	(5.4)	(2.1)	(3.3)
Strategic Priorities			
B. Customer experience			
Customs and border protection reimbursemen	0.7	0.0	0.7
Custodial	0.7	0.2	0.5
Curbside management	0.6	0.9	(0.3)
Other Customer Experience	0.3	0.0	0.3
Total customer experience	2.4	1.0	1.3
C. Safe and secure			
Dock and Check Point Screening	2.0	0.4	1.6
DPS Annualization	1.2	0.2	1.0
New Positions	0.4	0.1	0.3
Technology	0.4	0.1	0.3
Total safe and secure	4.0	0.8	3.2
D. Operational Excellence			
Integrated Operations Center	0.9	0.3	0.6
ITS Master Plan	0.3	0.1	0.2
Total operational excellence	1.2	0.4	0.8
E. Salary annualization and merit pool			
Salary annualization	3.8	1.3	2.6
Merit and DPS tenure progression	4.2	1.4	2.9
Total salary annualization and merit pool	8.1	2.6	5.4
F. Fixed contract increases			
Facility maintenance	2.6	1.3	1.4
Technology	2.6	0.7	1.8
Healthcare	1.8	0.4	1.4
Utilities	0.7	(0.3)	1.0
Bussing	0.5	0.5	0.0
Insurance premiums	0.2	0.2	0.1
Total fixed contract increases	8.4	2.7	5.7
G. Restore budgets			
Winter weather	1.5	(0.1)	1.6
CEO contingency	1.4	0.5	0.9
Total restore budgets	3.0	0.4	2.5
H. Other increases			
Planning Projects	2.4	0.9	1.5
Operating Reserve	1.3	0.4	0.9
Cost Center Shift	(0.0)	(0.7)	0.7
Other, net	0.3	0.7	(0.4)
Total Other increases	4.0	1.2	2.8
Net increase	25.7	7.2	18.4
FY 2019 Budget	\$496.2	\$182.7	\$313.5

Note: The reference letters in the previous table are cross-referenced to the variance explanations in the following budget comparison and walkforward tables in this section.

Infrastructure and Development Division

Energy, Transportation and Asset Management (ETAM)

ETAM manages the operation, maintenance, repair and renewal of DFW's infrastructure asset portfolio including energy & utility systems, passenger terminals, facilities, airfield, public works, vehicle fleet and the Skylink automated transit system.

Planning

The Planning Department is responsible for guiding the development and growth of DFW Airport through strategic, holistic and proactive analysis developed in collaboration with Airport stakeholders. Planning's primary focus areas include Long-Range Master Planning and Tactical/ Implementation Planning for terminal facilities, airfield, landside, land use and wayfinding/signage.

Design, Code and Construction (DCC)

Design, Code and Construction (DCC) has overall responsibility for the efficient and economical delivery of design and construction of capital and O&M funded developments, improvements, and major rehabilitation projects at DFW. DCC also provides technical support services and/or personnel to other DFW departments as needed to fulfill DFW's Strategic Objectives and Initiatives. With the exception of noncapitalizable projects and Code Compliance activities related to third party building permits, all costs are funded by capital funds.

Commercial Development

The Commercial Development Department plans, develops, markets and leases aviation-related industrial/warehouse, cargo/distribution facilities, mixed-use office, retail and hospitality spaces and available land at DFW. Commercial Development is responsible for investment analysis, development, cashflow management, operations and maintenance of the Airport's hotel assets that include the Grand Hyatt and Hyatt Place. Commercial Development also evaluates and implements business opportunities that diversify DFW's revenue stream such as the exploration and production of natural gas, the Bear Creek Golf Course, management of Foreign Trade Zones and negotiations of ROW for highway, utilities and passenger rail.

Budget Comparison and Walkforward
Infrastructure and Development

(in thousands)

	FY18 Outlook	FY19 Budget
Energy, Transportation & Asset Mgmt.	\$121,777	\$125,416
Planning Department	4,335	4,925
Design, Code, and Construction	2,502	2,496
Commercial Development	3,721	6,127
Total Infrastructure and Development Divisio	\$132,336	\$138,963
Salaries & Wages	\$23,060	\$23,978
Benefits	11,520	11,481
Contract Services	64,617	69,317
Equipment & Supplies	11,243	11,805
Insurance	0	0
Utilities	21,309	21,727
Administrative	587	656
Total Infrastructure and Development Divisio	\$132,336	\$138,963
Walkforward from FY 2018 Outlook		Reference
FY 2018 Outlook	\$132,336	
Salaries and Wages	918	E
Benefits	(40)	A, E, F
Contract Services	4,700	A, F, G
Equipment & Supplies	562	A, F, G
Utilities	419	F, H
Administrative	69	H
Total FY 2018 Proposed Budget	\$138,963	

Operations Division

Public Safety (DPS)

It is the mission of the DFW Airport Department of Public Safety to provide the highest level of professional services to the Airport community through efficient planning, mitigation, response, and recovery from natural and manmade events that threaten lives, critical assets, or business continuity. Public Safety carries out this mission through three divisions of Police, Fire, and Security and Emergency Management.

Operations

The Airport Operations Department is responsible for ensuring compliance with Federal Aviation Regulation Part 139 – Airport Safety and Certification. The department manages daily airfield operations, airfield construction safety programs, the DFW Wildlife Management Program, and provides technical and simulated driver's training programs. The department also manages the Airport Operations Center, Corporate Aviation operations, and provides ramp control services at Terminal D and at Terminal E. The Airport Operations Department partners on a daily basis with local FAA air traffic control facilities and with air carrier tenants in efforts to maximize the efficiency of Dallas-Ft. Worth International Airport.

Environmental Affairs

DFW has committed to achieving environmental excellence by embedding the principles of sustainability throughout the corporate culture of the organization and by establishing environmental compliance as a priority in achieving sustainable economic growth. DFW's Environmental Affairs Department implements a comprehensive environmental program by providing regulatory and technical guidance to DFW departments, tenants, and contractors, which ensures that airport activities and operations are conducted in a manner that conforms to various environmental laws, policies and requirements regulated by the Environmental Protection Agency, the Texas Commission on Environmental Quality, the Texas State Department of Health, the Federal Aviation Administration, and local governments. The comprehensive Environmental Management System covers five major programs (Water Resources, Waste, Environmental Planning & Development, Environmental Design & Construction, and Sustainability) that house a subset of 21 core, compliance-based programs.

Integrated Operations Center

The Integrated Operations Center (IOC) is a strategic initiative outlined in the 2016-2020 Strategic Plan. The IOC will house personnel from all areas of the Airport and stakeholders to create a seamless, integrated team that is proactive, response-driven and drives continual process improvement. The IOC will place planning, monitoring, executing and reviewing functions together in an integrated fashion for comprehensive situational awareness, predictive and proactive responses, and enhanced customer experiences. Representatives from Operations, Airport Operations Center, Customer Experience, Energy, Transportation and Asset Management, Environmental, Emergency Management, Transportation Business Unit, Corporate Communications, Tactical Communications, Information Technology Services, TSA and other stakeholders will be located in the IOC. The IOC is planned to be open during FY 2020.

Budget Comparison and Walkforward
Operations Division

(in thousands)

	FY18 Outlook	FY19 Budget
Public Safety	\$83,762	\$88,976
Operations	12,934	12,947
Environmental Affairs	8,518	8,842
Integrated Operations Center	0	934
Total Operations Division	\$105,214	\$111,699
Salaries & Wages	\$60,448	\$63,416
Benefits	28,949	30,526
Contract Services	9,005	10,518
Equipment & Supplies	3,517	3,659
Insurance	0	0
Utilities	1,654	2,043
Administrative	1,640	1,537
Total Operations Division	\$105,214	\$111,699
Walkforward from FY 2018 Outlook		<u>Reference</u>
FY 2018 Outlook	\$105,214	
Salaries and Wages	2,968	C, D, E
Benefits	1,577	A, C, D, E, F
Contract Services	1,513	A, C, D, H
Equipment & Supplies	142	D, H
Utilities	389	A, F
Administrative	(104)	D, H
Total Proposed FY 2019 Budget	\$111,699	

Customer Experience and Revenue Management Division

Parking Operations

Parking Business Unit (PBU) consists of Operations, Customer Relations, Ground Transportation Service, and Busing. PBU is responsible for parking products, service delivery and reporting, customer experience, monitoring electronic parking transactions, and providing transportation services to DFW Remote Lots, Terminal Link, Express Parking and the Employee Shuttle, as well as Support Level 1 efforts during emergency operations.

Customer Experience

The Customer Experience Department manages the day to day operation within the Terminals by working to “Master the Basics”. The department also leverages customer insights and current trends in order to “Shape the Future”. The department consists of the following four sections:

- Service Delivery – focuses on frontline staff including managing the custodial function, as well as, services provided by all business partners, based on agreed service standards which are measured and reported throughout the day.
- Experience Development – ensures each day is planned from a customer experience perspective, and there is a regular review function to ensure continuous improvement. This includes innovations and improvements proactively designed and implemented to drive overall Customer Experience excellence, and Terminal Managers to drive customer experience performance through stakeholder management, with a focus on relationship management.
- Customer Relations – provides a suite of products and services to streamline DFW’s customer services to engage with customers to deliver “moments of wow.” This includes the Ambassador Volunteer Program and Meet & Greet services.
- Customer Research and Insights – reports on customer insights to help DFW’s leadership make strategic decisions about programs that address the needs of our customers, in order to enhance their experience at every stage of his/her visit.

Concessions

The Concessions Department provides the public with high quality goods and services that are competitively priced, conveniently located, and reflects the needs and desires of the traveling public with the goal of exceeding customer expectations while maximizing revenue for the DFW Airport. This includes all of the passenger-related concessions and associated revenues within the airport terminals, Rental Car Center (RAC), telecommunications, and selected properties outside the terminals.

Budget Comparison and Walkforward
Customer Experience and Revenue Management Division

(in thousands)

	FY18 Outlook	BY19 Budget
Parking	\$54,900	\$56,103
Concessions	43,573	46,152
Customer Experience	3,405	3,488
Total Customer Exp and Rev Mgmt Division	\$101,878	\$105,744

Salaries & Wages	\$24,243	\$25,647
Benefits	13,205	14,024
Contract Services	59,447	60,889
Equipment & Supplies	4,279	4,447
Utilities	1	0
Administrative	703	737
Total Customer Exp and Rev Mgmt Division	\$101,878	\$105,744

Walkforward from FY 2018 Outlook		Reference
FY 2018 Outlook	\$101,878	
Salaries & Wages	1,404	E
Benefits	818	A, E, F
Contract Services	1,441	A, B, F, H
Equipment & Supplies	168	A, H
Utilities	(1)	H
Administrative	34	H
Total FY 2019 Proposed Budget	\$105,744	

Finance and Technology Division

Information Technology

Information Technology Services (ITS) is responsible for supporting the technical needs of the DFW Airport community by providing reliable systems, proactively responding to issues, and implementing a wide range of viable technologies that represent meaningful choices in terms of cost and functionality.

ITS is currently divided into seven functional sections:

- Customer Support manages the Solutions Desk and field staff providing end device support to customers.
- IT Programs is responsible for long running technology programs like Disaster Recovery, Asset Management, and Training.
- The IT Project Management Office manages new initiatives and projects to a successful completion as well as the relationship with ITS customers.
- Development and Delivery is responsible for the software development and implementation of executive decision support systems, CADD/GIS, web development, and the implementation of work-flow technologies.
- Enterprise Systems is responsible for the support and maintenance of the entire DFW Software Portfolio.
- Infrastructure Operations is responsible for the maintenance and administration of the voice and data communications infrastructure, desktop and server computing environments, databases, storage, and Terminal systems.
- Technology Security is responsible for the management and compliance of DFW's security programs, records management, and the analysis, management, and monitoring of the perimeter security devices.

Finance

Finance is comprised of three groups: Accounting, Financial Planning, and Capital Planning & Accounting. Accounting is responsible for financial reporting, general ledger accounting, internal controls, revenue collections, accounts payable, accounts receivable, payroll, and fixed assets. The Accounting group also mans a call center to interact with customers on parking related transactions. Financial Planning is responsible for developing and monitoring DFW's Operating Budget and Outlook for revenues and expenses. This group is also responsible for establishing DFW's rates, fees and charges, and performing departmental financial analysis. In addition, Financial Planning analyzes DFW's business units to determine profitability, implementation of activity based costing, project analysis, process improvement and management methodologies for proper allocations of revenues and expenses. Capital Planning and Accounting are responsible for developing and monitoring DFW's Capital Budget and forecast.

Treasury Management

Treasury/Cash Management is responsible for providing strategic financial management for the Airport. This includes overseeing debt issuance/management, cash management, banking relations, DFW investments, retirement fund investments, grants and PFC administration.

Aviation Real Estate

Aviation Real Estate (ARE) oversees and manages the contractual relationship and serves as the liaison between the Board, the Airlines and other tenants of passenger terminals and aviation-related facilities, including air cargo and hangars. ARE negotiates and drafts permits, leases, and other documents for aviation real estate property, is intricately involved in the development and implementation of the Board's Capital Improvement Program, and performs financial, operational, statistical, and business analysis related to terminal operations and aviation. ARE is responsible for aviation facilities' strategic planning, with the goal of maximizing efficiency within the terminals and other aviation facilities.

Budget Comparison and Walkforward**Finance & Technology**

(in thousands)

	FY18 Outlook	FY19 Budget
Information Technology	\$56,556	\$59,627
Finance	6,655	6,820
Treasury/Cash Management	1,288	1,367
Aviation Real Estate	1,541	1,599
Total CFO Division	\$66,039	\$69,413
Salaries & Wages	\$20,521	\$21,923
Benefits	9,164	9,348
Contract Services	28,664	32,075
Equipment & Supplies	4,844	3,265
Utilities	1,921	1,849
Administrative	926	953
Total Finance & Technology Division	\$66,039	\$69,413
Walkforward from FY 2018 Outlook		Reference
FY 2018 Outlook	\$66,039	
Salaries and Wages	1,401	E
Benefits	185	A, E, F
Contract Services	3,411	A, C, D, F
Equipment & Supplies	(1,578)	A, C, F, H
Utilities	(71)	F
Administrative	27	H
Total FY 2019 Proposed Budget	\$69,413	

Administration and Diversity Division

Communications and Marketing

The Communications and Marketing Department is responsible for promoting and protecting the global brand and reputation of DFW Airport, increasing awareness for DFW's products, services and aviation infrastructure. The Department provides DFW Airport's singular, collective voice through communications, outreach, marketing and digital services, all of which support the Airport's strategic plan.

The Department is responsible for delivering impactful and results-oriented marketing and communications strategies that connect with multiple audiences, including customers, communities, stakeholders and the commercial aviation industry. Innovative digital solutions include, but are not limited to, DFW's website, mobile app, in-terminal touch screens and social media channels.

Communication and Marketing consists of crisis communications, domestic and international media relations, global marketing, social media, community engagement, Board and Owner city relations, and internal communications.

Risk Management

Risk Management identifies, analyzes and evaluates exposures, develops and implements loss prevention measures that reduce costs, and ensures compliance with applicable laws and regulations and DFW Board Policies. Areas of general administration include incident and claims management, safety training, management of self-funded, and insured claims programs involving property and casualty liability, general liability, errors and omissions, employment liability, fiduciary/fidelity exposures, contractual review/interpretation, breach of contract, auto liability, driver safety and workers' compensation liability.

Human Resources

The Human Resources (HR) Department at DFW partners with line managers to identify, hire, train, and provide ongoing coaching and support to the employees. Specific functional areas of focus for HR include talent acquisition, talent development, diversity and inclusion, employee records and information, employee relations, compensation, benefits, and employee health and wellness. The department supports these functions through policy development and revision (where appropriate), extensive training (both online and in-person), and through one-on-one coaching with leaders, where appropriate.

Procurement & Materials Management

Procurement and Materials Management provides efficient centralized purchasing, contracting, print and logistics for materials management services in a collaborative manner that maximizes customer satisfaction and minimizes total cost, in accordance with board policies and applicable laws. The procurement function includes the procurement and contracting of all the goods, services and construction projects for the airport.

The department provides a centralized purchasing and contract administration for operations including maintenance and design and construction of capital and overhead funded

developments, improvements, and rehabilitation projects. PMM manages the purchasing card P-Card program and prepares Official Board Actions for Board meetings. Materials management includes the logistics for the airport's central warehouse, providing a central receipt, financial and physical management of inventory and the disposition of excess and obsolete property. PMM also manages the airport's print services shop, with a centralized, reproduction, print, and binding services for all departments and provides distribution of airport wide mail services.

Business Diversity and Development

The Business Diversity & Development Department (BDDD) is responsible for administering the Board's Title VI, Disadvantaged, Small, Minority, and Women-owned Business Enterprise Programs. BDDD has the overall responsibility to administer, monitor and enforce the policies and procedures associated with the Programs and engage the diverse business community with airport contracting opportunities.

Budget Comparison and Walkforward

Administration and Diversity Division

(in thousands)

	FY18 Outlook	FY19 Budget
Communications and Marketing	13,650	13,862
Human Resources	8,511	8,665
Risk Management	8,520	8,577
Procurement & Materials Management	5,045	5,161
Business Diversity and Development	1,865	1,916
Total Admin & Diversity Division	<u>\$37,591</u>	<u>\$38,182</u>

Salaries & Wages	\$11,764	\$12,111
Benefits	5,833	5,954
Contract Services	9,909	9,484
Equipment & Supplies	676	656
Insurance	5,499	5,714
Utilities	0	0
Administrative	3,911	4,264
Total Admin & Diversity Division	<u>\$37,591</u>	<u>\$38,182</u>

Walkforward from FY 2018 Outlook		Reference
FY 2018 Outlook	\$37,591	
Salaries and Wages	347	E
Benefits	122	A, E, F
Contract Services	(425)	F, H
Equipment & Supplies	(21)	H
Insurance	215	F
Administrative	353	H
Total FY 2019 Proposed Budget	<u>\$38,182</u>	

Global Strategy and Development Division

Research and Analytics

The Research & Analytics group seeks to grow DFW's global brand through a targeted focus on KPIs, powered by advanced research and analytics. The group is responsible for providing actionable intelligence to support both internal and external customers. This includes supporting the growth of new air service by developing sophisticated quantitative and qualitative business cases to pitch new air service to target airlines. In addition, the group is also responsible for managing the new Parking Yield Management system to optimize occupancy and maximize revenues. The group also serves as an internal data and analytics resource for the enterprise.

Airline Relations

Airline Relations works to create an airport business environment where airline partners stay, succeed, and grow. The primary business goal is to position DFW as the airport of choice for passenger and cargo services. The Airline Relations group has two essential purposes: Retention, which focuses on the growth of existing carriers and New Business that focuses on developing new airline business. Airline Relations focuses on strengthening relationships with the airlines' Network, Sales, and Commercial departments and formulates strategies to increase airline services.

Government Relations

Government Relations provides strategic expertise to airport staff and Board members related to state and federal governmental issues; and serves as a point of contact for congressional and legislative representatives and staff, and state and federal agencies. The work involves monitoring and interpreting legislative and regulatory action at all levels, keeping executive staff informed of impact to DFW Airport and/or the aviation industry, and leading the Airport's educational and advocacy advocates to state and federal government entities.

Cargo Business Development

The Cargo group oversees and coordinates DFW's multi-departmental effort to develop and execute the airport's cargo and logistics strategy. This group seeks to shift the airport's cargo business development efforts from a historical focus on airlines that supply cargo capacity, and instead concentrate DFW's efforts on persuading key decision-makers among freight forwarders, logistics companies, customs brokers, and shippers who can drive cargo traffic itself to and through the airport (i.e., a "demand side" business development approach).

Budget Comparison and Walkforward**Global Strategy & Development**

(in thousands)

	FY18 Outlook	FY19 Budget
Government Relations	1,228	1,507
Airline Relations	1,090	1,081
Cargo Business Development	738	794
Research & Analytics	480	635
Total Global Strategy Division	<u>\$3,536</u>	<u>\$4,018</u>

Salaries & Wages	\$1,454	\$1,812
Benefits	467	552
Contract Services	925	962
Equipment & Supplies	49	38
Insurance	0	0
Utilities	0	0
Administrative	640	653
Total Global Strategy Division	<u>\$3,536</u>	<u>\$4,018</u>

Walkforward from FY 2018 Outlook		Reference
FY 2018 Outlook	\$3,536	
Salaries and Wages	358	E
Benefits	85	A, E, F
Contract Services	36	A, H
Equipment & Supplies	(11)	H
Administrative	13	H
Total FY 2019 Proposed Budget	<u>\$4,018</u>	

Legal

The Legal Department is responsible for providing advice and counsel to the Airport Board and Staff and for overseeing the prosecution and defense of litigation involving DFW Airport. Legal Department attorneys are provided by the Dallas and Fort Worth City Attorney's Offices in accordance with the 1968 Contract and Agreement.

Budget Comparison and Walkforward

Legal
(in thousands)

	FY18 Outlook	FY19 Budget
Salaries & Wages	\$221	\$217
Benefits	136	121
Contract Services	3,002	3,030
Equipment & Supplies	7	7
Insurance	0	0
Utilities	0	0
Administrative	56	56
Total Legal	<u>\$3,422</u>	<u>\$3,430</u>

Walkforward from FY 2018 Outlook		Reference
FY 2018 Outlook	\$3,422	
Salaries & Wages	(4)	E
Benefits	(15)	A, E, F
Contract Services	27	H
Administrative	(0)	H
Total FY 2019 Proposed Budget	<u>\$3,430</u>	

Audit Services

The Department of Audit Services assists the Board of Directors and management by independently reviewing programs and activities and providing recommendations and advice as appropriate. The Department works to influence positive change related to achieving the Board's goals and objectives, using resources efficiently and effectively, complying with laws and regulations, safeguarding assets, providing relevant and reliable information to decision makers, and protecting the Board's brand and reputation.

Budget Comparison and Walkforward**Audit Services**

(in thousands)

	FY18 Outlook	FY19 Budget
Salaries & Wages	\$1,545	\$1,614
Benefits	730	719
Contract Services	345	353
Equipment & Supplies	22	25
Insurance	0	0
Utilities	0	0
Administrative	51	51
Total Audit Services	\$2,693	\$2,763

Walkforward from FY 2018 Outlook

		Reference
FY 2018 Outlook	\$2,693	
Salaries & Wages	69	E
Benefits	(11)	A, E, F
Contract Services	8	H
Equipment & Supplies	3	H
Administrative	0	H
Total FY 2019 Proposed Budget	\$2,763	

Executive Office

The Chief Executive Officer, as the chief administrator and executive officer of the DFW Airport Board, recommends policies to the Board of Directors for the planning, constructing, maintaining, operating and regulating of DFW. The Chief Executive Officer, along with the Executive Staff (7 Executive Vice Presidents and support staff), oversees the implementation of adopted policies and is responsible for conducting monthly and special meetings with the Board of Directors. This budget also includes salaries and wages of support staff for the CEO and Executive Staff and the CEO Contingency.

Budget Comparison and Walkforward**Executive Office**

(in thousands)

	FY18 Outlook	FY19 Budget
Salaries & Wages	\$3,113	\$3,491
Benefits	1,116	1,187
Contract Services	835	713
Equipment & Supplies	17	18
Administrative	667	789
CEO Contingency*	2,693	4,000
Total Executive Office	<u>\$8,441</u>	<u>\$10,197</u>

		Reference
Walkforward from FY 2018 Outlook		
FY 2018 Outlook	\$8,441	
Salaries & Wages	378	E, H
Benefits	71	A, E, F
Contract Services	(123)	H
Equipment & Supplies	0	A, H
Administrative	122	H
CEO Contingency	1,307	G
Total FY 2019 Proposed Budget	<u>\$10,197</u>	

Airport Non-Departmental

The Airport Non-Departmental budget reflects the change in operating reserve, payroll accruals, incentive compensation, affordable health care act fees, supplemental retirement costs, and any other expenses that are recognized at a Board-wide, rather than a departmental level. These include Outlook adjustments made at a high level, medical insurance claims stop loss reimbursement, and medical claim overruns.

Budget Comparison and Walkforward

	Airport Non-Departmental	
	(in thousands)	
	FY18 Outlook	FY19 Budget
Salaries & Wages	\$4,201	\$5,603
Benefits	743	268
Contract Services	2	2
Operating Reserve	4,628	5,948
Total Non-Departmental	\$9,574	\$11,822
Walkforward from FY 2018 Outlook		
FY 2018 Outlook	\$9,574	Reference
Salaries & Wages	1,403	Management Incentive/Excellence awards and Supplemental Non-Exempt Merit
Benefits	(475)	Benefit adjustments made in Outlook and LHD over/under
Contract Services	0	
Equipment & Supplies	0	
Administrative	0	
Operating Reserve	1,319	Operating Reserve requirement increase
Total FY 2019 Proposed Budget	\$11,822	

Capital Budget

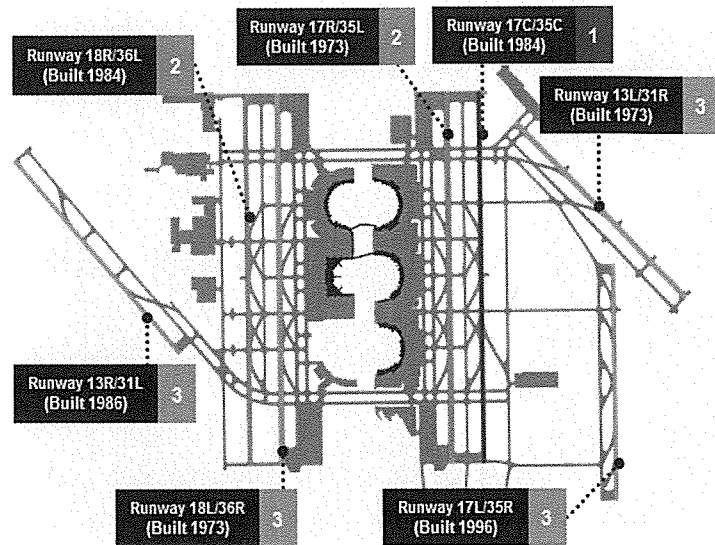
DFW has two capital accounts in its Construction and Improvement Fund: the DFW Capital Account and the Joint Capital Account (JCA).

The DFW Capital Account is DFW's discretionary account. It may be used for any legal purpose and does not require airline approval. DFW uses this fund for renewals and replacements and other discretionary projects. Funding for the DFW Capital Account is from the DFW Cost Center net revenues, interest income, grants and bond proceeds primarily for commercial development projects. DFW has numerous capital projects currently underway and funded from the DFW Capital Account. (See detailed pages that follow.)

The JCA generally requires airline approval for capital projects and are typically funded through the sale of bonds, plus natural gas royalties, sale of land proceeds, grants and interest income.

The Terminal Renewal and Improvement Program (TRIP) was previously the largest capital program, which is now largely complete and in process of winding down for Terminals A, B, and E. The budget for these three terminals was \$1.9 billion and is currently forecasting approximately \$66.1 million in savings at the end of the program. As of March 31, 2018, DFW was 97% contractually committed/spent for Terminals A, B and E and DFW and American Airlines continue to work together to prioritize identified projects to best utilize remaining funds. This excludes \$816 million for Terminal C, which was put on hold at the request of American Airlines. DFW and American Airlines are in discussions regarding DFW's future terminal development plans. The scope and budget for this last phase of TRIP are in process of being jointly developed by DFW and American Airlines.

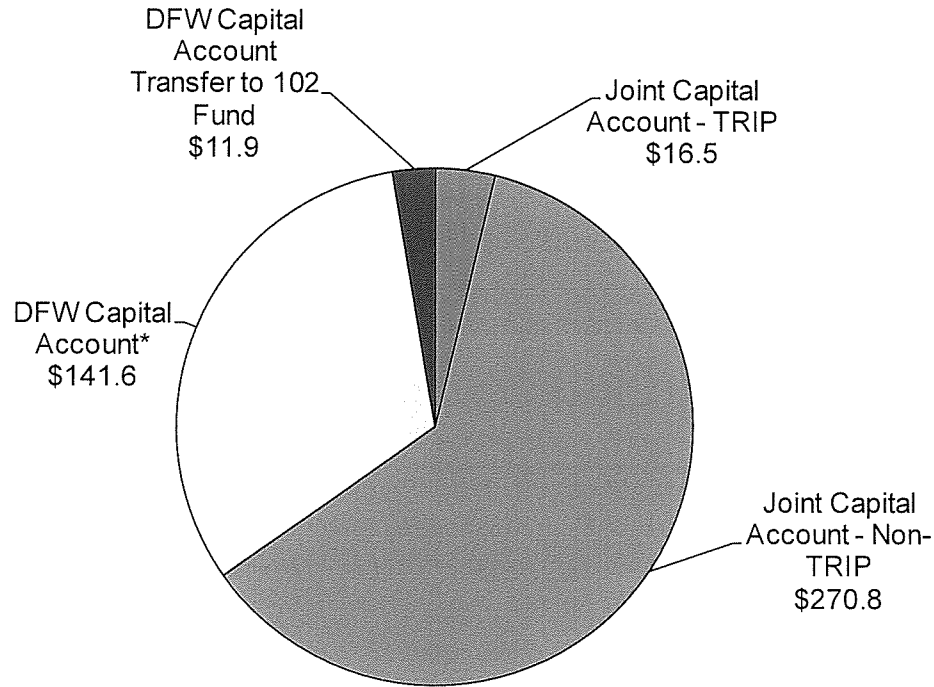
Infrastructure renewal is another major DFW capital program which is currently at various stages of planning, design and construction. This program involves renewal of aging critical airside and landside infrastructure. Since DFW Airport is the 3rd largest airport in the world in terms of land mass, with 17,207 acres, there is a significant amount of infrastructure to maintain. Much of the airfield, landside, utilities and other infrastructure were constructed when the airport opened 44 years ago and is now approaching end of useful life. This program is discussed in more detail in the "Major Capital Project Descriptions" section.



Projected Capital – Uses of Cash by Capital Account

DFW projects to spend approximately \$440.7 million on capital expenditures in FY 2019 as summarized in the following chart.

FY 2019 Projected Capital Expenditures (\$440.7M)



* Includes \$15.2M debt financed for Commercial Development, excludes contingency

The following table summarizes projected capital expenditures for projects to be in progress during FY 2019.

Capital Budget (Millions)	Actual FY 2017	Forecast FY 2018	Active Projects in FY 2019			Total Budget
			Prior Years	Projected FY 2019	Future Years	
DFW Capital Account	\$115.7	\$121.4	\$182.8	\$141.6	\$453.9	\$778.3
Joint Capital Account						
TRIP	217.3	86.7	1,840.2	16.5	49.6	1,906.3
Non-TRIP	94.2	200.8	306.0	270.8	1,261.4	1,838.2
Transfers to 102 *	9.8	12.3	140.7	11.9	12.2	164.8
Total Capital	\$437.0	\$421.2	\$2,469.8	\$440.7	\$1,777.1	\$4,687.6

* Debt service for Airport Headquarters (including coverage) & E Parking Garage

Capital Project Approval Process

DFW has a Financial Plan that includes a long term Capital Plan. In FY 2010, DFW management developed a 10-year capital plan as the basis for negotiating the Use Agreement. Some of the FY 2019 projects from the list on the prior page were derived from that plan. Many of the new projects highlighted in blue are new projects which are officially in a “planning status.” When a project manager is ready to initiate one of the projects from the Capital Plan, a detailed capital worksheet is prepared including alternatives, and presented to the Capital Committee for review and approval. CEO approval is required for projects equal to or greater than \$1,000,000. Projects on this list may be modified or eliminated if planning assumptions on costs and benefits do not materialize upon more detailed analysis. It is possible that new projects may arise during the fiscal year due to the dynamic nature of an airport. This “just-in-time” capital planning process provides flexibility to manage changes most effectively. From a process standpoint, the Board of Directors does not approve an overall capital budget. Instead, the Board generally reviews projects to be funded with bond proceeds before the bonds are sold and reviews individual capital projects as contracts for those projects are brought to the Board for approval.

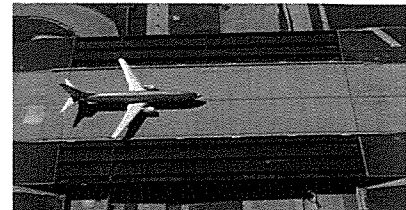
Major Capital Project Descriptions

There are several major capital initiatives in the FY 2019 Capital Budget including:

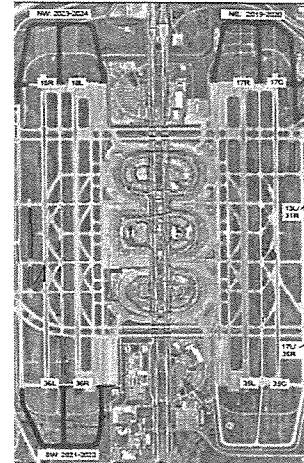
- Airfield Reconstruction and Expansion –As part of a larger airport-wide infrastructure renewal program, DFW is reconstructing end of life airfield infrastructure. Airline MII approval was received for \$222 million to reconstruct east airfield projects, including runway 17C and related airfield projects. Construction just recently started on the first phase of runway 17C. This project is on an accelerated schedule to minimize the adverse operational impacts of having a primary arrival runway out of service for reconstruction. FAA Airport Improvement Program (AIP) grants are programmed for these projects with reimbursement of 75% of eligible costs. A total of approximately \$105 million in combined Entitlement and Discretionary AIP grants are programmed for 17C and related projects. Approximately \$92 million is anticipated to be spent during FY 2019 (gross of grants).



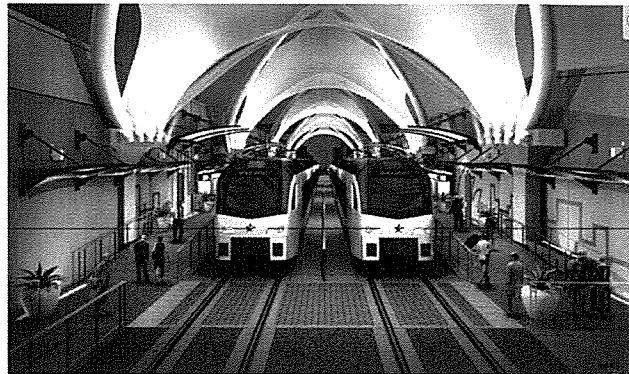
A \$14 million project to strengthen Taxiway “Y” bridge is also currently in design, with \$8 million in AIP Discretionary grant funding awarded. This is the north crossover taxiways for aircraft movements over International Parkway between the west and east sides of the airfield. This project is required to accommodate heavier Aircraft Design Group (ADG) VI aircraft, (i.e., A-380 and 747-800) which exceeds the load bearing capacity of the current crossover aircraft taxiway bridges. Approximately \$9.6 million is anticipated to be spent in FY 2019.



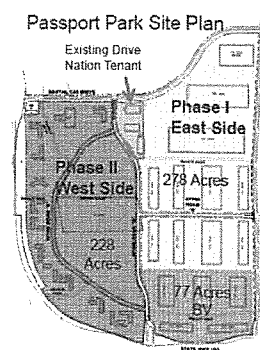
DFW plans to continue expansion of the End-Around Taxiways (EAT) for the northeast and southwest quadrants to mirror the expansion in the previously constructed EAT in the southeast quadrant. This is part of an airfield safety and capacity program which will minimize runway incursions and increase runway capacity of the airfield. Airline MII approval has been granted for \$14 million for design of both the southwest and northeast EAT, as well as \$104 million for construction of the northeast EAT. The northeast EAT would be the next EAT to be constructed, followed by the southwest EAT, and eventually the northwest EAT to complete the entire EAT system. Additionally, DFW Airport has already submitted an FAA Letter of Intent (LOI) request for \$310 million of AIP Discretionary LOI funding for the remaining three EAT's to complete the larger program for EAT's at DFW Airport. While final FAA approval of DFW's LOI request has not yet been received, more recent negotiations with the FAA suggested that a more likely funding level would be approximately \$176 million. Approximately \$34 million is anticipated to be spent on the northeast EAT in FY 2019.



- Terminals – FY 2019 terminal spend includes a number of non-TRIP terminal renovation and improvement initiatives including renovation of Terminal E-Satellite to accommodate increased Envoy regional flight activity, Terminal B Hydrant Fueling modifications to accommodate Envoy up-gauging to larger regional jets, Terminal B “stinger” terminal pavement reconstruction, Terminal C jet bridge replacements, Terminal D Baggage Handling System renewal and improvements, along with a number of other terminal projects. While the TRIP Terminals A, B, and E are already in service, there remains programming and spend for approximately \$66.1M in savings from these three completed TRIP terminals. Approximately \$84 million is anticipated to be spent on various terminal projects during FY 2019.
- Landside Roads, Bridges, and Rail – Just as the airfield infrastructure is undergoing plans for major renewal, the landside infrastructure is also planned for major renewal and reconstruction as this infrastructure also approaches end-of-life. A number of different roads and bridges are in various stages of programming, design, and construction. Approximately \$17 million is estimated to be spent of roads and bridges reconstruction during FY 2019. Additionally, as part of a larger regional surface transportation solution for the North Central Texas Region, DFW is currently in process of constructing a rail station adjacent to Terminal B to accommodate the “T” Rail service from downtown Fort Worth. DFW received airline MII approval for \$43 million for this project. Approximately \$6 million is anticipated to be spent during FY 2019 for this rail station which is scheduled to start passenger service in the first quarter of FY 2019.



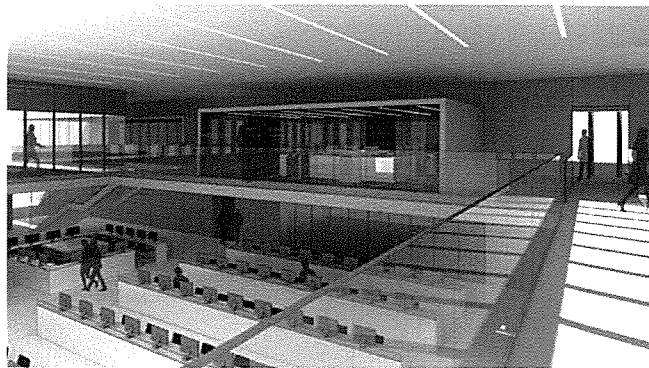
- Commercial Development and Other Facilities – Commercial development at DFW Airport is at a historic high with a significant number of new developments currently under way. DFW is funding the infrastructure to support several new planned development sites including over 350 acres in Passport Park East located in southeast quadrant of DFW, Walnut Hill Industrial, Coppell Industrial and others. Additionally, construction will continue into FY 2019 on Southgate development to complete the US Post Office. Approximately \$32 million is anticipated to be spent on Commercial Development during FY 2019.



- Safety and Security – DFW Airport is enhancing safety and security through various renovation and improvement initiatives involving airfield and terminal secured side access, enhanced surveillance capabilities, additional vehicles and equipment in support of DPS headcount increases, badging system automation, and several other safety and security initiatives. One of the major safety and security initiatives involves reconstructed and expanded facilities for DPS Station #1. DPS Station #1 is currently being reconstructed and expanded due to current facilities being at end of service life as well as to meet increased space needs for current staffing levels. DFW received Airline MII approval for \$63 million for DPS #1. This facility will be relocated in a new consolidated operations campus on the southwest quadrant of the airport. Approximately \$38 million is anticipated to be spent on Safety and Security initiatives in FY 2019.



- Customer Experience – Numerous initiatives are currently underway to focus on a primary DFW goal of improving the customer experience. Some of the main initiatives include improvements to terminal restrooms and hold room areas, construction of a premium VIP lounge, development of TSA wait time technology in the terminal security screening checkpoints to provide real-time information on forecasted passenger screening wait times, development of a Parking Yield Management System to allow for dynamic pricing, implementation of a terminal curbside re-allocation program to alleviate terminal curbside congestion, and renewal and enhancements to airport-wide wayfinding signage. One of the major customer experience initiatives is a future planned Integrated Operations Center (IOC), which is aligned with DFW's key strategic objective of providing a world class, end-to-end customer experience. The IOC is a replacement and expansion of the current Airport



Operations Center (AOC) and Emergency Operations Center (EOC). This new facility will consolidate many airport functions into a single location to enhance DFW's ability to provide seamless transfer of passengers, baggage, aircraft, vehicles, and related logistics systems. A 360-degree (customer + operator) perspective will be available to secure and disseminate accurate and relevant information to enable proactive and effective decision making, with the objective of averting problems before they occur. DFW received airline MII approval for \$6 million for design. Approximately \$20.9 million is anticipated to be spent on customer experience initiatives.

- Other – Other major planned projects include various reconstruction/consolidation projects for several DFW operational facilities at end of life, into a consolidated campus at a green field site in the southwest quadrant of DFW Airport. In addition to the relocation of DPS Station #1 and the future IOC mentioned above, other operational departments will also be relocated to this new location, including Design/Code & Construction department, Energy Transportation & Asset Management along with the various related maintenance and support shops, Environmental Affairs, and several other operations functions. Airline MII approval was received for \$12 million for design of this consolidated campus. Approximately \$6 million is anticipated to be spent on this initiative during FY 2019.

The table below summarizes the airline MII approvals that DFW Airport has received thus far, including those projects in the new Use Agreement.

DFW Airport MII Approvals Since New Use Agreement Dated Oct 1, 2010

Project Name	\$'s in Millions		
	TRIP	Non-TRIP	Total
<u>MII Approvals In New Use Agreement:</u>			
TRIP (base scope - escalated)	\$1,922.0		\$1,922.0
Non-TRIP		310.0	310.0
Total Use Agreement MII Approved Projects	\$1,922.0	\$310.0	\$2,232.0
<u>MII Approvals Subsequent to New Use Agreement:</u>			
MII Approvals FY 2011		\$60.9	\$60.9
MII Approvals FY 2012	61.4	234.4	295.8
MII Approvals FY 2013	38.4	52.1	90.6
MII Approvals FY 2014	670.3	63.2	733.5
MII Approvals FY 2015	26.3	94.0	120.3
MII Approvals FY 2016		164.6	164.6
MII Approvals FY 2017		411.4	411.4
MII Approvals FY 2018		52.3	52.3
MII APPROVALS SINCE NEW USE AGREEMENT	\$796.5	\$1,132.9	\$1,929.3
TOTAL MII APPROVALS INCLUDING NEW USE AGREEMENT PROJECTS	\$2,718.5	\$1,442.9	\$4,161.3

The following projects will be funded from the DFW Capital Account during FY 2019. Spend amounts are gross of grant reimbursements.

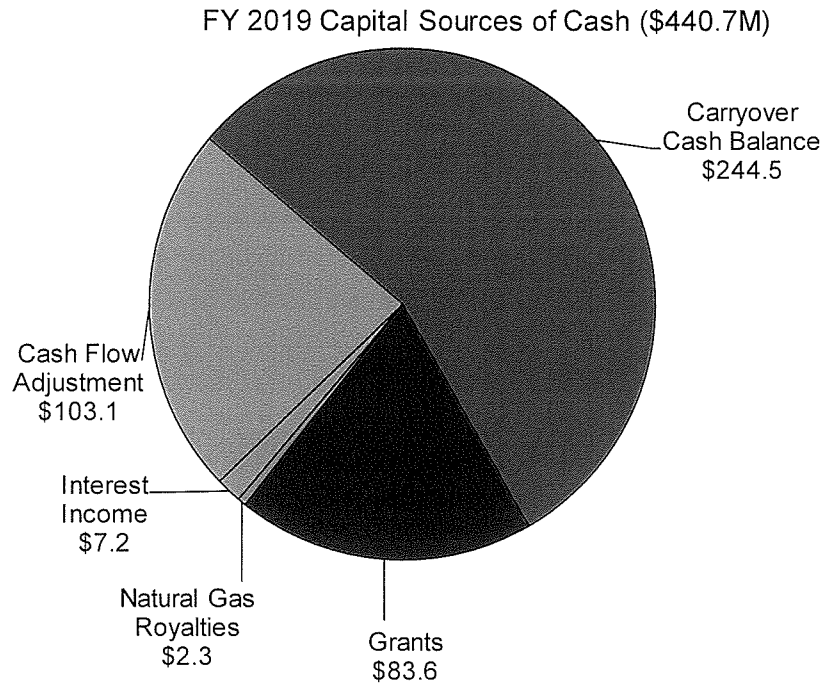
DFW CAPITAL ACCOUNT (In Millions)	Prior		Future
Project Name	Years	FY19	Years
Passport Business Park East	\$13.6	\$15.6	\$13.6
Rehabilitate Airfield Pavements FY15 (18R, F)	1.4	5.3	21.1
635 Business Park Ph III (Coppell Freeway Commercial)	.0	5.1	5.1
Project Life Cycle Mgt (PLM) (Planning Reserve)	1.9	3.3	1.3
Term A, B, C, & E: Skylink ramp level emergency exit door (40)	.4	3.3	.7
Term B: Relocate ACO Badging D to Term B	.3	3.1	3.4
LED Ramp Lighting Improvements	.7	2.9	3.6
Replace General Purpose Vehicles	Annual	2.9	10.7
IT Network Sys: Annual Technology Purchase (Planning Reserve)	Annual	2.7	35.6
Rehab/Replace High Pole Lighting (Design + critical replacements)	.5	2.5	2.0
161 East Business Park (Logistics Center 8,9,10,11)	.5	2.5	2.0
Rehab Airfield Lighting Sys Design (LED E/W, lighting vaults)	1.0	2.3	2.3
Term D BHS Renewal (Upper & Lower level)	1.8	2.3	.8
Structural Fire Truck Replacement	2.2	2.2	6.4
Term B&E PBB Replacement (B9B/B10B & E31/E34)	.4	2.2	1.7
Term D VIP Lounge	.4	2.1	6.0
Term Upper Level Roadway Re-Coating (Term A only)	.3	2.0	2.0
Air Service Incentive Plan (ASIP) & Marketing Rebates	47.4	2.0	14.0
Replace Remote Buses	.0	1.8	16.7
Southgate 24th Ave Widening (from Innovation Dr to Rental Car Dr)	1.1	1.8	.0
Term A, B, C, D Autodock Refresh	.6	1.8	7.0
Southgate:USPS (Post Office)	1.5	1.6	.9
Term D Roadway and Sidewalks Expansion Joints	1.8	1.6	8.8
Replace 10 AOA Unmanned Gate Opening System	.3	1.5	1.2
Signage: Non-Terminal (planning reserve)	Annual	1.5	6.5
Replace Parking/Other Canopies	.3	1.4	1.0
Replace Main West Side Sanitary Sewer Line (Ph 2)	.5	1.4	7.7
Term All: Skylink Fire Detection/Suppression	.6	1.4	1.1
Term D Concessions Master Plan "White Box" buildout	2.7	1.4	.7
Rehab Airfield Lighting Systems FY16 (Vault modifications)	.9	1.3	2.7
Future Safety/Security Projects (planning reserve)	Annual	1.3	21.8
Curbside Reallocation	.1	1.2	4.7
SE Quadrant Sanitary Sewer Line Relocation & Enlargement	.1	1.1	1.0
Rehabilitate Deicing System Large Storage Areas	.4	1.1	.0
Enterprise Data Library (EDL)	1.1	1.1	.9
Retaining Wall SB Svc Rd by Term D Crossunder #4	.9	1.1	1.6
Skylink Renewal Program - Skylink Car Overhaul	8.3	1.0	3.1
Rehab Trigg Lake Dam	.1	1.0	.0
Term D Annual Capital Renewal: (planning reserve)	33.3	1.0	28.5
Airport Facilities Development & Programming (Term Expansion Ph 2)	.3	1.0	3.8
Projects <1M	55.2	48.0	202.2
TOTAL DFW CAPITAL ACCOUNT	\$182.8	\$141.6	\$453.9
ADD: TRANSFER TO 102 (Debt Svc for AHQ and Term E Garage)	34.4	11.9	12.2
TOTAL USES OF DFW CAPITAL ACCOUNT	\$217.2	\$153.4	\$466.1

The following projects will be funded from the Joint Capital Account during FY 2019. Spend amounts are gross of grant reimbursements.

JOINT CAPITAL ACCOUNT (In Millions)	Prior		Future
Project Name	Years	FY19	Years
Terminal Renewal and Improvement Program (TRIP)	\$1,840.2	\$16.5	\$49.6
TOTAL JOINT CAPITAL ACCOUNT (TRIP)	1,840.2	16.5	49.6
Non-TRIP:			
Runway 17C (Pkg 1 of 3)	\$74.9	\$85.4	\$6.7
NE End Around Taxiway (EAT) Design/Construction (pkg 1)	23.0	24.9	.0
DPS #1 Reconstruct/Expansion	19.6	20.4	23.3
Term E-Satellite Relife (AA Reimb)	2.0	10.0	8.0
Taxiway "Y" Bridge Strengthening (A380)	2.4	9.6	2.4
NE End Around Taxiway (EAT) Design/Construction (pkg 2)	.0	8.5	48.3
Integrated Operations Center (IOC)	4.1	8.0	54.6
SW Perimeter Taxiway (Design Only)	2.5	6.5	.0
Runway 17C - T/W "M" North (Pkg 2 of 3)	.0	6.1	18.3
"T" Rail Station @ Terminal B	36.5	6.1	.0
Term C Jetbridge Replacement (6)	.7	5.9	.0
Rehab E/W Potable Water Pump Stations	2.0	5.9	10.9
D-South Expansion: F Ramp Expansion (N/S portion)	47.9	5.1	.0
Facility Relocation/Consolidation (Design only)	1.2	4.8	6.0
Rehab 31st, 32nd, 33rd, and SW Construction road	.9	3.7	2.8
Skylink Guideway Concrete Spalling Repairs (Ph 1)	3.1	3.1	.0
Rehab E/W Pump Station Potable Water Storage Tanks	1.7	3.0	1.8
18R ARFF Rd (Design & Construction)	.7	2.6	3.3
Term B Stinger - Concrete Ramp Repair	1.0	2.5	1.5
T/W "Lima" Reconstruction	52.1	2.3	.0
13L & T/W "R" Rehab	.5	2.1	2.6
Term B: Hydrant Fueling Modifications for Upgauged Aircraft	1.4	2.1	.0
Landside Roads/Bridges Reconstruction (\$9M Design Only)	.8	2.1	6.2
Reconfigure SE SADF Main Pipeline	.5	1.9	.9
Term All - BHS Improvements (design & construction)	.0	1.7	48.3
Rehabilitate Landside Roads & Bridges Ph 4a	1.0	1.7	.0
Term B/D FIS Corridor Extension	.5	1.5	38.0
D-South Expansion: Gate expansion (4 gate stinger)	.0	1.5	183.5
Safety/Security - Planning Reserve	.0	1.5	16.5
N.Airfield Bridge Reconstruction	.2	1.5	13.2
Security: Perimeter Intrusion Detection Sys	.0	1.5	27.9
D Pax Processing Capacity Expansion: Add'l Bag Makeup Unit (MU 6)	.4	1.4	.9
Term B & E PBB Improvements/Replacements	.2	1.4	2.9
Retrofit Flyovers at Term A	.2	1.3	.4
Term C Minimum Relife	.0	1.3	123.8
Facility Relocation/Consolidation (Construction)	.0	1.2	118.8
Rehabilitate Deicing System Large Storage Areas	7.9	1.1	.0
Security: Video Surveillance System Upgrade/Replacement	.0	1.1	20.3
Term A Customer Experience (Cx): Planning Reserve	Annual	1.0	18.5
Term B Customer Experience (Cx): Planning Reserve	Annual	1.0	18.5
Term E Customer Experience (Cx): Planning Reserve	Annual	1.0	18.5
Parking - Planning Reserve	Annual	1.0	9.0
Projects <1M	16.3	14.8	404.9
TOTAL JOINT CAPITAL ACCOUNT (NON-TRIP)	\$306.0	\$270.8	\$1,261.4
TOTAL JOINT CAPITAL ACCOUNT	\$2,146.2	\$287.3	\$1,311.0
TOTAL USES OF JOINT + DFW CAPITAL ACCOUNT	\$2,363.4	\$440.7	\$1,777.1

Capital Projects - Sources of Cash

DFW's capital programs are funded from a variety of sources as shown in the following chart.



The following table highlights the walkforward of DFW's capital funds.

Airport Capital Funds Walkforward (In Millions)

Capital Walkforward	Joint Capital	DFW Capital	Total
Beginning Cash (10/1/18)	\$575.7	\$142.6	\$718.4
Sources of Funds:			
Grants	82.6	1.1	83.6
Debt	-	-	-
Natural Gas Royalties	2.3	-	2.3
Interest Income	4.9	2.4	7.2
Cash Flow Adjustment	67.7	35.4	103.1
Total Sources	157.4	38.8	196.2
Less:			
Capital Uses	(287.3)	(141.6)	(428.8)
DFW Capital Account Transfer to 102	-	(11.9)	(11.9)
Total Uses	(287.3)	(153.4)	(440.7)
Total Ending Cash Balance	445.9	28.0	473.9
Add: Cash From DFW Cost Center	-	78.0	78.0
Ending Cash (9/30/18)	\$445.9	\$106.0	\$551.8