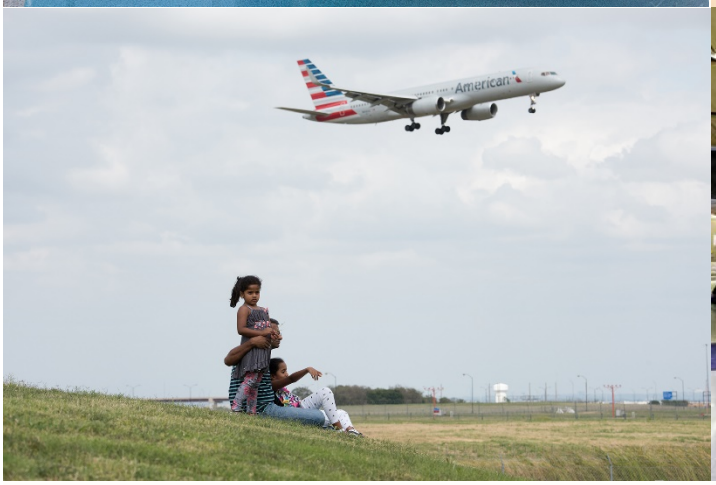
DALLAS
FORT WORTH
INTERNATIONAL
AIRPORT

FY 2022 Adopted Budget



Finance Department
P.O. Box 619428
DFW Airport, Texas 75261-9428

Table of Contents

DALLAS FORT WORTH INTERNATIONAL AIRPORT

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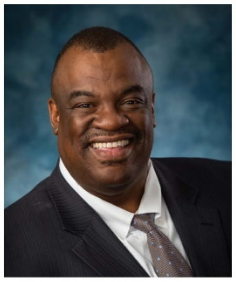

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DFW'S Vision Statement

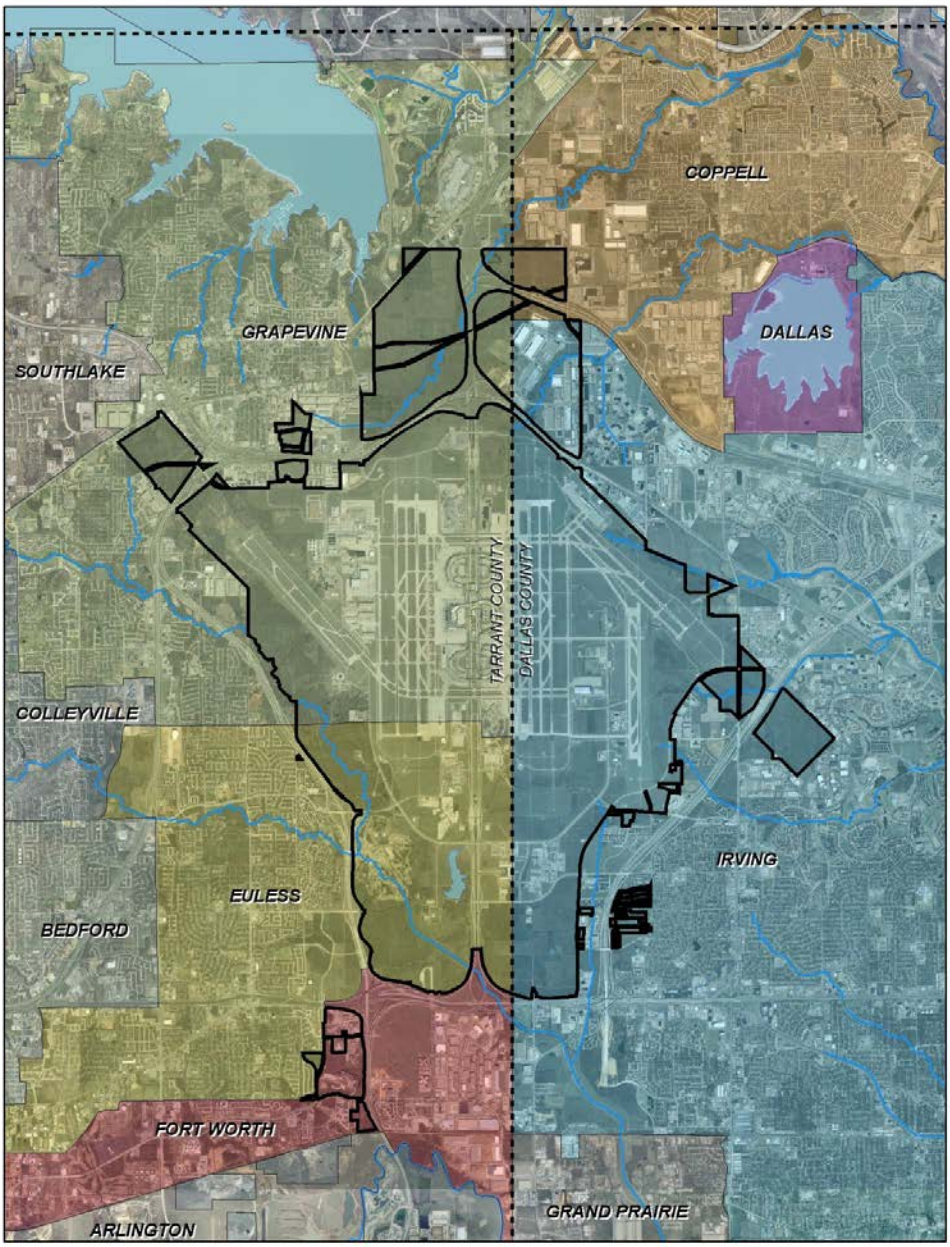
Travel. Transformed.

DFW'S Mission Statement

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

Airport Background

The Dallas Fort Worth International Airport Board (Airport or DFW) was created by a Contract and Agreement between the cities of Dallas, Texas, and Fort Worth, Texas (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.

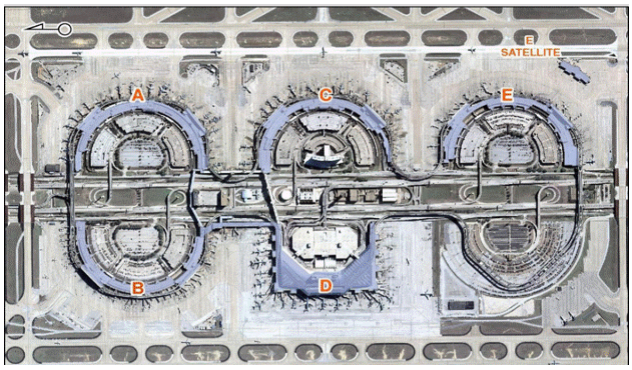


Source: DFW Airport Information Technology Services

DFW consists of 26.9 square miles (17,183 acres), one of the largest land mass airports in the world. Celebrating 47 years of operations, DFW ranked as the 3rd largest airport in the world based on operations and the 10th largest based on passengers prior to the COVID-19 pandemic. DFW is located within a four-hour flight time of 98% of the U.S. population and its central location is the focal point of one of the nation's largest intermodal hubs, connecting air, rail, and interstate highway systems. Home to 3,000 high tech firms and the Grantee/Operator of Foreign Trade Zone No. 39, DFW is known as the major economic generator for North Texas powering a $472 billion economy, according to the North Texas Commission (NTC). As of July 12, 2021, DFW operated daily passenger flights to 258 destinations worldwide, including 194 nonstop domestic destinations and 64 nonstop international destinations. Service has been suspended to six international destinations and it is uncertain when service to these destinations will be resumed due to the impact of COVID-19 throughout the world.

DFW Infrastructure

Terminals - The Airport has five terminals (A, B, C, D, and E) totaling 6.3 million square feet of building space, including 165 aircraft boarding gates, approximately 361 ticketing positions, including supporting self-service kiosks and 15 security checkpoints, four of which have Transportation Security Administration (TSA) expedited screening for domestic passengers. Prior to the pandemic in FY19, the airlines averaged seven turns per active gate. The Airport recently opened four new international gates on the south of Terminal D and is reconstructing four gates in Terminal C (called the High-C gates). The High-C gates are planned to be open in the summer of 2022.



DFW Terminal Complex

American Airlines operates mainline domestic service in Terminals A, B, C and D. All of American's international arrivals are in Terminal D. Their international departures are primarily in Terminal D, with several operated from Terminals A and C. American Eagle operates regional domestic service in Terminals B, D and E. Their international arrivals are in Terminal D with international departures in Terminals B, D and E. All other airline domestic flights operate from Terminal E, except for Sun Country and a few seasonal flights in Terminal D. Except for pre-cleared international flights, airline international arrivals and most departures operate from Terminal D, with a few international departures in Terminal E.

Terminal D has 2.36 million square feet and 30 gates. Twenty-one gates are preferentially leased to American Airlines. The remaining nine gates are common use. The preferential gate lease currently expires on September 30, 2021, as part of the Airline Lease and Use Agreement, but the Airlines and the Airport have agreed to extend the current agreement on a month-to-month basis while negotiations for a new agreement continue.

The Airport's U.S. Customs and Border Protection (CBP) facilities are in Terminal D. This facility has the capacity to handle approximately 2,800 international customers per hour and customers can retrieve their luggage from any one of eight bag carousels.

The Airport is responsible for the custodial services in Terminals B, D and E, and assumed custodial services in public areas of Terminals A and C in FY20. American Airlines is responsible for facilities maintenance in Terminals A and C, and Terminal E Satellite. Additionally, American Airlines handles Terminal D baggage maintenance, the airline's leased boarding bridges in Terminal D, and six boarding bridges in Terminal B. The Airport handles facilities maintenance for the balance of Terminals B, D, and E, and outsources most of the maintenance and janitorial functions to third parties. The costs associated with the Airport's maintenance of these facilities are included in DFW's operating budget. The costs of maintenance activities paid directly by American Airlines are not included in the Airport's operating budget or financial statements.

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 northwest/southeast diagonal runways. Four of DFW's runways are 13,400 feet in length which support long-haul international departures. DFW's infrastructure is capable of supporting the largest commercial aircraft currently in operation such as the Airbus A380 and the Boeing 747-8F. Per Federal Aviation Administration (FAA) benchmark studies, the Airport's designated hourly capacity arrival/departure flow is approximately 170 aircraft operations per hour under instrument flight rule (IFR) weather conditions and approximately 220-240 aircraft operations per hour under optimum visual flight rule (VFR) weather conditions, a condition that prevails approximately 81% of the time.

Integrated Operations Center – A new 40,000 square-foot Integrated Operations Center (IOC) facility began operations in April 2021. The IOC combines functions of the Airport Operations Center and Emergency Operations and will eventually incorporate team members from Customer Experience, Airfield Operations, Energy Transportation Asset Management, Environmental, Transportation Business Unit, Communications and Marketing, Tactical Communications, Information Technology Services, CBP, American Airlines and the TSA. By bringing the planning, monitoring, executing and reviewing functions into one location, the IOC can provide comprehensive situational awareness and predictive, proactive responses while enhancing the customer experience. The IOC serves as the single contact point to centralize communications for DFW's passengers, guests, tenants, employees, and contractors. The IOC is the coordination center that provides situational awareness to manage and respond to emergency situations.

Skylink Automated People Mover (APM) – The Skylink APM system carries approximately 129,000 passengers and employees each day (47 million annually prior to the COVID-19 pandemic) 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-minute headways. The typical customer ride duration

is less than eight minutes. Skylink normally operates around-the clock with 16 two-car trains.

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 and revenues of the Public Facility Improvement Corporation (PFIC).

Strategic Plan

DFW Airport adopted the organization's current Strategic Plan in FY17. The structure of the plan is shown below. DFW's Strategic Plan is available at www.dfwairport.com

Vision

Travel. Transformed.

DFW

Mission

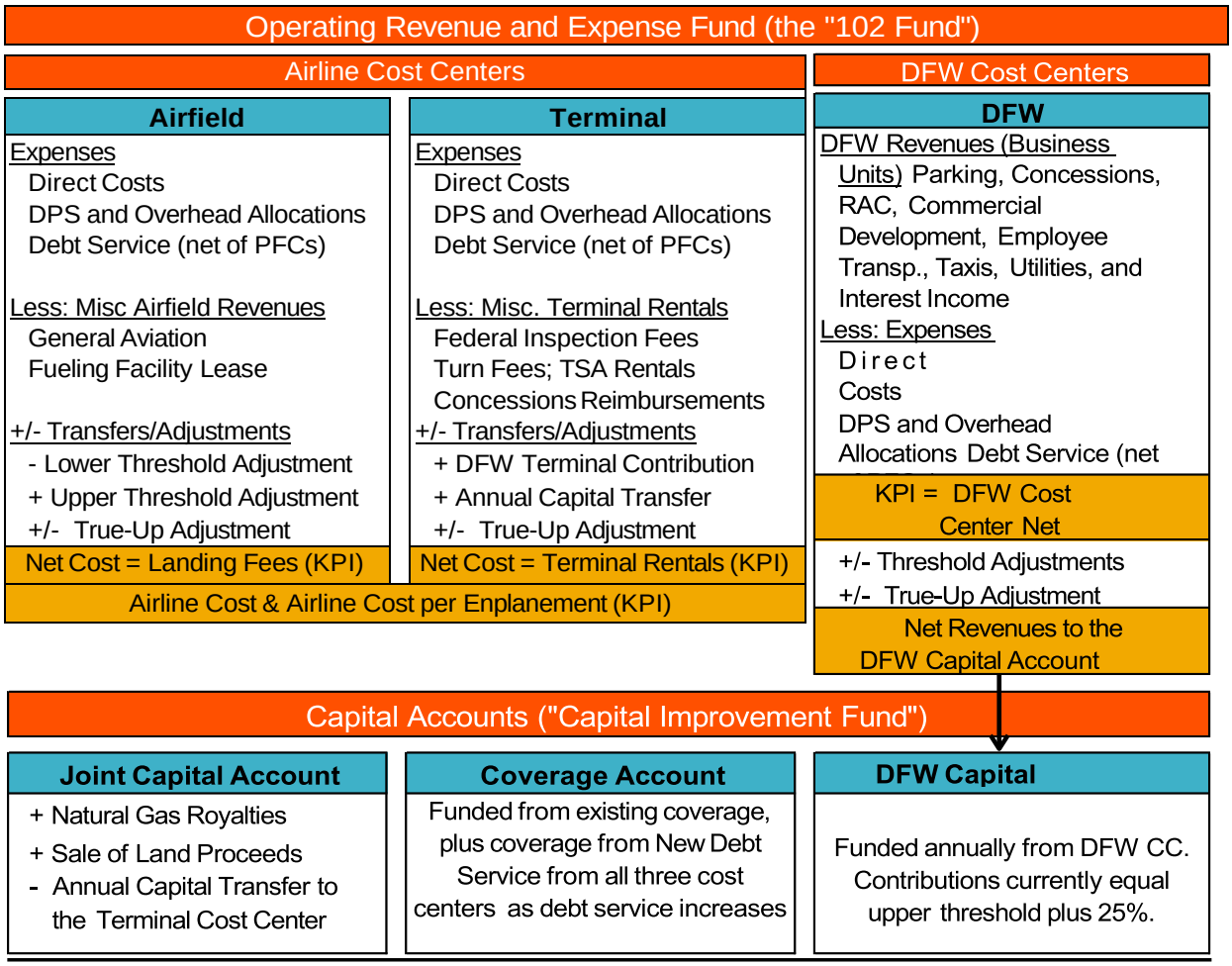
We provide an exceptional Airport experience for our customers and connect our community to the world.

Key Results

Beliefs

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 costs to provide those services. DFW retains a portion of the net revenues from non-airline business units (e.g., parking) in the DFW Cost Center (DFWCC). DFW is currently negotiating a new use agreement with the Airlines. The following chart summarizes the Airline Use Agreement rate model that has been extended on a month-to-month basis.



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 PFCs to each cost center. 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 equalized terminal rental rates for all

five terminals.

The amount paid by the airlines for landing fees and terminal rent fees equals "airline cost," an airport industry Key Performance Indicator (KPI). Another common industry KPI is passenger airline cost per enplaned passenger (CPE). This KPI is calculated by dividing airline cost by the number of enplanements.

DFW Cost Center (DFWCC) – All non-airline business units, plus interest income, are included in the DFWCC. The DFWCC pays all costs associated with the Skylink people mover system. One of DFW's most important KPIs is DFWCC 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, driving the contribution of discretionary capital to the DFW Capital Account (DFWCA). DFW shares 75% of the DFWCC net revenues over the "upper threshold" with the airlines to reduce landing fees and transfers the remainder into the DFWCA.

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 current Use Agreement 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, except if commercial paper is issued, then the coverage amount is 10%.

DFW Capital Account – This is DFW's discretionary account and is funded primarily from 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 ($47.7 million in FY22), an incremental charge (i.e., a lower threshold adjustment) is collected through landing fees in an amount sufficient to achieve the lower threshold amount. The 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. DFW has never had to use the lower threshold adjustment. If DFWCC net revenues are budgeted to be greater than the upper threshold ($73.1 million in FY22), then 75% of the excess is credited to the Airfield Cost Center as an upper threshold adjustment. This reduces budgeted landing fees. The remaining net revenues are transferred into the DFWCA. The retention of net revenues in the DFWCA provides funds for capital replacement. 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, which is either charged

or credited to the appropriate cost center in the next fiscal year.

DFW Terminal Contribution – Per the terms of the Use Agreement, an annual transfer is made from the DFWCC to the Terminal Cost Center to pay for DFW's share of common use and leasable, but unleased space in Terminals D and E ($2.8 million in FY22).

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 following table summarizes DFW's primary funds.

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
907/910s	Public Facility Improvement Corporation (PFIC)	RAC/Hotels/Campus West

DFW's financial statements are issued in conformance with Generally Accepted Accounting Principles (GAAP) and include all DFW's funds, whereas the Annual Budget focuses on revenues and expenses included in the 102 Fund only. 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 (RAC) and rental car bus transportation services. In October 2018, the PFIC assumed operations of the Verizon office complex located in the west section of the Airport. This complex, now known as DFW Campus West, will be leased to other tenants in the future. Revenues, expenses and capital projects of the PFIC are not included in this budget document. These businesses are excluded from the airline rate base and are not part of the Use Agreement. DFW issued bonds to refinance the bonds issued by the PFIC for the construction of the Grand Hyatt Hotel and Rental Car Facility. The PFIC transfers funds in an amount equal to the debt service so that there is no impact on the airline rate base. The bonds for the Rental Car Facility will be fully repaid on November 1, 2021.

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 other 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 but does not approve a capital budget.

FY22 Budget Comparisons to Other Periods

FY21 Budget – The Board approves a total annual budget each year that consists of operating expenditures and debt service. Management has authority to move money between the categories. The FY21 budget also included two categories of contingency outside the rate base: the first was controlled by the CEO to fund incremental passenger related costs that might be incurred due to a faster recovery from COVID-19 ($8 million) and the second was a contingency fund that required Board approval ($10 million). During FY21, DFW utilized $4.2 million of passenger driven contingency and $10 million of Board-approved contingency to fund a portion of the cost of the retirement incentive program offered in FY21 by the Board. The FY21 Budget as shown in this Budget Book reflects the use of these contingencies as follows:

	Millions
FY21 Approved Budget	$ 495.2
Use of Passenger Driven Contingency	4.2
Use of Board Approved Contingency	10.0
FY21 Budget, as Amended	$ 509.4

Presentation of Amounts and Prior Years Actuals – The FY21 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 FY21 presentation.

Budget Schedule

DFW's fiscal year begins October 1. The FY22 Expenditure Budget was compiled by the various DFW departments in June and reviewed and modified by management in June and July. Presentations were made to representatives of the Signatory Airlines on July 16, 2021, with follow-up information provided a few weeks later. The proposed FY22 Budget was presented to the Finance/Audit Committee and the DFW Board on August 3 and 5, 2021, respectively. On August 5, 2021, the DFW Board approved the submission of the budget to the City Managers of Dallas and Fort Worth. The Board approved the budget on September 2, 2021. The two City Councils then approve the budget by September 30, 2021.

Executive Summary - FY22 Budget

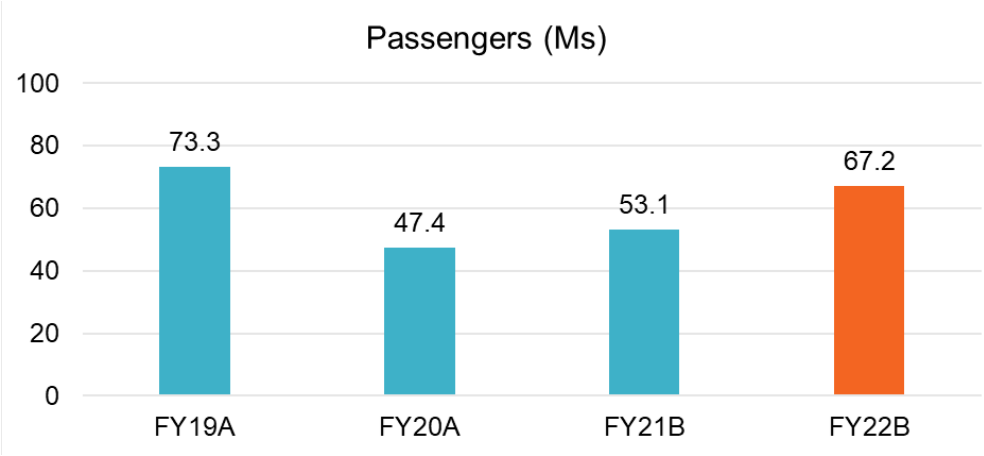
COVID-19 has had a material impact on DFW's aircraft operations, passenger volumes, revenues and costs since March 2020. Fortunately, DFW has been recovering more quickly than most other airports primarily due to the increased activity from American Airlines. Most of the variance explanations for the FY22 Budget are the result of the Airport's recovery from the impact of COVID-19 and the need to return budgets to prepandemic levels.

The major themes for DFW's FY22 Budget follow:

- DFW has recovered, and expects to continue to recover, faster from COVID-19 than many other US airports from an operations and passenger standpoint due to American Airlines' strategy to extensively utilize DFW, its largest connecting hub.
    - Passengers are budgeted at 67.2 million in FY22, a 14.1 million (26.5%) increase over the FY21 Budget of 53.1 million.
    - DFW is nearing prepandemic levels, as the FY22 passenger budget is only 8.3% less than FY19's total of 73.3 million.
- The total FY22 Expenditure Budget is $1.036 billion, an increase of 6.0% from the FY21 Budget.
    - The FY22 Operating Expense Budget is $566.9 million, a $57.5 million (11.3%) increase from the FY21 Budget due primarily to the recovery from COVID-19, fixed contract increases, and digital technology investments.
    - The debt service budget is $469.5 million, a $1.3 million (0.3%) increase from the FY21 Budget as refunding savings have offset incremental debt service resulting from $955 million of new debt issued to finance DFW's capital programs in FY21 and FY22.
- Airline cost remains flat at $469.5 million and cost per enplanement (CPE) is budgeted at $13.70, a $3.58 (20.3%) reduction from the FY21 Budget of $17.28.
- DFW Cost Center revenues are budgeted at $370.5 million, a $76.2 million (25.9%) increase from the FY21 budget and only 7.2% less than FY19
- Federal Relief Proceeds of $112.4 million have been included in the FY22 Budget to apply to the rate base and an incremental $30.7 million is used to provide concessionaire relief through billing credits.

Passengers, Operations and Landed Weights

The following table compares total passengers for FY19 Actual, FY20 Actual, FY21 Budget, and FY 22 Budget. The FY22 passenger budget is 67.2 million, a 14.1 million (26.5%) increase over the FY21 Budget of 53.1 million and 8.3% less than the actual number of passengers in FY19 of 73.3 million.



Originating passengers begin their trip at DFW. Destination passengers live elsewhere and fly to DFW for business or leisure. Passengers who travel through DFW to get to their destination are connecting passengers. Enplanements represent all passengers boarding a plane. 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. Given American Airlines' strategy to utilize its DFW hub heavily, connecting passengers are budgeted to recover more quickly than originating or destination passengers.

	FY19 Actual	FY20 Actual	FY21 Budget	FY22 Budget	FY21 vs FY22 Amount	FY21 vs FY22 Percent
Passengers (Millions)						
Origination	17.0	9.6	11.1	13.1	2.0	18.3%
Destination	13.2	7.8	8.9	9.9	1.0	11.5%
Connecting	43.0	29.9	33.1	44.1	11.0	33.3%
Total Passengers	73.3	47.4	53.1	67.2	14.1	26.5%
Enplanements (Millions)	36.6	23.7	26.6	33.6	7.0	26.5%
FIS Deplaned (Millions)	4.2	2.2	2.4	2.8	0.3	13.4%
Landed Weights (Billions)	46.8	36.3	42.0	44.6	2.6	6.1%
Operations (Thousands)	700	557	647	702	54	8.4%

Landed weights and operations are budgeted to increase due to American Airlines and other airlines adding more flights as the impact of COVID-19 lessens.

FY 2022 Budget Comparison

The table below compares the FY21 and FY22 Expenditure Budgets. The FY22 Expenditure Budget within the rate base is $1.036 billion, $58.8 million (6.0%) higher than the FY21 Budget. The total budget within the rate base consists of budgeted operating expenses and gross debt service. These costs are used to calculate airline rates and charges (e.g., landing fees and terminal rental rates) per the terms of the Use Agreement.

Annual Expenditure (in Millions)	FY21 Budget	FY22 Budget	FY21 vs FY22 Increase (Decrease) $	%
Operating Expenses	$509.4	$566.9	$57.5	11.3%
Gross Debt Service	468.2	469.5	1.3	0.3%
Total Expenditures Budget within rate base	$977.5	$1,036.4	$58.8	6.0%
Board Contingency outside rate base	10.0	10.0		
Passenger Driven Contingency outside rate base	8.0	-		
Total Budget with Contingency	$995.5	$1,046.4		

The Airport has historically requested $10 million of Board contingency as part of its budget request from the Owner Cities. This contingency can only be used with approval of the Board of Directors. This contingency has been used in the past when large unexpected expenses are required, such as a new DHS security requirement; or when non-airline revenues are significantly higher than budget, or when the Airport desires to make an incremental contribution to its pension plans as was the case in FY21. The FY21 Budget included $8 million of passenger driven contingency outside the rate base. This contingency is not being requesting in FY22.

Operating Expense Budget Walkforward

The following table summarizes the major changes in operating expenses between the FY21 Budget and the FY22 Budget. See the Expenditure Section for more detailed discussion of this walkforward.

FY21 Budget to FY22 Budget Walkforward	Millions
FY21 Budget	$509.4
Cost Savings and Budget Reductions	(19.0)
Employee Related Increases	6.0
Customer Related Increases	18.7
Contract Increases	22.3
Digital / Technology	12.0
Restore Budgets to Prepandemic	10.6
Operating Reserve	7.1
Net Increase in Budget	57.5
FY22 Budget	$566.9

Federal Relief Proceeds (FRP) Available

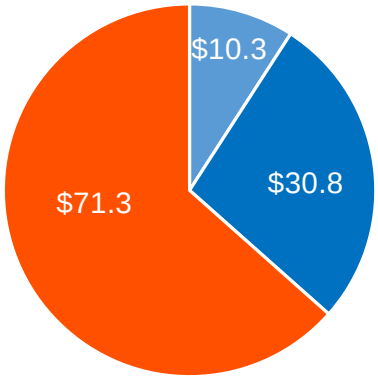
The U.S. government passed three FRP packages into law to provide financial assistance for airports: the Coronavirus Aid, Relief, and Economic Security Act (CARES) in March 2020, the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) in December 2020, and the American Rescue Plan Act of 2021 (ARPA) in March 2021. DFW's share of these FRP packages totals $611.2 million as shown in the following table.

Federal Relief Proceeds Available	Debt	Conc	Total
CARES	$ 299.2	$ -	$ 299.2
CRRSA	52.6	7.7	60.3
ARPA	221.1	30.7	251.8
Total Federal Relief Available	$ 572.9	$ 38.4	$ 611.2
FRP Projected Uses			
FY20 and FY21	$ 299.2	$ 7.7	$ 306.9
FY22 budget	112.4	30.7	143.1
Available for future	161.3	-	161.3
Total FRP Projected Uses	$ 572.9	$ 38.4	$ 611.2

The FY22 Budget includes the utilization of $112.4 million of FRP to be applied to the rate base and $30.7 million for concessions relief. FRP funds are considered Gross Revenues of the Airport from a bond ordinance standpoint and a miscellaneous revenue from a Use Agreement perspective. The Airport will apply for and utilize FRP grant funds to reimburse itself for debt service in estimated amounts necessary to offset lower net revenues in each cost center.

The pie chart below highlights the application of FRP to DFW's three cost centers. Note that the chart breaks out the amount from the DFW Cost Center that is shared with the airlines to reduce landing fees and what is transferred to the DFWCA. See more information in the Airline Cost section.

Federal Relief Proceeds ($112.4M)



Airfield - From DFWCC DFWCA Terminal

Revenues Overview

The following table summarizes revenues by cost center for the FY20 Actual, FY21 Budget and the FY22 Budget. Please refer to the Airline Cost Center and DFW Cost Center sections for more detail on revenues. The changes in all revenue categories is correlated with the impact of COVID-19 on passenger and airline activities.

	FY20	FY21	FY22	FY21 vs FY22	
Millions	Actual	Budget	Budget	Amount	Percent
Revenues					
Airfield Cost Center	$167.5	$174.2	$178.8	$4.6	2.6%
Terminal Cost Center	378.4	395.5	391.1	(4.5)	-1.1%
DFW Cost Center*	208.8	221.6	300.2	78.6	35.5%
PFCs and Other	133.3	137.8	149.5	11.7	8.5%
Federal Relief Proceeds**	144.1	142.5	112.4	(30.1)	-21.1%
Total Revenues	$1,032.1	$1,071.6	$1,131.9	$60.4	5.6%

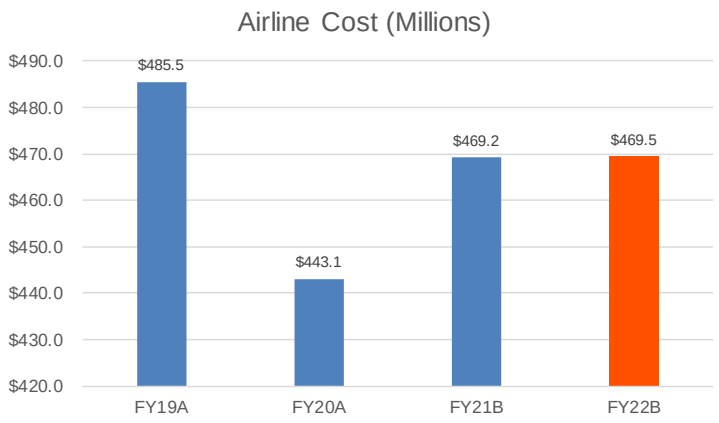
*Excludes transfer from DFWCC and Terminal Contribution

** Excludes $30.7 million of FRP for concessionaires.

DFW collects a $4.50 PFC from most enplaned revenue passengers. This revenue is used as an offset to debt service. Other Revenues relate to transfers from the PFIC to pay debt service associated with the Grand Hyatt hotel and rental car facility, plus transfers from the DFW Capital Account to pay for debt service associated with the Terminal E garage and DFW's headquarters.

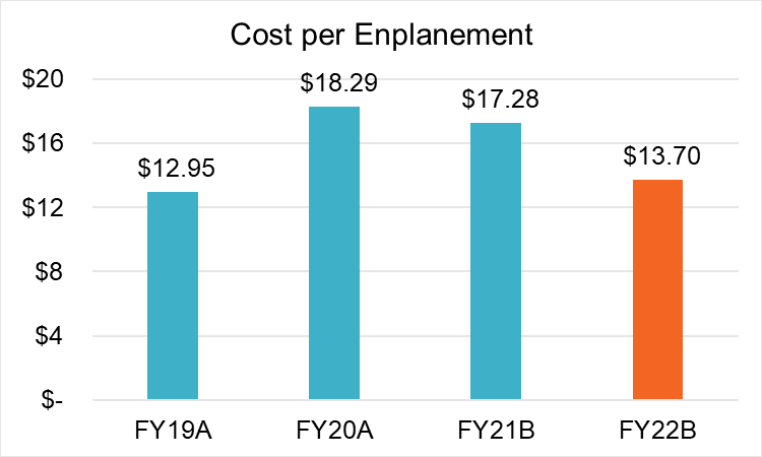
Airline Cost

Airline cost represents the fees paid to DFW by the passenger and air cargo carriers, primarily for landing fees and terminal rents. The FY22 Airline Cost Budget is $469.5 million, $0.3 million (0.1%) higher than the FY21 Budget. The following chart compares airline cost for FY20 Actual, FY21 Budget and the FY22 Budget. Although airline cost may vary between years the rates paid by the airlines have remained flat through this timeframe.



Passenger Airline Cost Per Enplanement

Cost Per Enplanement (CPE) – CPE represents total passenger airline revenue (cost to the airlines) paid to DFW divided by the number of enplaned passengers and excludes cargo landing fees. CPE is a standard metric used by the airline industry. Enplaned passengers (the denominator) are a key revenue/cost driver for the airlines; however, this is not the case for airports. Airport costs are primarily fixed and are directly related to the operation and maintenance of airport's terminals, facilities and runways. DFW estimates that approximately 80-85% of its costs are fixed. Notwithstanding this issue, the industry uses this indicator as a cost performance metric. CPE is budgeted to decrease 20.3% in FY22 because passengers are projected to grow faster (26.5%) than the increase in passenger airline cost (0.1%). FY22 CPE is almost back to prepandemic levels in FY19.



DFW Cost Center Revenues and Net Revenues

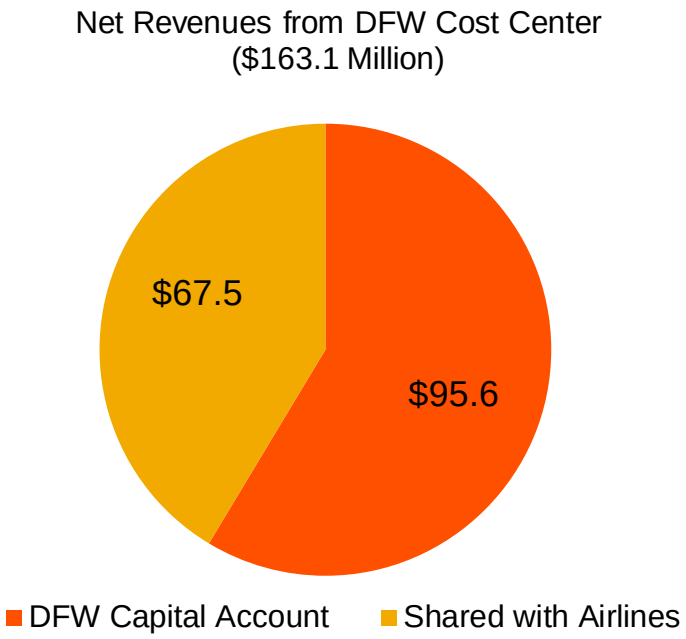
The following chart compares DFW Cost Center revenues for the periods FY19 Actual, FY20 Actual, FY21 Budget and FY22 Budget. As can be seen non-airline revenues are almost back to prepandemic levels in FY22, only 7.8% behind FY19.

DFW Cost Center Revenues
Millions

	FY19A	FY20A	FY21B	FY22B
Non-Airline Revenues	$ 399.4	$ 282.1	$ 294.4	$ 370.5
Federal Relief Proceeds	-	107.6	97.4	41.1
Total DFWCC Revenues	$ 399.4	$ 389.8	$ 391.8	$ 411.6

DFWCC Net Revenues are budgeted at $163.1 million in FY22, $0.9 million less than in FY21. DFW has used Federal Relief Proceeds to keep net revenues and revenues transferred to the DFW Capital Account relatively flat between years.

The Use Agreement requires DFW to share 75% of revenues over the "upper threshold" ($73.1 million in FY22) with the airlines. 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.



Airline Cost Centers

There are two airline cost centers, the Airfield and the Terminal. The airlines pay 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 costs), then the Airport provides a credit or adds an incremental charge in the following fiscal year to settle the difference (called a true-up adjustment).

Airline Cost Walkforward

The following table is a walkforward of airline cost from the FY21 Budget to the FY22 Budget. To explain the table, an increase in a non-airline revenue (like PFCs) is shown as a negative number because airlines will pay lower fees (i.e., decrease airline cost). In addition, the application of Federal Relief Proceeds also helps reduce airline costs.

Airline Cost Walkforward (in Millions)	Total
FY21 Budget	$469.2
Debt & Use Agreement Items	
Increase in Debt Service	16.0
Increase in PFC	(20.0)
Threshold Adjustment	2.4
Total Debt and Use Agreement	(1.6)
Net Operating Expenses	
Airline Cost Centers O & M	30.4
Transfer from DFW Cost Center	0.1
Federal Relief Proceeds	(26.2)
Other Non-Airline Revenues	(2.4)
Total Net Operating Expenses	1.9
Total Increase	0.3
FY22 Budget	$469.5

Summary of Airline Cost

The following table summarizes airline costs included in FY20 Actual results, FY21 Budget and FY22 Budget. The FY22 Budget increased 0.1% due to higher net cost (see next page). However, landing fee rates and terminal rental rates have remained constant due to higher utilization of these services by the airlines.

Airline Revenue/Costs (in Millions)	FY20 Actuals	FY21 Budget	FY22 Budget	Increase (Decrease) Amount	Increase (Decrease) Percent
Landing Fees	$85.3	$93.5	$99.4	$5.9	6.3%
Terminal Leases	324.4	331.8	326.7	(5.1)	(1.5%)
FIS Fees	13.9	15.3	17.4	2.1	13.4%
Turn Fees & Terminal Office Rents	19.0	27.9	25.3	(2.6)	(9.3%)
Aircraft Parking	0.6	0.6	0.7	0.1	22.4%
Total Airline Revenue/Cost	$443.1	$469.2	$469.5	$0.3	0.1%

Airfield Cost Center

The table below compares the FY20 Actuals, FY21 Budget and FY22 Budget for the Airfield Cost Center. This is a residual cost center, so revenues equal expenses in all three periods with landing fees as the balancer. Note that zero Federal Relief Proceeds were necessary to balance this cost center in FY22. See further discussion below.

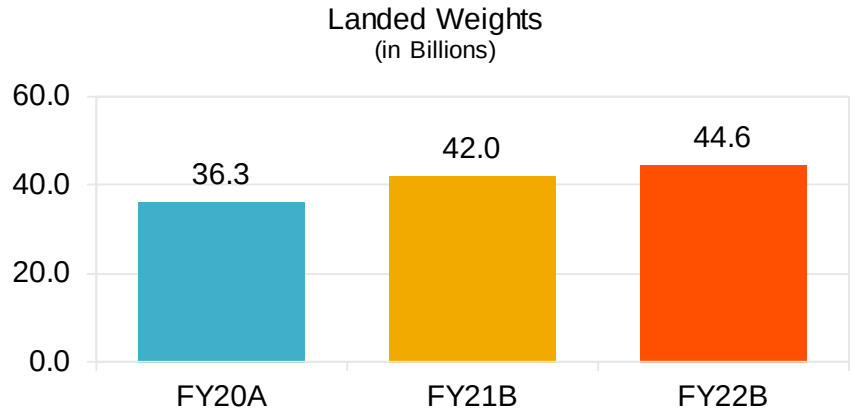
Airfield CC (in Millions)	FY20 Actuals	FY21 Budget	FY22 Budget	Increase (Decrease) Amount	Increase (Decrease) Percent
Revenues					
Landing Fees	$85.3	$93.5	$99.4	$5.9	6.9%
Transfer from DFWCC	70.5	70.0	67.5	(2.5)	(3.5%)
Other	11.8	10.7	12.0	1.2	10.5%
Federal Relief Proceeds	28.9	18.1	0.0	(18.1)	(62.6%)
Total Revenues	196.4	192.3	178.8	(13.5)	(6.9%)
Expenditures					
Operating Expenses	99.1	108.4	107.2	(1.2)	(1.2%)
Net Debt Service	97.3	83.9	71.6	(12.3)	(12.6%)
Total Expenditures	196.4	192.3	178.8	(13.5)	(6.9%)
Net Airfield Revenue	$0.0	$0.0	$0.0	$0.0	N/M

Calculation of Landing Fees – The FY22 landing fees budget is $99.4 million, an increase of $5.9 million (6.3%) from the FY21 Budget. The following table shows the calculation of landing fees for the three periods.

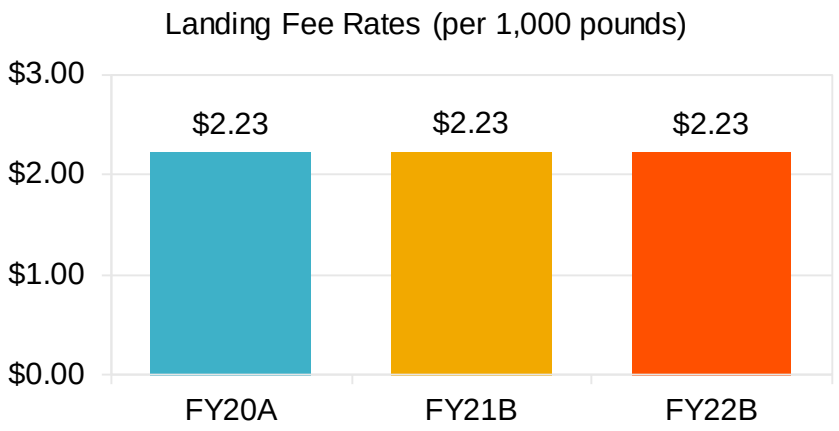
Airfield CC (in Millions)	FY20 Actuals	FY21 Budget	FY22 Budget	Increase (Decrease) Amount	Increase (Decrease) Percent
Expenditures					
Operating Expenses	$99.1	$108.4	$107.2	(1.2)	(1.1%)
Net Debt Service	97.3	83.9	71.6	(12.3)	(14.6%)
Total Expenditures	196.4	192.3	178.8	(13.5)	(7.0%)
Revenues					
Transfer from DFW Cost Center	70.5	70.0	67.5	(2.5)	(3.5%)
Federal Relief Proceeds	28.9	18.1	0.0	(18.1)	(100.0%)
Aircraft Parking	0.6	0.6	0.7	0.1	22.4%
Corporate Aviation	1.8	1.3	2.1	0.8	59.6%
Fuel Facility Ground Lease	6.1	6.2	6.4	0.2	2.9%
DPS	3.3	3.0	2.9	(0.1)	(4.2%)
Other	(0.1)	(0.3)	(0.1)	0.2	(71.6%)
Revenues before Landing Fees	111.2	98.8	79.4	(19.4)	(19.6%)
Landing Fees	$85.3	$93.5	$99.4	$5.9	6.3%

The Use Agreement requires DFW to share revenues from the DFW Cost Center to lower landing fees. Other airfield revenues include Federal Relief Proceeds, fees for aircraft parking, landing and other fees for the use of DFW's corporate aviation facility, ground lease payments for the fuel farm (operated for the airlines by a third party), and an allocation of Department of Public Safety (DPS) revenues. Federal Relief Proceeds were not required in the FY22 Budget to keep landing fees flat at $2.23 (see below).

Landed Weights – Landed weights are budgeted at 44.6 billion tons in FY22, a 2.6 billion (6.1%) increase from the FY21 Budget. The increase is primarily due to the recovery in flights from the pandemic.



Landing Fee Rates – 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 fee revenues 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. However, the Airport applied Federal Relief Proceeds in amounts necessary to keep landing fees the same in all three periods as shown below.



Per the Use Agreement, non-signatory airlines are assessed a rate that is 25% greater than signatory airlines. Non-signatory landed weights are only 0.3% of total weights in FY22B.

Cargo

DFW Airport is increasingly being recognized as an attractive cargo gateway, providing direct access to the fast-growing Sunbelt region and acting as a superior connecting point for cargo flowing between Asia and Latin America. 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. From DFW, 98% of the continental U.S. population can be reached via truck within 48 hours. Cargo represents 9.7% of DFW's budgeted landing fees in FY22.

After a down year in FY20 due to the pandemic, FY21 cargo demand rebounded stronger than expectations during the second half of the fiscal year. Disruption in supply chains due to manufacturing and raw materials shutdowns, exacerbated by ocean shipping back-logs during the pandemic have created a strong demand for global air freight, which is expected to continue through at least the first half of FY22. This strong demand and new capabilities related to clearance of imported e-commerce shipments, is expected to return DFW to the prepandemic pattern of consistent annual air cargo growth. DFW is projecting a 27% increase in tonnage over the FY21 Budget, resulting in DFW reaching annual tonnage of 1 million U.S. tons for the first time ever.

Cargo Tonnage (in 000s)			
FY	Cargo Tonnage (US tons)	Change	Percent
2019	972	-	-
2020	888	(84)	(8.6%)
2021 B	810	(78)	(8.8%)
2022 B	1,029	219	27.0%

Terminal Cost Center

The table below compares the FY20 Actuals, FY21 Budget and FY22 Budget for the Terminal Cost Center. Since this is a residual cost center, revenues equal expenses in all three periods. Revenue variances between the FY22 Budget and the FY21 Budget are explained below.

Terminal CC (in Millions)	FY20 Actuals	FY21 Budget	FY22 Budget	Increase (Decrease) Amount	Increase (Decrease) Percent
Revenues					
Operating Revenue					
Terminal Leases	$332.1	$331.8	$326.7	(5.1)	(1.5%)
FIS Fees	13.9	15.3	17.4	2.1	14.8%
Turn Fees & Office Rents	19.0	27.9	25.3	(2.6)	(13.8%)
Other	18.3	17.6	18.8	1.2	6.7%
Federal Relief Proceeds	7.6	27.0	71.3	44.3	584.8%
Total Operating Revenue	390.9	419.7	459.5	39.8	10.2%
DFW Terminal Contribution	2.8	2.8	2.8	0.0	0.0%
Total Revenues	393.8	422.5	462.4	39.8	10.1%
Expenditures					
Operating Expenses	213.5	237.8	269.4	31.6	14.8%
Net Debt Service	172.5	184.7	193.0	8.3	4.8%
Total Expenditures	386.0	422.5	462.4	39.8	10.3%
Net Terminal Revenue	$7.8	$0.0	$0.0	$0.0	0.0%

Terminal Leases – The FY22 Terminal Lease budget remains flat primarily due to the balancer of $71.3 million in Federal Relief Proceeds.

Federal Inspection Services (FIS) Fees – Costs are allocated to the FIS based on its percent share of terminal square footage. The FIS budget in FY22 is $17.4 million, $2.1 million (14.8%) higher than the FY21 Budget. The rate for FIS per international passenger clearing customs at DFW is budgeted at $6.30 for FY22 and is flat to the FY21 Budget. FIS passengers do not include arriving passengers from countries where passengers clear U.S. Customs in that country (e.g., Canada).

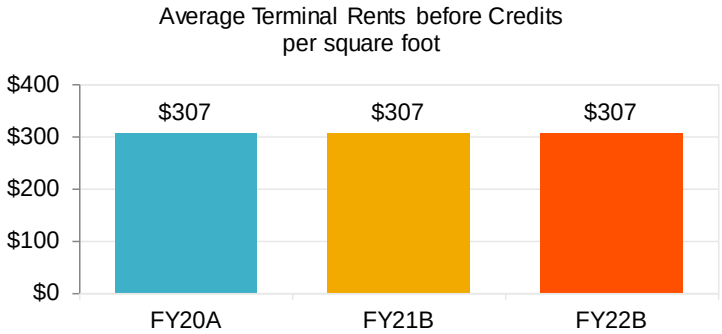
Turn Fees and Office Rents – Turn fees are paid by airlines for common use gates in Terminals D and E in lieu of permanently renting space. Per the terms of the Use Agreement, turn fee rates must change at the same percentage as terminal lease rates. The turn fees budget for FY22 is $25.3 million, a $2.6 million (13.8%) decrease from the FY21 Budget, primarily due to FY21 being overbudgeted. Turn fees are projected to increase 49.9% to the FY21 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. Other terminal revenues are $1.2 million higher in FY22 due to waivers of concessionaire reimbursements in FY21. These fees are not budgeted to be waived in FY22.

DFW Terminal Contribution – Per the terms of the Use Agreement, DFW pays for a portion of the terminal cost 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 in FY22 is $2.8 million, which is flat to the FY21 Budget.

Average Terminal Rents before Credits – 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, C and E Satellite and six jet bridges in Terminal B. These costs are added into the numerator of this formula to derive the fully loaded average rate. American Airlines receives a rent credit for their costs. The credit in FY22 is $41.2 million.

Total terminal leased square footage in FY22 remained relatively flat to FY21 at 1.199 million square feet. Terminal rental rates remained flat at $307 per square foot. The following chart compares average terminal rents before credits for the FY20 Actuals, FY21 Budget and FY22 Budget.



Cost Per Enplanement (CPE) Calculation

The following table shows the passenger airline cost per enplanement calculation and compares the CPE for the FY20 Actuals, FY21 Budget and FY22 Budget. This KPI only includes passenger-related airline revenues (i.e., costs) and excludes cargo and general aviation revenues. The decrease in CPE is because enplanements are growing faster than airline cost.

Cost Per Enplanement (in Millions)	FY20 Actuals	FY21 Budget	FY22 Budget	Increase (Decrease) Amount	Increase (Decrease) Percent
Enplanements [1]	23.7	26.5	33.6	7.0	26.5%
Passenger Airline Cost per Enplanement					
Airline Cost/Revenue	$443.1	$469.2	$469.5	$0.3	0.1%
Less: Cargo	(10.4)	(10.6)	(9.6)	1.0	(9.0%)
Total PAX Airline Revenue	432.7	458.6	459.8	1.3	0.3%
Cost per Enplanement (CPE) [2]	$18.29	$17.28	$13.70	($3.58)	(20.7%)

[1] Corporate Aviation enplanements are excluded from CPE calculation

[2] Actual rates, not in millions

DFW Cost Center

The table below compares the FY19 Actual, FY21 Budget and the FY22 Budget for the DFWCC. Management has applied Federal Relief Proceeds (FRP) in both the FY21 and FY22 Budgets to pay for debt service in an amount necessary to allow DFWCC net revenues and the amount transferred to the DFW Capital Account to remain approximately the same. The $56.3 million reduction in FRP in FY22 reflects DFW recovery from COVID-19. DFW will also share $30.7 million of FRP with concessionaires during FY22 in the form of billing credits (not shown in the table).

DFW transfers 75% of net revenues in excess of the "upper threshold" ($73.1 million in FY22) with the airfield cost center to reduce landing fees. This is called the threshold adjustment.

DFW Cost Center (in Millions)	FY19 Actual	FY21 Budget	FY22 Budget	Increase (Decrease) Amount	Increase (Decrease) Percent
Revenues					
Parking	$178.7	$107.6	$145.1	$37.6	34.9%
Concessions	80.0	58.7	80.4	21.7	37.0%
Advertising	14.2	11.1	14.8	3.6	32.4%
Rental Car (RAC)	33.5	25.1	33.4	8.3	33.0%
Commercial Development	49.7	57.4	64.4	7.0	12.3%
Subtotal	356.1	259.9	338.1	78.2	30.1%
Employee Transportation	17.5	15.8	15.4	(0.4)	(2.5%)
Utilities & Miscellaneous	8.9	9.1	10.2	1.1	11.8%
DPS	1.8	1.4	1.5	0.1	7.4%
Interest Income	15.1	8.2	5.3	(2.9)	(35.0%)
Subtotal (Before FRP)	399.4	294.4	370.5	76.1	25.9%
Federal Relief Proceeds	0.0	97.4	41.1	(56.3)	(57.8%)
Total Revenues	399.4	391.7	411.6	19.9	5.1%
Expenditures					
Operating Expenses	139.8	125.6	141.2	15.6	12.4%
Net Debt Service	61.0	55.3	50.9	(4.5)	(8.1%)
Total Expenditures and Debt Service	200.8	180.9	192.0	11.1	6.1%
Gross Margin - DFW Cost Center	198.6	210.8	219.6	8.8	4.2%
Less: Terminal Contribution	3.3	2.8	2.8	0.0	0.0%
Less: Skylink	42.9	44.0	53.7	9.7	22.0%
DFW Cost Center Net Revenues	$152.4	$164.0	$163.1	($0.9)	(0.5%)
Transfer to Airfield Cost Center*	63.2	70.0	67.5	(2.5)	(3.5%)
Amount to DFW Capital Account	89.2	94.0	95.6	1.6	1.7%
Allocation of DFWCC Net Revenues	$152.4	$164.0	$163.1	($0.9)	(0.5%)

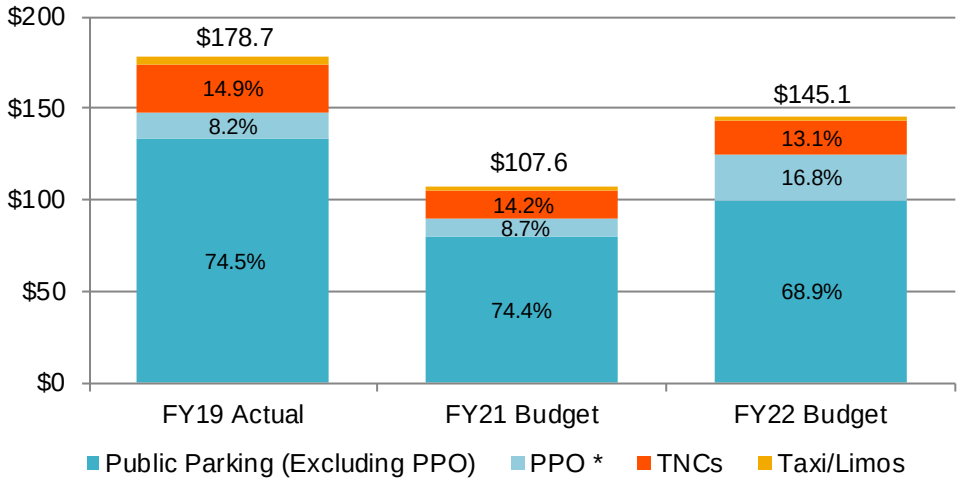
* Threshold Adjustment

DFW Cost Center has four business units that focus on growing net revenues (parking, concessions and advertising, rental car and commercial development). The other business units generally use cost-based pricing, except interest income.

Parking

The following table shows the composition of parking and ground transportation revenues by parking product including Prepaid Parking Online (PPO) for FY19 Actual, FY21 Budget and FY22 Budget. Ground Transportation (GT) and parking are combined because passengers have the choice to park at the Airport, get dropped off, take a taxi/limo, or use a Transportation Network Company (TNC). The impact of the COVID-19 pandemic on the various products can be seen in the chart.

Parking and Ground Transportation Revenue
(in Millions)



* Prepaid Parking Online

Parking Background – Parking is DFW's largest source of non-airline revenue. Customers are charged parking fees based on the length of stay and the parking product used. In addition to reverting back to prepandemic express lot rates, the Budget includes a $3 terminal rate increase for FY22. The following table highlights parking products and parking rates.

DFW Parking Rate Summary

Parking Product	Rate	Description
Terminal	$27	all day parking
Express Lots	$10 / $15	uncovered / covered (Oct 1 - Apr 30)
Express Lots	$12 / $15	uncovered / covered (effective May 1)
Remote	$10	uncovered
Intra-day	$9 - $10	up to 6 hours
Meeter-Greeter	$3	30 minutes-2 hours
Drop-Off	$2	8-30 minutes
Pass-Throughs	$6	0-8 minutes
Taxi, Limos	$4	up to 2 hours
TNCs	$5	up to 2 hours

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. The Airport contracts directly with a third party to provide a DFW branded valet service. DFW has five terminal parking garages, two express lots and two remote lots.

FY22 Budget – The FY22 parking revenue budget is $145.1 million, an increase of $37.6 million (34.9%) from the FY21 budget due primarily to the rate changes and the recovery from COVID-19.

Before the pandemic, DFW's Parking/GT business was on track to achieve FY20 revenue goals, with the Prepaid Parking Online (PPO) business continuing to grow strongly and providing a competitive low-cost on-airport parking option for customers. However, with demand and revenues falling sharply due to the pandemic, the Airport focused on cost and closed the Remote and Express South lots. Express North remained open to accommodate overall surface lot demand. DFW lowered the Express rates to a flat $10, whether covered or uncovered, to match the Remote rates. In May 2021, Express South was re-opened. The budget includes the assumption that Remote operation reopens in May 2022 and that Express rates will revert back to $12/day (uncovered) and $15/day (for covered).

The FY22 Parking Budget includes a $3 Terminal rate increase to $27. This is the first parking rate increase since 2016 and is in line with the change in the Consumer Price Index for this period of time. Price-sensitive customers will still have the option to book discounted parking thru PPO. This will also have the added benefit of increasing parking customer loyalty and maximizing customer lifetime value.

PPO will continue to be marketed aggressively as a low-cost, safe and convenient parking option in FY22. DFW will continue to invest in the application of innovative tools and technologies to help in understanding various customer segments and developing targeted cutting-edge pricing strategies. Future plans for PPO include premium nested lots for elite customers, loyalty programs, dynamic pricing, bundling and cross-selling opportunities among other things.

Concessions

Background – Terminal concessions consist of food and beverage, retail and duty free, advertising, and various customer services and amenities. Concessions agreements normally consist of leases or contracts that generally range from five to 10 years and are based on percentage rent subject to a minimum annual guarantee. Concessions also issues short-term permits for kiosks and storage locations. As of June 30, 2021, the Airport had 230 total locations.

Concessions revenues also include contracts for sponsorships, advertising and communications services, which generally have periodic or one-time payments that may be recognized throughout the contract year. 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.

FY22 Budget – The FY22 concessions and advertising budgets total $95.1 million, a $25.3 million (36.3%) increase from the FY21 Budget due to the recovery from the impact of COVID-19. The FY22 Budget is based on the assumption that all Minimum Annual Guarantee (MAG) resume October 1, 2021, and that approximately 88% of concessions locations are open by the end of FY21. Management has developed a plan to reopen locations as passenger demand returns. The Airport plans to provide $30.7 million of billing credits to concessionaires from available Federal Relief Proceeds.

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 that feature car wash racks, maintenance bays and fueling systems. The Airport collects ground lease and percentage rent (10% of sales) from the rental car companies. The ground lease rate increases 3% each year. The Airport has agreements with five rental car companies representing 11 brands, providing a total inventory of approximately 25,000 cars.

DFW management has very little control over rental car company activities. 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.

Before the pandemic, rental car companies experienced significant competition from TNCs. This trend reversed during the pandemic as customers preferred driving rental cars. The rental car companies also reduced their fleet inventory during the pandemic, resulting in fewer rental cars available with increasing demand. Thus, significant price increases from average per day rates in the $40s prepandemic to rates ranging from $60 to $80 per day during the summer of 2021.

FY22 Budget – The FY22 rental car revenue budget is $33.4 million, a $8.3 million (33.0%) increase from the FY21 Budget due to the partial recovery from the impact of COVID-19 and the continuation of higher daily rates. The FY22 Budget is based on the assumption that percent rent is retained for the full fiscal year.

Commercial Development

Background – The Airport has a total land mass of 17,183 acres. As of July 13, 2021, 3,084 acres have been commercially developed. Management estimates that approximately 2,844 acres of additional land is available for future development. 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.

The key drivers for commercial development revenues are acres developed and the average ground rental rate. Approximately 76% of the ground lease revenue is based on negotiated rates, 24% is based 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 annually with inflation and will be $30,461 in FY22.

FY22 Budget – The FY22 commercial development revenue budget is $64.4 million, a $7.0 million (12.3%) increase from the FY21 Budget. FY22 reflects an increase of $4.0 million in new ground lease rents (267 acres developed in FY21, plus an additional 73 acres to be developed in FY22), and a $1.6 million increase in percent rent at the Hyatt Regency. New ground leases represent significant logistics development in the southern section of the Airport.

Other DFW Revenues and Expenses

The fees charged in this category are generally established to recover costs, except interest income.

Employee Transportation – DFW charges fees for employees to access the transportation system that takes employees from employee parking lots to the terminals. For most employees, the employer (e.g., airlines, concessionaires) pays these fees. The FY22 Budget is $15.4 million, a $0.4 million (2.5%) decrease from the FY21 Budget. DFW management has kept the FY22 rates unchanged despite anticipated cost increases. DFW will use Federal Relief Proceeds to cover the operating loss in FY22.

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 FY22 Budget is $10.2 million, a $1.1 million (11.8%) increase from the FY21 Budget primarily due to higher permit fees and water consumption.

DPS Revenues – The FY22 Budget is $1.5 million, a $0.1 million (7.4%) increase from the FY21 Budget due to an increase in on-campus training. DPS also receives federal reimbursements from the TSA for Law Enforcement Officer plus fees for badging, fire training and other services, budgeted at $1.3 million in FY22.

Interest Income – Interest income includes interest earned on investments from the Operating Revenue and Expense Fund, three-month Operating Reserve, Debt Service Reserve Fund and Rolling Coverage Account. The FY22 interest income budget is $5.3 million, a $2.9 million (35.0%) decrease from the FY21 Budget due primarily to lower interest rates.

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 FY22 Budget is $2.8 million, flat to the FY21 Budget.

Skylink – Expenses related to Skylink are covered in the DFW Cost Center per the Use Agreement. The FY22 Budget is $53.7 million, a $9.7 million (22.0%) increase from the FY21 Budget primarily because of a new higher cost maintenance contract due to the age of Skylink and the resulting higher indirect cost allocation.

FY22 Expenditure Budget

The FY22 Budget is $1,036.4 million, an increase of $58.8 million (6.0%) from the FY21 Budget.

Annual Expenditure (in Millions)	FY21 Budget	FY22 Budget	FY21 vs FY22 Increase (Decrease) $	%
Operating expenses	$509.4	$566.9	$57.5	11.3%
Gross debt service	468.2	469.5	1.3	0.3%
Total expenditures budget within rate base	$977.5	$1,036.4	$58.8	6.0%

Operating Expense Budget Walkforward

The following table is a walkforward between the FY21 and FY22 Budgets. 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.

Budget Walkforward (millions)

		Total	DFW	Airline
	FY21 Budget	$509.4	$163.3	$346.1
A.	Cost Savings and Budget Reductions	(19.0)	(7.2)	(11.8)
B.	Employee Related Increases	6.0	2.0	4.0
C.	Customer Related Increases	18.7	10.5	8.2
D.	Contract Increases	22.3	8.7	13.6
E.	Digital / Technology	12.0	3.6	8.3
F.	Restore Budgets to Prepandemic	10.6	2.9	7.7
G.	Operating Reserve	7.1	6.6	0.5
	Net Increase in Budget	57.5	27.1	30.4
	FY22 Budget	$566.9	$190.4	$376.5

A. Cost savings and budget reductions **($19.0) million**

DFW offered a retirement incentive program in FY21 and made a one-time $10 million contribution to the General Employee Plan to reduce the impact of the incentive program on the plan's unfunded liability. This contribution is not being made in FY22. As part of the early retirement, 49 positions will not be backfilled resulting in $4.8 million of savings. Due to better investment performance there is a $2.7 million decrease in defined benefit contributions in FY22. Additionally, a higher vacancy factor assumed in the budget saves $1.5 million.

B. Employee related increases **$6.0 million**

The budget includes an overall merit pool of 3.5%, a 0.5% lump sum pool, DPS step increases and DPS general increase of 1 to 2% for a total cost impact of $4.4 million. There were no raises in FY21. Other increases include health care costs ($1.1 million) and overtime ($0.5 million).

C. Customer related increases **$18.7 million**

This category relates to adding back budget to meet service level requirements as DFW's customers return to prepandemic levels. Although passengers are projected to be 8.3% less than FY19, service levels need to be increased to 100% to cover the needs of returning passengers that are only 8.3% less than FY19.

- Busing costs are increasing by $7.3 million from the FY21 Budget to restore services for Express ($3.9 million), Terminal Link ($1.0 million), Employee ($0.8 million) and Remote busing ($1.6 million).
- Custodial costs are increasing $3.1 million for strike team custodial ($2.2 million) and janitorial/custodial supplies ($0.9 million).
- Luggage cart services and other services increase by $2.6 million from the FY21 Budget. This increase is partially due to a new luggage cart contract, which includes ramp-up costs.
- Contract labor increases for parking services, commercial development, DPS and other ($2.5 million).
- Marketing and advertising increased for concessions ($0.5 million), customer surveys ($0.3 million), cargo services ($0.2 million), and the addition of market research, general promotions and other ($0.5 million).
- Professional services to restore the lost and found services to prepandemic levels ($0.6 million) and data and prepaid parking support ($0.4 million).
- Return of wheelchair assistance services to full levels ($0.7 million).

D. Fixed Contract increases **$22.3 million**

This category relates to fixed contract increases that were implemented during the past fiscal year and are annualized into the FY22 Budget. Some exposure exists as inflation is running much higher than in the past and significant wage pressure has developed to attract workers, especially in the DFW terminals.

- Facility maintenance including terminal facility maintenance ($3.0 million), baggage handling ($1.5 million), passenger boarding bridge maintenance ($0.1 million) and other facility maintenance ($0.7 million).
- Custodial increases to provide higher wages to workers. These contractors have had a very difficult time attracting workers at lower wages ($4.4 million).
- A new Skylink maintenance contract approved by the Board in June 2021 has a $4.3 million annual increase due to aging Skylink infrastruture resulting in higher maintenance costs and wage challenges.
- Conveyances and window cleaning ($2.2 million) and supplies ($0.9 million). Contract increases and service level restoration are included in this cost increase.
- Utility increases for electrical ($0.8 million), solid waste ($0.6 million), sewer, water, gas and other ($0.4 million) due to both price and utilization.
- Increases to property casualty insurance premiums based on asset replacement ($1.7 million). This estimated cost increase was provided by DFW's insurance brokers.
- Human Resources services for recruiting and background checks ($1.3 million) and HR and employee services ($0.3 million). These services are needed to replace a portion of the 212 employees who took advantage of the retirement incentive program.

E. Digital/Technology **$12.0 million**

This category relates to cost increases associated with DFW's commitment to implementing its Digital Strategy and the five-year ITS Strategic Plan. Most of these increases are for contracts that were placed in service in FY21 and are being annualized in FY22 or for ongoing investments that have fixed cost increases. It should be noted that there will be a change in accounting rules in FY23 that will allow for the capitalization of cloud services. Moving to the cloud is part of the Digital Strategy and ITS Strategic Plan and will reduce the DFW operating budget at that time by an estimated $10-$11 million per year.

- Technology contract increases of $8.6 million for cloud services, support of our digital platform (Mulesoft and Azure), IOC situational awareness software, Voxai call center for IOC and Finance call center, Honeywell fire alarm system, chatbot, public address / voice evacuation, distributed antenna system and radios, and disaster recovery software.
- Professional services / staff augmentation in support of cybersecurity projects, project managers, technical support for hard to fill positions and to restore support for projects to prepandemic levels ($2.6 million).
- Upgrade of internet service to 10G and computer equipment and supplies ($0.8 million).

F. Restore Budgets to Prepandemic levels **$10.6 million**

Similar to the budget restorations for passenger related services, the following cost increases relate to other budgets that were significantly reduced during the pandemic by airport management.

- Restore business development and travel ($1.7 million), employee staff training ($0.9 million), other G&A ($0.4 million). These categories of costs were cut by at least 75% due to the pandemic.

- Restore environmental, planning and commercial development professional services to prepandemic levels ($2.4 million).
- Restore asset management and other services and supplies for power washing, roofing and waterproofing, pavement repairs, property liability claims, dock and checkpoint screening and supplies ($2.5 million).
- Restore CEO Contingency inside the rate base ($2.8 million increase) – CEO Contingency is included in the rate base and may be used by the CEO at his discretion. In addition to the CEO Contingency, the Board approved contingency outside the rate base to be maintained at $10 million. The passenger driven contingency outside the rate base of $8 million in FY21 was eliminated for FY22.

G. Operating Reserve **$7.1 million**

DFW's Bond Ordinances and Use Agreement require the Airport to maintain a 90-day operating reserve and $7.1 million is the amount necessary to achieve that requirement for FY22.

Operating Budget by Category

The table below compares the FY21 Budget with the FY22 Budget by expense category. Variance explanations by major cost driver follow in the walkforward. All categories are lower year over year except for Insurance and replenishment of CEO Contingency in the rate base.

Operating Expense (in Millions)	FY19 Actual	FY21 Budget	FY22 Budget	FY21 vs FY22 Increase (Decrease) $	%
Salaries & Wages	$157.4	$166.3	$164.9	($1.4)	-0.9%
Benefits	76.4	84.4	72.6	(11.8)	-13.9%
Facility Maintenance Contracts	75.5	86.2	104.6	18.5	21.5%
Other Contract Services	119.6	99.8	132.3	32.6	32.6%
Utilities	26.5	26.1	28.4	2.3	8.9%
Equipment and Other Supplies	20.7	17.9	21.0	3.1	17.3%
Insurance	5.5	10.0	12.1	2.1	20.6%
Fuels	3.7	3.2	2.6	(0.7)	-20.8%
General, Administrative and Other	7.4	4.7	7.7	3.0	64.3%
CEO Contingency	-	5.2	8.0	2.8	53.4%
Subtotal	492.8	503.8	554.3	50.5	10.0%
Change in Operating Reserve	6.8	5.6	12.6	7.1	126.7%
Total Expense	$499.6	$509.4	$566.9	$57.5	11.3%

Salaries and Wages

The FY22 Salaries and Wages budget is $164.9 million, a $1.4 million (0.9%) decrease from the FY21 Budget of $166.3 million due to FY22 early retirement savings ($3.8 million) and net savings from increased vacancy factor ($2.7 million), partially offset by FY22 merit ($4.4 million), higher overtime ($0.5 million) and increases to the vacation accrual ($0.2 million). The hiring of new and vacant positions has been staggered throughout FY22 based on operational needs and strategic priority. A 3.5% merit pool is planned in the FY22 Budget.

Benefits

The FY22 Benefits budget is $72.6 million, a $11.8 million (13.9%) decrease from the FY21 Budget of $84.4 million. This is primarily the result of the one-time pension payment in FY21 ($10 million), a decrease in defined benefit contributions ($2.7 million), and a $1 million reduction for benefits associated with early retiree program, partially offset by increases in health care costs ($1.1 million) and non-defined pension costs ($0.9 million). Health care costs are budgeted based on an actuarial determined rate per employee.

Contract Services

The FY22 Contract Services budget is $237.0 million, a $51.1 million (27.5%) increase from the FY21 Budget of $185.9 million due to increases in digital/technology ($11.1 million), busing ($7.3 million), custodial ($6.7 million), facility maintenance ($5.3 million), Skylink ($4.3 million), luggage cart, Hallmark and wheelchair assistance ($3.4 million), contract labor ($2.6 million), restore FY22 budgets ($2.4 million), conveyances and window cleaning ($2.0 million), HR and recruiting ($1.6 million), marketing ($1.4 million), EV Blueprint Analysis ($0.7 million), sustainability management plan and Use Agreement support ($0.8 million) and other ($1.5 million).

Utilities

The FY22 Utilities budget is $28.4 million, a $2.3 million (8.9%) increase from the FY21 Budget of $26.1 million. The increase is due to higher rates and usage of electricity ($0.8 million), solid waste ($0.6 million), sanitary sewer ($0.3 million), internet upgrade ($0.3 million), telephone ($0.2 million) and gas ($0.1 million).

Equipment and Supplies

The FY22 Equipment and Supplies budget is $21.0 million, a $3.1 million (17.3%) increase from the FY21 Budget of $17.9 million, primarily due to an increase in custodial supplies ($0.9 million), computer purchases and supplies ($0.8 million), power wash ($0.5 million), roofing/waterproofing ($0.4 million), pavement repairs ($0.3 million) and general supplies ($0.2 million).

Insurance

The FY22 Insurance budget is $12.1 million, a $2.1 million (20.6%) increase from the FY21 Budget of $10.0 million primarily due to a projected increase in property and casualty rates based on increased assets to be covered and a recent history of major claims by DFW.

Fuels

The FY22 Fuels budget is $2.6 million, a $0.7 million (20.8%) decrease from the FY21 Budget of $3.2 million due to decreased usage of CNG and other fuels.

General and Administrative

The FY22 General and Administrative budget is $7.7 million, a $3.0 million (64.3%) increase from the FY21 Budget of $4.7 million due to increases in training ($1.0 million), business development ($1.0 million), travel ($0.7 million), memberships, subscriptions and other ($0.3 million). The FY21 budget included a 75% reduction in travel and training compared to the FY20 budget.

CEO Contingency

The FY22 Budget includes $8.0 million of CEO Contingency inside the rate base to be spent at the CEO's discretion for projects and unforeseen events during the fiscal year such as winter weather. The $2.8 million is the amount necessary to restore CEO Contingency to $8 million.

Operating Reserve

DFW is required to have a 90-day cash reserve for operating expenses. The FY22 Change in Operating Reserve budget of $12.6 million is the amount necessary to fund the reserve. This is a $7.1 million increase from the FY21 Budget.

Department Overview

DFW is organized into divisions, which are comprised of departments. The table below is a comparison of the FY22 Budget to FY19 Actual results and the FY21 Budget by department, in millions.

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(in Millions)	2019 Actuals	FY21 Budget	FY22 Budget	FY21 vs FY22 Increase (Decrease) $	%
Department of Public Safety	$91.3	$94.9	$94.6	($0.3)	-0.3%
Airport Operations Department	12.5	9.3	9.4	0.2	1.8%
Integrated Operations Center	2.0	5.6	7.7	2.1	37.1%
Environmental Affairs Department	8.7	8.5	10.0	1.5	17.6%
Operations	114.5	118.3	121.7	3.4	2.9%
Parking Department	57.3	47.1	55.8	8.7	18.6%
Concessions Department	3.4	3.4	3.5	0.1	1.6%
Customer Experience Department	49.5	55.4	67.6	12.1	21.9%
Revenue Management and CX	110.2	106.0	126.9	20.9	19.8%
Business Diversity & Development	1.8	1.8	1.7	(0.1)	-6.2%
Communications and Marketing	12.6	10.1	12.2	2.1	20.7%
Human Resources Department	8.3	8.0	10.1	2.1	26.9%
Procurement & Materials Mgmt. Dept.	5.1	5.5	5.4	(0.1)	-2.5%
Risk Management	7.9	12.7	14.9	2.2	17.3%
Administration and Diversity	35.6	38.1	44.3	6.2	16.2%
Information Technology Services Dept.	56.8	57.7	68.0	10.3	17.9%
Aviation Real Estate	1.4	1.5	1.5	0.0	2.3%
Treasury Management	1.3	1.3	1.4	0.1	6.8%
Finance Department	6.8	6.7	6.9	0.2	3.4%
Finance and ITS	66.4	67.2	77.9	10.7	15.9%
Government Relations	0.6	0.7	0.8	0.1	16.4%
Research & Analytics	1.2	1.3	2.0	0.7	58.8%
Airline Relations	1.0	1.1	1.2	0.1	6.5%
Cargo Business Development	0.8	0.8	0.9	0.2	22.7%
Global Strategy & Development	3.6	3.8	4.9	1.1	28.8%
Innovation	1.7	2.9	2.9	0.0	0.4%
Commercial Development	2.3	1.6	2.5	0.9	56.9%
Energy, Transport., and Asset Mgmt. Dept.	127.0	124.5	136.4	11.8	9.5%
Planning Department	6.6	5.6	6.8	1.3	22.5%
Design, Code & Construction Department	5.0	5.3	5.8	0.5	8.8%
Infrastucture and Development	140.9	137.0	151.5	14.5	10.6%
Legal Department	3.0	2.9	2.8	(0.0)	-1.1%
Audit Services Department	2.7	2.6	2.8	0.2	6.6%
Executive Office	5.5	5.3	5.9	0.6	11.4%
Non-Departmental	8.7	14.5	4.6	(9.9)	-68.1%
Contingency	0.0	5.2	8.0	2.8	53.4%
Operating Reserve	6.8	5.6	12.6	7.1	126.7%
Total Operating Expenses	$499.6	$509.4	$566.9	$57.5	11.3%

Net Debt Service Budget

The FY22 Net Debt Service budget is $320.0 million, a $10.4 million (3.1%) decrease from the FY21 budget as shown in the table below:

Debt Service (in Millions)	FY21 Budget	FY22 Budget	Increase (Decrease) Amount	Increase (Decrease) Percent
Bond Debt Service	$ 434.7	$ 451.1	$ 16.4	3.8%
Commercial Paper	1.8	3.1	1.2	68.7%
PFIC Related Bond Debt Service[1]	19.7	3.2	(16.5)	-83.5%
DFW Capital Acct Bond Debt Service[2]	12.1	12.0	(0.1)	-0.5%
Less: Interest Income	(0.2)	-	0.2	0.0%
Gross Debt Service and Coverage	$ 468.2	$ 469.5	$ 1.3	0.3%
Offsets to Debt Service				
PFCs for Existing Debt Service	$ (106.0)	$ (134.2)	$ (28.2)	26.6%
PFIC Transfers[1]	(19.7)	(3.2)	16.5	-83.5%
DFW Capital Acct Transfers[2]	(12.1)	(12.0)	0.1	-0.5%
Total Offsets	$ (137.8)	$ (149.5)	$ (11.7)	8.5%
Net Debt Service Paid by Rate Base	$ 330.4	$ 320.0	$ (10.4)	-3.1%

[1]Public Facility Improvement Corp for RAC, Grand Hyatt and Hyatt Place Infrastructure
[2]Airport Headquarters and Terminal-E Garage

Debt Service has remained essentially flat as savings from refundings have almost fully offset the cost of new debt service on almost $1 billion of new debt issued in FY21 and FY22 for DFW's capital programs. Net debt service is lower in FY22 because of higher Passenger Facility Charges due to increased passengers and offset by lower transfers from the PFIC. These transfers are lower as the debt on the rental car facility will be fully retired as of November 1, 2021.

Passenger Facility Charges are currently being collected by the airlines under the authority of Application 11-10-C-00-DFW from revenue enplaned passengers (about 88% of all passengers). These funds are used by the Airport to pay debt service on FAA approved projects primarily Terminal D and Skylink. PFIC debt service relates to debt associated with the RAC through November 1, 2021, and the Grand Hyatt Hotel. This debt service is transferred into the Interest and Sinking Funds from the PFIC. Similarly, the debt service related to the DFW headquarters building and Terminal E garage is funded with transfers from the DFW Capital Account.

The following table shows the breakout of the $10.4 million Net Debt Service decrease by cost center.

Net Debt Service Variance (in Millions)	Cost Centers: DFW	Airline: Airfield	Airline: Terminal	Airline: Total	Total
Bond Debt Service and Commercial Paper	1.8	4.7	11.4	16.0	17.8
PFCs	(8.2)	(16.9)	(3.1)	(20.0)	(28.2)
Total Debt Service Variance	(6.4)	(12.3)	8.3	(4.0)	(10.4)

Positions

The following table shows positions by division from the adjusted FY21 Budget. During FY21, DFW offered a retirement incentive package that was taken by 212 employees. DFW has elected not to fill 49 positions as part of this budget process; 36 of the retiree positions plus an additional 13 other vacant positions. The total budgeted salary and benefit savings for the retirement incentive program is approximately $4.8 million.

Division	FY21 Adjusted Budget	New Positions in FY22	Positions Not Backfilled	FY22 Budget
Operations	926	13	(6)	933
Administration and Diversity	170	4	(6)	168
Revenue Management	469	5	(16)	458
CFO, Airline Business and Technology	252	4	(6)	250
Global Strategy & Development	20	3	-	23
Infrastructure and Development	418	-	(14)	404
Innovation	7		-	7
Audit Services	14		(1)	13
Legal	3		-	3
Executive Office	14	-	-	14
Total DFW	2,293	29	(49)	2,273

Capital Budget

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

The DFWCA is the Airport'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 DFWCA comes 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 DFWCA (see detailed pages that follow).

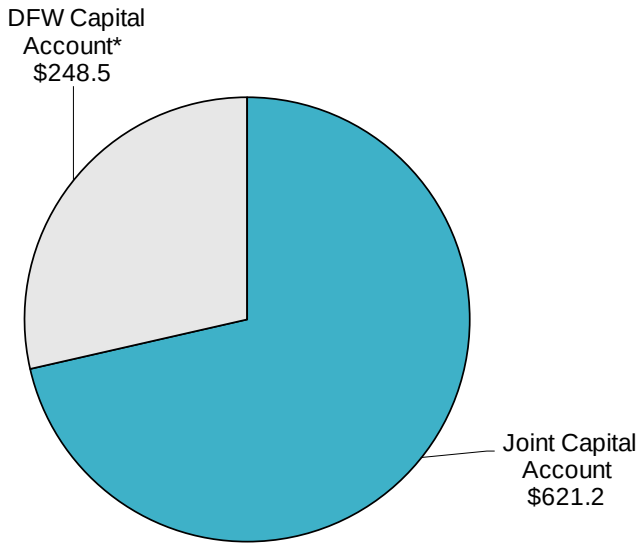
The JCA generally requires airline approval for capital projects, which are typically funded through the sale of bonds and interim commercial paper financing, natural gas royalties, sale of land proceeds, grants and interest income.

Infrastructure renewal is currently DFW's largest active capital program and is at various stages of planning, design and construction. This program involves renewal of aging critical airside and landside infrastructure. DFW Airport is the third largest airport in the world in terms of land mass with 17,183 acres, which includes a significant amount of infrastructure to maintain. Much of the airfield, landside, utilities and other infrastructure were constructed in 1975 when the Airport opened and is now approaching the end of its 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 $869.7 million on capital expenditures in FY22 as summarized in the following chart.

FY 2022 Projected Capital Expenditures ($869.7 M)



** Includes $133.1M debt financed for Commercial Development, excludes contingency*

The following table summarizes projected capital expenditures for projects to be in progress during FY22.

	Active Projects in FY 2022			
Capital Budget (Millions)	Prior Years	Projected FY 2022	Future Years	Total Budget
DFW Capital Account	$219.6	$248.5	$293.2	$761.3
Joint Capital Account	893.9	621.2	2,934.6	4,449.6
Total Capital	$1,113.5	$869.7	$3,227.8	$5,211.0

Capital Project Approval Process

DFW has a financial plan that includes a long-term Capital Plan. In preparation for the upcoming Use Agreement effective FY22 – FY31, an updated Capital Plan is being negotiated with the airlines. There are new projects originating from this Capital Plan, 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 Council for review and approval. CEO approval is required for projects equal to or greater than

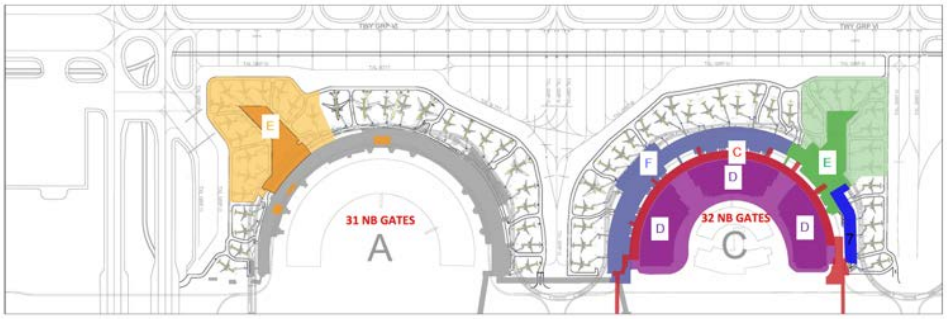
$1 million. Projects on this list may be modified or eliminated if planning assumptions on costs and benefits do not materialize upon more detailed analysis. New projects may arise during the fiscal year due to the dynamic nature of an airport. From a process standpoint, the Board of Directors does not approve an overall capital budget. Instead, the Board reviews individual capital projects as contracts for those projects are brought to the Board for approval and reviews projects in total as bonds are issued.

Capital Project – Major Projects and Programs

The Airport has approximately 275 approved capital projects currently underway with a total budget of $2.50 billion. Of this amount, $910 million has been spent, $364 million is committed, and $1.22 billion is unspent and uncommitted. These projects are planned to be completed through FY25. DFW currently projects that it will issue approximately $450 million Subordinate Lien Commercial Paper in FY21 and $505 million in FY22 to partially fund these projects on an interim basis. The commercial paper will be taken out with long-term bonds as part of future year bond issuances. The remainder is expected to be funded with cash and grant proceeds.

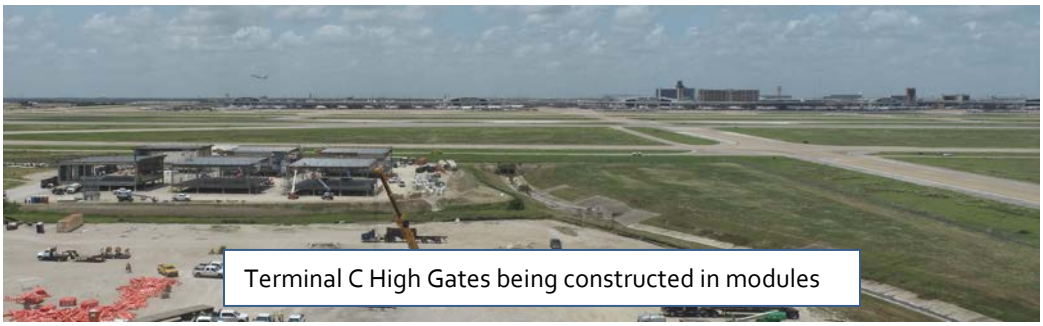
Some of the more significant projects continuing to move forward are summarized below:

- $2.3 billion for Terminal C renewal and expansion and related projects. Terminal C will undergo similar renovations and improvements as Terminals A, B and E that were completed in 2018. Renovations and improvements will include redesigned check-in areas, larger security checkpoints, expanded concessions spaces, improved lighting and flooring, new HVAC and electrical systems, expansion and upgrading of main utility services, Baggage Handling Systems, in addition to related airfield ramp and facilities relocations and improvements. This program also includes nine incremental gates on two new piers to be added to Terminal A and C (see diagram below). The Terminal C parking garage and associated roadways will also be improved and expanded. This program is currently in design and is projected to reach substantial completion in the fall of 2026.

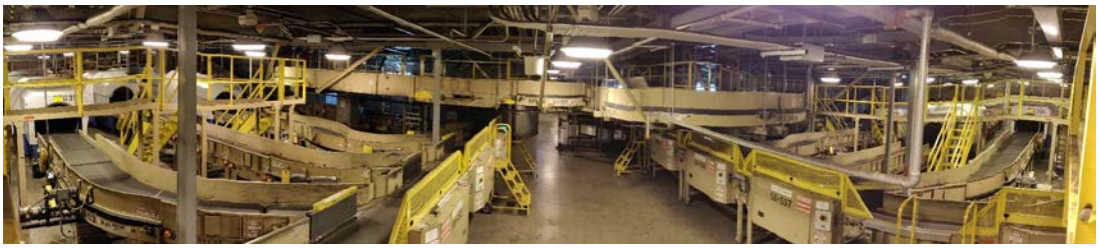


C. - Utility Corridor
D. - Terminal C Garages and Roadways
E. – Terminal C & A Expansion (Piers and Renovation)
F. – Terminal C Renovations (Continued Design Development)

- $216 million for demolition, design and rebuilding of gates 33 to 39 in Terminal C (commonly called the High C Gates). These gates were built on temporary structures that have reached the end of their useful life. Construction is currently underway and is expected to reach substantial completion in the summer of 2022. DFW has received airline approval for this project.



- $322 million (gross of $101 million in TSA grants) for Baggage Handling System (BHS) renewals and improvements in all five terminals. An amount of $138M will be for TSA grant-eligible BHS and terminal modifications to accommodate the TSA's latest baggage Explosive Detection System (EDS) equipment. This project will be offset by an anticipated TSA grant of $101 million. Also included are $35 million in Terminal D BHS Optimization improvements, which are not grant eligible. This is multi-year effort should be completed over the next three to five years.



- $160 million for reconstruction of runway 17R, the Airport's primary departure runway. Condition assessments indicated the need for major rehabilitation. Preliminary design is currently underway with substantial completion expected in early 2024. DFW is anticipating FAA grants totaling approximately 75% of eligible construction to offset this cost. The airlines have approved $15 million for preliminary design.

- $122 million for consolidation of DFW's four existing end of life Aircraft Rescue Fire Fighting (ARFF) stations into two locations. The Airport is expecting at least $20 million of discretionary FAA funds for this project. It has not yet been approved by the airlines.

The Airport has also developed a long-term Infrastructure Capital Program (ICP) to improve and maintain DFW's runways, bridges, roads and utilities through 2035. The phasing and implementation of the ICP will be based on asset evaluations that are completed by the Airport on a regular basis. The Airport is currently negotiating with the Signatory Airlines to include a portion of these projects as part of the next Use Agreement.

Other Programs

Landside Roads, Bridges, and Rail

Landside infrastructure is part of the ICP program discussed above, which includes infrastructure renewal of roads and bridges that were validated by condition assessments to require reconstruction. A number of roads and bridges are in various stages of programming, design, and construction. The largest project is budgeted at $119 million to demolition existing end of life left-hand exit flyover bridges from the main entry roadway. These flyover bridges provide access to the terminals and are at end of life. They will be replaced with right-hand exits for a more intuitive and safer roadway configuration. Approximately $74.7 million is estimated to be spent for reconstruction of roads and bridges during FY22.

Commercial Development and Other Facilities

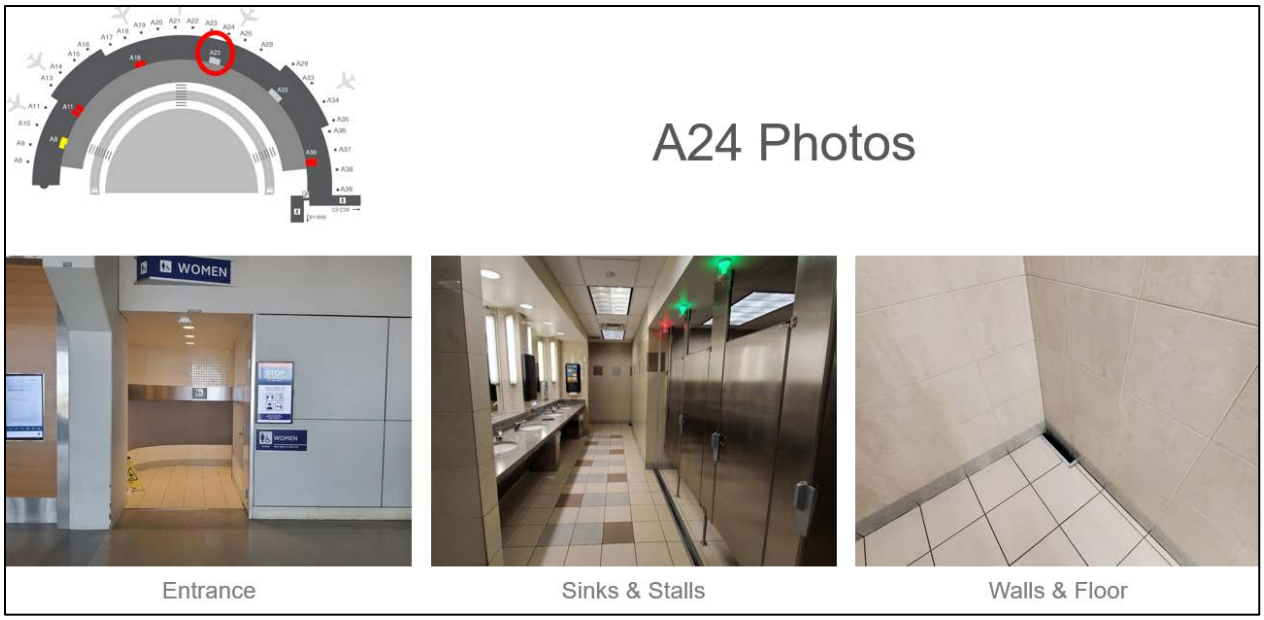
Commercial Development, primarily for eCommerce warehousing and distribution facilities, continues at a robust pace. New for FY22 is an American Airlines $99 million Parts Distribution Facility and a $106 million Flight Kitchen on DFW Airport, which DFW will finance. American will reimburse through rents that include a 200-basis point premium over DFW's cost of debt. This premium will flow into the DFWCA and will not be shared with the airlines. Approximately $132.6 million is anticipated to be spent on Commercial Development during FY22.

Safety and Security

DFW Airport is in the final stages of an airportwide Security Master Plan. This holistic approach to airport security will provide guidance and recommendations for future airport security capital investments. For FY22, security projects include an enterprisewide replacement of DFW's Automated Access Control System and Employee Screening for entry into the terminals. Other capital expenditures for safety and security include replacement of Fire Alarm System, Physical Security Information Management System for situational awareness and incident management, reconstruction of sub-surface storm sewer due to collapsed soil sites, air purification enhancements to various facility HVAC systems to mitigate COVID-19 transmission, additional vehicles and equipment in support of increased number of DPS employees, and various other safety and security initiatives. Approximately $78.9 million is anticipated to be spent on Safety and Security initiatives in FY22.

Customer Experience

Various initiatives are currently underway to support a primary DFW goal of improving the customer experience. One of the major customer experience initiatives involves expansion and renovation of terminal restrooms to accommodate forecasted growth. The Airport will implement technologies that enable smart restrooms, touchless solutions and biometric facial recognition, as well as renewed and enhanced airportwide wayfinding signage. Approximately $16 million is anticipated to be spent on customer experience initiatives in FY22.



The following projects will be funded from the DFW Capital Account during FY22. Capital spending amounts are gross of grant reimbursements.

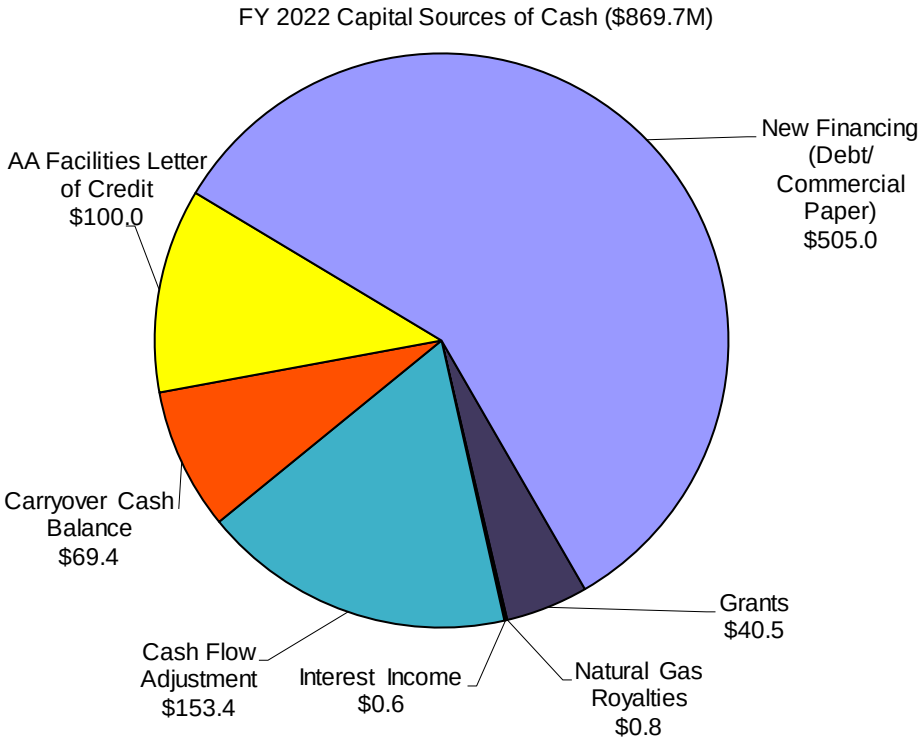
DFW CAPITAL ACCOUNT (In Millions)			
Project Name	Prior Years	FY22	Future Years
AA Parts Distribution Facility (AA Reimb)	$22.6	$52.9	$23.2
AA Flight Kitchen (AA Reimb)	9.5	46.4	50.6
Replace Employee Buses	.0	12.5	.0
19th Street Redevelopment Phase 1	.0	8.3	75.6
COVID-19 Indoor Air Quality HVAC Improvements - Non-Terminal Facilities	.9	7.6	.2
Weber Gruene DFW 1	.0	7.0	2.1
NW Cargo Redevelopment Phase 1	2.3	5.6	11.1
Glade Rd Reconstruction (TXDOT Reimb)	.8	3.9	1.6
CTA Expansion - Airfield Ramp Efficiency	.3	3.7	.0
CTA Expansion - Airfield Ramp Efficiency Vault	.3	3.6	.0
Walnut Hill Industrial	.7	3.5	.5
Term D Dynamic Glass - Airside	.2	3.4	10.0
AOA Perimeter Security Access Gates	6.9	3.4	.1
FY21 DPS Front Line Vehicle Replacement	.0	3.1	.0
Rehabilitate Sewer Mains at Hackberry Creek (Design)	1.3	2.7	.0
A24 Restrooms Construction	.1	2.2	.5
Air Service Incentive Program (ASIP)	Annual	2.2	N/A
BRM Development	.6	2.1	.6
Retaining Wall Crossunder #4	1.1	1.9	.0
Fumigation Center Relocation (West Cargo)	.0	1.9	3.6
Winter Storm Feb-21 (Phase 1 & 2)	1.1	1.0	1.0
Integrated Ops Ctr (IOC) - ITS General Systems (Back-up AOC site)	.8	1.8	3.0
Integrated Ops Ctr (IOC) - ITS General Systems	1.1	1.7	2.0
Terminal D Systems Rehab	2.2	1.7	.0
Replace Main West Side Sanitary Sewer Line (Phase 2)	8.2	1.7	.1
Airport Facilities Development & Programming (Term Expansion)	10.8	1.6	.3
Reconfigure Stormwater at Various Locations (Construction)	.0	1.6	.9
Replace Noise Monitoring Equip	.9	1.6	.0
COVID-19 Indoor Air Quality HVAC Improvements - Terminal Facilities	4.6	1.5	1.5
Replace HVAC System at PMM Building	.2	1.4	.3
Cabot Stream Realty	.5	1.3	.2
Term E Electric Vehicle Charging Stations	1.5	1.3	.3
Project Life Cycle Management (PLM)	4.0	1.3	1.2
NW Logistics	.0	1.3	2.5
Walnut Hill Industrial	.0	1.2	.0
High Mast Light Pole Replace Non-Critical Phase 1	2.4	1.2	.0
Term D Revolving Doors	.5	1.2	.0
Digital Twin - 18R	.3	1.2	.3
Term D Electrical & Mechanical Replacement	.1	1.1	.1
Identity and Access Management	.3	1.1	.8
Network Technology Security	.4	1.0	.3
SW Campus Road "A, B, C" Phase 1b Road & Utilities	1.9	1.0	.0
Projects <1M	130.1	41.1	98.7
TOTAL USES OF DFW CAPITAL ACCOUNT	$219.6	$248.5	$293.2

The following projects will be funded from the Joint Capital Account during FY22. Capital spending amounts are gross of grant reimbursements.

JOINT CAPITAL ACCOUNT (In Millions)			
Project Name	Prior Years	FY22	Future Years
Term C High Gate Reconstruction (Board)	$49.6	$74.8	$9.1
Term C High Gate Reconstruction (Fit Out Construction)	.0	47.3	28.2
Future Terminal Development Pier C	.6	31.8	471.6
NE End Around Taxiway (EAT) (Pkg 2)	26.4	25.1	5.7
Collapsed Soil Sites (Ph 2) (MII Exempt)	1.3	24.5	3.8
Future Terminal Development Term C Garage Roadway	.0	24.0	284.6
Flyover Bridge Conversion to Right-hand exits Term A/E, B/C	14.8	22.4	82.2
Central Terminal Options Development - Planning	3.9	16.9	.5
Future Terminal Development Pier A	.4	13.9	345.0
Term A, B, C, and E Waterproofing	2.1	10.5	5.8
Rehab E/W Potable Water Pump Stations - Design	3.4	10.4	6.5
Runway 17R Reconstruction - Design	3.8	10.2	1.0
SW Campus Consolidated Heavy Equip (Snow/Ice) Storage	1.1	10.0	5.4
Term D - South Phase 1 (formerly "Term F - Ph 1")	197.7	9.9	.0
Skylink Auto Train Control (ATC) Replacement	14.5	8.5	12.0
BHS Improvements - Terminal A (AA Reimb)	1.5	8.3	28.0
Holistic Terminal Restroom (Group 1)	.0	7.3	92.7
Term A Roof Replacement	1.4	7.2	14.6
Future Terminal Development Master Planner/Master Architectural Svcs	5.8	7.1	12.9
BHS Improvements - Terminal D (AA Reimb)	1.3	6.9	24.1
Future Terminal Development Terminal C Utilities	.4	6.8	62.0
Rehabilitate Landside Roads & Bridges Ph 4a	12.7	6.7	.4
ARFF Station Consolidation	.0	6.7	114.9
Term A & C BHS Controls Replacement (AA Reimb)	12.2	6.6	6.6
BHS Improvements - Terminal C (AA Reimb)	1.4	6.6	30.7
Soil Slopes Failures Remediation	.6	5.9	3.4
Term A & C PCA Upgrade/Relocation (AA Reimb)	.4	5.6	3.7
18R/SW Perimeter Taxiway (ALSF Lighting)	2.0	5.4	.3
Future Terminal Development AA Terminal BHS & Staff Fitout	.1	5.1	117.7
Airfield Remediation	.0	5.0	45.0
Energy Plaza Water Condenser	1.0	4.7	8.3
Term B Hydrant Fuel Expansion to Stinger (AA Reimb)	2.0	4.5	.7
Skylink Capital Renewal (Bombardier 10-yr contract FY22-31)	.0	4.4	86.8
SW Campus - Road "A, B, C" Phase 1b Road & Utilities	15.7	4.4	.0
Term A-B Skybridge Conveyances	.1	4.4	11.3
BHS Improvements - Terminal B (AA Reimb)	.4	4.3	1.3
Future Terminal Development Airfield Lighting Vault	.2	3.9	40.6
High Pole Lighting Replacement (Phase II) Construction	.0	3.6	23.8
Term F Phase 2 Enabling Programmatic EA -NEPA	1.4	3.5	1.1
Rehab/Replace High Pole Lighting (Ph I) Construction	11.5	3.5	.0
Rehabilitate Landside Roads & Bridges Ph 4b	3.0	3.5	.0
CTX Recap (Construction) Term D Optimization Non-Allocable	.0	3.5	31.8
Automated Access Control Sys (AACS) - DCC CVIS *	.1	3.5	25.2
Skylink UPS Replacements	.4	3.4	1.7
Automated Access Control Sys (AACS) - ITS *	2.6	3.3	9.4
Terminal C Chill and HW Mains	.3	3.3	.5
Rehab Sewer Mains at Hackberry Creek	.8	3.1	.0
Employee Screening Portal & Associated Equip *	1.1	3.1	15.6
Honeywell Fire Alarm End Device Replacements - Terminals	10.1	3.0	.7
Term D Sewer Lift Station Replacement (Construction)	.1	3.0	1.5
Term C High Gate Reconstruction (Enabling Project)	1.2	3.0	.8
Projects <3M	482.5	107.1	855.3
TOTAL JOINT CAPITAL ACCOUNT	893.9	621.2	2,934.6
TOTAL DFW CAPITAL ACCOUNT	219.6	248.5	293.2
TOTAL USES OF JOINT + DFW CAPITAL ACCOUNT	$1,113.5	$869.7	$3,227.8
*MII Exempt			

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. Consistent with prior years, the Cash Flow Adjustment is equal to 20% of the total capital budget which historically is not spent during the fiscal year due to timing of cash flows.

Airport Capital Funds Walkforward
(In Millions)

Capital Walkforward	Joint Capital	DFW Capital	Total
Beginning Cash (10/1/21)	$307.9	$81.9	$389.8
Sources of Funds:			
Grants	28.4	12.1	40.5
New Financing (Commercial Paper)	465.0	40.0	505.0
AA Facilities Letter of Credit	.0	100.0	100.0
Natural Gas Royalties	.8	-	.8
Interest Income	.5	.2	.6
Cash Flow Adjustment/Transfers	103.7	49.7	153.4
Total Sources	$598.3	$202.0	$800.3
Less:			
Total Uses	(621.2)	(248.5)	(869.7)
Ending Cash Balance	285.0	35.4	320.4
Add: Cash From DFW Cost Center	-	94.0	94.0
Total Ending Cash (9/30/22)	$285.0	$129.4	$414.4