OFFICIAL STATEMENT DATED AUGUST 26, 2021

NEW ISSUE - Book-Entry-Only

Ratings:	
Insured (AGM) S&P:	**"AA"**
Underlying S&P:	**"A-"**
Underlying Fitch:	**"A"**

See "OTHER INFORMATION - Ratings"

In the opinion of Co-Bond Counsel, interest on the Bonds will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date hereof, except for any holder who is treated pursuant to section 147(a) of the Internal Revenue Code of 1986 (the "Code") as a "substantial user" of the Project or, a "related person" to such user, and as explained under "TAX MATTERS" herein. Interest on the Bonds will be an item of tax preference for purposes of determining the alternative minimum tax imposed on individuals under section 57(a)(5) of the Code. See "TAX MATTERS" herein for a discussion of Co-Bond Counsel's opinion and certain collateral federal tax consequences.

$255,160,000
LOVE FIELD AIRPORT MODERNIZATION CORPORATION
(A not-for-profit local government corporation acting on behalf of the City of Dallas, Texas)
General Airport Revenue Refunding Bonds, Series 2021 (AMT)

Dated: Date of Delivery **Due: November 1, as shown on inside cover**

PAYMENT TERMS . . . Interest on the $255,160,000 Love Field Airport Modernization Corporation General Airport Revenue Refunding Bonds, Series 2021 (AMT) (the "Bonds") will accrue from their date of delivery and will be payable on May 1, 2022, and on each November 1 and May 1 thereafter until maturity or prior redemption. Interest on the Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"), pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the owners thereof. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "THE BONDS - Book-Entry-Only System" herein. The initial Paying Agent/Registrar for the Bonds is Wells Fargo Bank, National Association (see "THE BONDS - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Bonds are being issued pursuant to the general laws of the State of Texas, particularly Chapter 431, Subchapter D, Texas Transportation Code, as amended, a resolution (the "Bond Resolution") adopted by the Board of Directors of the Love Field Airport Modernization Corporation (the "Issuer", "LFAMC", or the "Corporation") on June 18, 2021, authorizing the issuance of the Bonds, and an Amended and Restated Indenture of Trust, dated as of September 1, 2021 (the "Indenture"), by and between the Issuer and Wells Fargo Bank, National Association, as trustee (the "Trustee"), and are payable, both as to principal and interest, together with the outstanding Series 2015 Bonds and Series 2017 Bonds (as defined herein), solely from and are secured by a first lien on and pledge of the Pledged Revenues (as defined herein). Under the terms of an Amended and Restated Project Financing Agreement between the City of Dallas, Texas (the "City") and the Corporation, anticipated to be executed on or about September 28, 2021, (the "Project Financing Agreement"), the City has agreed to make available to the Corporation "Net Revenues" from the operation of the "Airport System," which consists of Dallas Love Field, a general aviation airport owned and operated by the City ("Love Field"), Dallas Executive Airport, a general aviation airport owned and operated by the City, and a downtown heliport owned and operated by the City, in an amount sufficient to pay the principal of and interest on the Bonds. The Corporation has assigned its rights to the Net Revenues to the Trustee under the terms of the Indenture. **The obligation of the City to make payments under the Project Financing Agreement is solely from the Net Revenues, and the City is not obligated to make payments under the Project Financing Agreement from monies raised or to be raised from taxation** (see "THE BONDS – Security for the Bonds"). In the Bond Resolution, the Corporation authorized the President or the Vice President of the Board of Directors of the Corporation and the Chief Financial Officer of the City to execute a bond purchase agreement to effect the sale of the Bonds. For a description of the Airport System, see "DESCRIPTION OF THE AIRPORT SYSTEM AND OPERATIONS."

The Issuer was established by the City under the provisions of Chapter 431, Subchapter D, Texas Transportation Code, and the general laws of the State of Texas to aid, assist, and act on behalf of the City in the performance of the City's governmental functions to promote the City, including the development of the geographic areas of the City included at or in the vicinity of Love Field.

Bond Insurance…The scheduled payment of principal of and interest on the Bonds maturing on November 1 of the years 2032 through 2040, inclusive (the "Insured Bonds"), when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Insured Bonds by ASSURED GUARANTY MUNICIPAL CORP. See "Bond Insurance" and "Bond Insurance Risks Factors" herein.

PURPOSE. . . Proceeds from the sale of the Bonds, together with other available funds, will be used to (i) refund the Corporation's outstanding Special Facilities Revenue Bonds, Series 2010 (Southwest Airlines Co. – Love Field Modernization Program Project) (the "Refunded Bonds"), see "SCHEDULE I – Schedule of Refunded Bonds"; (ii) fund a bond debt service reserve fund with a surety bond policy; and (iii) pay costs of issuance. See "THE BONDS – Sources and Uses of Funds". The Refunded Bonds provided funds to renovate Love Field.

CUSIP Prefix: 54714C
MATURITY SCHEDULE & 9 DIGIT CUSIP
See Schedule on Page 2

LEGALITY. . . The Bonds are offered for delivery when, as and if issued and received by the underwriters listed below (the "Underwriters") and subject to the approving opinions of the Attorney General of the State of Texas, and the opinion of Co-Bond Counsel, McCall, Parkhurst & Horton L.L.P. and Escamilla & Poneck, LLP (see Appendix G - "Form of Co-Bond Counsel's Opinion"). Certain legal matters will be passed upon for the City by Norton Rose Fulbright US LLP, Dallas, Texas, and Kintop Smith, PC, Dallas, Texas, Co-Disclosure Counsel for the City. Certain other legal matters will be passed upon for the City by the City Attorney. Certain legal matters will be passed upon for the Underwriters by their Co-Counsel, Kelly Hart & Hallman LLP, Fort Worth, Texas and White & Wiggins, LLP, Dallas, Texas.

DELIVERY. . . It is expected that the Bonds will be available for delivery through DTC on or about September 28, 2021.

BOFA SECURITIES **SIEBERT WILLIAMS SHANK & CO., LLC**

CITIGROUP **J.P.MORGAN** **RAMIREZ & CO., INC.**

MATURITY SCHEDULE **CUSIP Prefix: 54714C** [(1)]

$255,160,000
General Airport Revenue Refunding Bonds, Series 2021 (AMT)

Maturity (November 1)	Amount	Rate	Yield	CUSIP[(1)] Suffix	
2022	$7,305,000	5.000%	0.220%	BN6	
2023	8,735,000	5.000%	0.300%	BP1	
2024	9,175,000	5.000%	0.430%	BQ9	
2025	9,630,000	5.000%	0.570%	BR7	
2026	10,115,000	5.000%	0.720%	BS5	
2027	10,620,000	5.000%	0.890%	BT3	
2028	11,150,000	5.000%	1.060%	BU0	
2029	13,705,000	5.000%	1.230%	BV8	
2030	14,395,000	5.000%	1.380%	BW6	
2031	15,110,000	5.000%	1.490%	BX4	
2032	15,865,000	5.000%	1.550%	BY2	(2)(3)
2033	16,660,000	5.000%	1.620%	BZ9	(2)(3)
2034	17,495,000	4.000%	1.840%	CA3	(2)(3)
2035	18,195,000	4.000%	1.870%	CB1	(2)(3)
2036	18,920,000	4.000%	1.900%	CC9	(2)(3)
2037	13,680,000	4.000%	1.930%	CD7	(2)(3)
2038	14,225,000	4.000%	1.970%	CE5	(2)(3)
2039	14,795,000	4.000%	2.010%	CF2	(2)(3)
2040	15,385,000	4.000%	2.060%	CG0	(2)(3)

(Interest accrues from the Date of Delivery)

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(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. The Underwriters, the City, and the Co-Financial Advisors are not responsible for the selection or correctness of the CUSIP numbers set forth herein.
(2) Yield shown is yield to first optional call date, November 1, 2031.
(3) Insured.

BOND INSURANCE. . . The Bonds maturing on November 1 in each of the years 2032 through 2040 are referred to as the "Insured Bonds."

REDEMPTION. . . The Issuer reserves the right, at its option, to redeem the Bonds having stated maturities on and after November 1, 2032, in whole, or in part in principal amounts of $5,000 or any integral multiple thereof, on November 1, 2031, or on any date thereafter, at the redemption price of par plus accrued interest to the date fixed for redemption. (See "THE BONDS - Redemption of Bonds").

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

This Official Statement, which includes the cover page, Schedule I, and the Appendices hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale.

No dealer, broker, salesperson or other person has been authorized to give information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon.

The information set forth herein has been obtained from the Issuer and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the promise or guarantee of the Issuer's Co-Financial Advisors. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized.

All information contained in this Official Statement is subject, in all respects, to the complete body of information contained in the original sources thereof and no guaranty, warranty, or other representation is made concerning the accuracy or completeness of the information herein. In particular, no opinion or representation is rendered as to whether any projection will approximate actual results, and all opinions, estimates and assumptions, whether expressly identified as such, should not be considered statements of fact.

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

The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or other matters described.

THE AGREEMENTS OF THE ISSUER AND OTHERS RELATED TO THE BONDS ARE CONTAINED SOLELY IN THE CONTRACTS DESCRIBED HEREIN. NEITHER THIS OFFICIAL STATEMENT NOR ANY OTHER STATEMENT MADE IN CONNECTION WITH THE OFFER OR SALE OF THE BONDS IS TO BE CONSTRUED AS CONSTITUTING AN AGREEMENT WITH THE PURCHASERS OF THE BONDS. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING SCHEDULE I AND ALL APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

THE BONDS ARE EXEMPT FROM REGISTRATION WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE BONDS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THE BONDS HAVE BEEN REGISTERED, QUALIFIED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

All information contained in this Official Statement is subject, in all respects, to the complete body of information contained in the original sources thereof and no guaranty, warranty, or other representation is made concerning the accuracy or completeness of the information herein. In particular, no opinion or representation is rendered as to whether any projection will approximate actual results, and all opinions, estimates and assumptions, whether expressly identified as such, should not be considered statements of fact.

Neither the Issuer nor the Underwriters make any representation regarding the information contained in this Official Statement regarding The Depository Trust Company or its Book-Entry-Only System, as such information has been furnished by DTC. CUSIP numbers have been assigned to this issue by CUSIP Global Services, and are included solely for the convenience of the owners of the Bonds. Neither the Issuer nor the Underwriters shall be responsible for the selection or correctness of the CUSIP numbers shown on the inside cover page.

*Assured Guaranty Municipal Corp. ("AGM" or the "Insurer") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "*BOND INSURANCE*" and "Appendix H- Specimen Municipal Bond Insurance Policy".*

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

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The cover page hereof, this page, Schedule I, and the appendices included herein as any addenda, supplement or amendment hereto, are part of the Official Statement.

OFFICIAL STATEMENT SUMMARY

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

THE ISSUER................................. The Love Field Airport Modernization Corporation, a not-for-profit local government corporation organized under Chapter 431, Subchapter D, Texas Transportation Code, and existing under the laws of the State of Texas (the "Issuer", "LFAMC" or the "Corporation"), was authorized by the City Council of the City of Dallas, Texas (the "City") for the public purpose of aiding, assisting, and acting on behalf of the City in the performance of its governmental functions to promote the City, including the development of the geographic areas of the City included at or in the vicinity of Love Field, a general aviation airport owned and operated by the City ("Love Field").

The City is among the three most populous cities in Texas and among the ten most populous cities in the United States. The City is approximately 378 square miles in area.

THE BONDS................................. The $255,160,000 Love Field Airport Modernization Corporation General Airport Revenue Refunding Bonds, Series 2021 (AMT) (the "Bonds") are issued as serial bonds maturing on November 1 in each of the years 2022 through and including 2040. The Bonds shall mature on the dates as shown on the schedule on page 2 of this Official Statement (see "THE BONDS - Description of the Bonds"). The Bonds constitute "Additional Parity Bonds" under the terms of the hereinafter defined Indenture, and are on a parity with the Love Field Airport Modernization Corporation General Airport Revenue Bonds, Series 2015 (the "Series 2015 Bonds") and the Love Field Airport Modernization Corporation General Airport Revenue Bonds, Series 2017 (AMT) (the "Series 2017 Bonds"). Other than the Bonds, the Series 2015 Bonds and the Series 2017 Bonds, there are no other obligations currently outstanding secured by the revenues of the Airport System.

PAYMENT OF INTEREST .... Interest on the Bonds accrues from their date of delivery, and is payable commencing May 1, 2022 and on each November 1 and May 1 thereafter until maturity or prior redemption (see "THE BONDS - Description of the Bonds" and "THE BONDS – Redemption of Bonds").

AUTHORITY FOR ISSUANCE .... The Bonds are issued pursuant to the general laws of the State of Texas, particularly Chapters 22 and 431, Texas Transportation Code, the resolution passed by the Board of Directors of the Corporation on June 18, 2021 (the "Bond Resolution") and the Amended and Restated Indenture of Trust between the Corporation and Wells Fargo Bank, National Association, as trustee (the "Indenture"). On June 23, 2021, the City Council of the City passed a resolution approving the issuance of the Bonds by the Corporation.

SECURITY FOR THE BONDS.......... Under the terms of an Amended and Restated Project Financing Agreement between the City and the Corporation, anticipated to be executed on or about September 28, 2021 (as amended and restated, the "Project Financing Agreement"), the City has agreed to make available to the Corporation "Net Revenues" from the operation of the Airport System (see "DESCRIPTION OF THE AIRPORT SYSTEM AND OPERATIONS"), in an amount sufficient to pay the principal of and interest on the Bonds, the Series 2015 Bonds, and the Series 2017 Bonds. The Corporation has assigned its rights to the Net Revenues to the Trustee under the terms of the Indenture. **The obligation of the City to make payments under the Project Financing Agreement is solely from the Net Revenues, and the City is not obligated to make payments under the Project Financing Agreement from monies raised or to be raised from taxation.** The Bonds constitute special obligations of the Corporation payable, both as to principal and interest, solely from and secured by a first lien on and pledge of the Pledged Revenues (as defined in the Indenture), which include the Net Revenues (see "THE BONDS - Security for the Bonds"). "Net Revenues" do not include Passenger Facility Charges.

The Issuer has no taxing power.

REDEMPTION .... The Issuer reserves the right, at its option, to redeem the Bonds having stated maturities on and after November 1, 2032, in whole, or in part, in principal amounts of $5,000 or any integral multiple thereof, on November 1, 2031, or any date thereafter, at the par value thereof, plus accrued interest to the date fixed for redemption (see "THE BONDS – Redemption of Bonds").

TAX EXEMPTION .... In the opinion of Co-Bond Counsel, the interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under the caption "TAX MATTERS" herein. Interest on the Bonds will be an item of tax preference for purposes of determining the alternative minimum tax imposed on individuals under section 57(a)(5) of the Code. See "TAX MATTERS" herein for a discussion of Co-Bond Counsel's opinion and certain collateral federal tax consequences.

USE OF PROCEEDS .... Proceeds from the sale of the Bonds, together with other available funds, will be used to: (i) refund the Corporation's outstanding Special Facilities Revenue Bonds, Series 2010 (Southwest Airlines Co. – Love Field Modernization Program Project) (the "2010 Bonds"), see "SCHEDULE I – Schedule of Refunded Bonds"; (ii) fund a bond debt service reserve fund with a surety bond policy; and (iii) pay costs of issuance. See "THE BONDS – Sources and Uses of Funds." The Refunded Bonds provided funds to renovate Love Field.

RATINGS .... The Insured Bonds have been rated "AA" by S&P Global Ratings, a division of S&P Global Inc. ("S&P") with the understanding that upon delivery of the Bonds, an insurance policy insuring the timely payment of the principal and interest on the Insured Bonds (as defined below) will be issued by Assured Guaranty Municipal Corp. ("AGM" of the "Insurer"). Additionally, the Bonds are rated "A-" with a Positive Outlook, and "A" with a Stable Outlook, respectively, by S&P and Fitch Inc. ("Fitch", and together with S&P, the "Rating Agencies"). An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such organizations and neither the City nor the Issuer make any representation as to the appropriateness of the ratings (see "OTHER INFORMATION – Ratings").

BOND INSURANCE .... The scheduled payment of principal of and interest on the Bonds maturing on November 1 of the years 2032 through 2040, inclusive (the "Insured Bonds"), when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Insured Bonds by AGM. See "Bond Insurance" and "Bond Insurance Risks Factors" herein.

PAYMENT RECORD .... The Corporation has never defaulted in payment of its bonds.

BOOK-ENTRY-ONLY SYSTEM ..... The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distributions of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "THE BONDS - Book-Entry-Only System").

For additional information regarding the Corporation and the City, please contact:

Ms. M. Elizabeth Reich Chief Financial Officer and City Treasurer City of Dallas 1500 Marilla Street, 4DN Dallas, Texas 75201 (214) 670-7804	or	Mr. Steve Johnson Ms. Emily Hundley Hilltop Securities Inc. 717 N. Harwood Street, Suite 3400 Dallas, Texas 75201 (214) 953-4000	or	Mr. Noe Hinojosa, Jr. Ms. Tania Askins Estrada Hinojosa & Company, Inc. 600 N. Pearl Street, Suite 2100 Dallas, Texas 75201 (214) 658-1670

For additional information regarding Love Field and the Airport System, please contact:

Mr. Mark Duebner
Director of Aviation
Dallas Love Field
8008 Herb Kelleher Way, LB 16
Dallas, Texas 75235
(214) 670-6077

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LOVE FIELD AIRPORT MODERNIZATION CORPORATION

BOARD MEMBERS

Errick Thompson, President
M. Elizabeth Reich, Vice President
Jing Xiao, Secretary-Treasurer
Steve Sisneros (ex officio)

CITY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

City Council	Term Expires	Length of Service as of July 1, 2021		Occupation
Eric Johnson Mayor - Place 15	June 2023	2 Years	1 Month	Attorney
Chad West Mayor Pro Tem - Place 1	June 2023	2 Years	1 Month	Attorney
Jesse Moreno Councilmember - Place 2	June 2023		1 Month	Manager
Casey Thomas, II Councilmember - Place 3	June 2023	6 Years	1 Month	Council Member
Carolyn King Arnold[1] Councilmember - Place 4	June 2023	6 Years	1 Month	Council Member
Jaime Resendez Deputy Mayor Pro Tem - Place 5	June 2023	2 Years	1 Month	Attorney
Omar Narvaez Councilmember - Place 6	June 2023	4 Years	1 Month	Council Member
Adam Bazaldua Councilmember - Place 7	June 2023	2 Years	1 Month	Council Member
Tennell Atkins[2] Councilmember - Place 8	June 2023	4 Years		Public Servant
Paula Blackmon Councilmember - Place 9	June 2023	2 Years	1 Month	Consultant
Adam McGough Councilmember - Place 10	June 2023	6 Years		Attorney/Mediator
Jaynie Schultz Councilmember - Place 11	June 2023		1 Month	Community Service
Cara Mendelsohn Councilmember - Place 12	June 2023	2 Years	1 Month	Non-Profit Executive
Gay Donnell Willis Councilmember - Place 13	June 2023		1 Month	President & CEO
Paul E. Ridley Councilmember - Place 14	June 2023		1 Month	Attorney

[1] Councilmember Arnold previously served on the City Council for 2 years.
[2] Councilmember Atkins previously served on the City Council for 8 years.

SELECTED ADMINISTRATIVE STAFF

Name	Position	Length of Time in This Position as of July 1, 2021		Tenure with City of Dallas as of July 1, 2021	
T.C. Broadnax	City Manager	4 Years,	5 Months	4 Years,	5 Months
M. Elizabeth Reich	Chief Financial Officer and City Treasurer	4 Years,	10 Months	4 Years,	10 Months
Christopher J. Caso	City Attorney	2 Years,	10 Months	15 Years	4 Months
Billierae Johnson	City Secretary	2 Years,	10 Months	22 Years	1 Month
Mark S. Swann	City Auditor	2 Years,	1 Month	2 Years,	1 Month
Majed Al-Ghafry	Assistant City Manager	4 Years,	5 Months	4 Years,	5 Months
Jon Fortune	Assistant City Manager	4 Years,	1 Month	4 Years,	1 Month
Joey Zapata	Assistant City Manager	10 Year,	1 Month	27 Years,	1 Month
Kimberly B. Tolbert	Chief of Staff	4 Years,	3 Months	13 Years,	10 Months
Dr. Eric A. Johnson	Chief of Economic Development & Neighborhood Services	1 Year,	4 Months	1 Year,	4 Months
M. Elizabeth (Liz) Cedillo-Pereira	Chief of Equity and Inclusion	2 Years		4 Years,	5 Months

AVIATION MANAGEMENT OFFICIALS

Name	Position	Length of Time in This Position as of July 1, 2021		Tenure with City of Dallas as of July 1, 2021	
Mark Duebner	Director of Aviation	10 Years,	10 Months	24 Years,	10 Months
Sheneice Hughes	Assistant Director	2 Years,	11 Months	21 Years,	4 Months
Marissa Sanchez	Assistant Director	2 Years		9 Years,	7 Months
Clifford York	Interim Assistant Director		11 Months	33 Years,	3 Months
Vacant	Assistant Director				

CONSULTANTS AND ADVISORS

Independent Auditor .... Weaver and Tidwell, LLP
Dallas, Texas

Co-Bond Counsel .... McCall, Parkhurst & Horton L.L.P.
Dallas, Texas

Escamilla & Poneck, LLP
Dallas, Texas

Co-Disclosure Counsel ....Norton Rose Fulbright US LLP
Dallas, Texas

Kintop Smith, PC
Dallas, Texas

Co-Financial Advisors ....Hilltop Securities Inc.
Dallas, Texas

Estrada Hinojosa & Company, Inc.
Dallas, Texas

OFFICIAL STATEMENT

Relating to

$255,160,000

LOVE FIELD AIRPORT MODERNIZATION CORPORATION
(A not-for-profit local government corporation acting on behalf of the City of Dallas, Texas)
General Airport Revenue Refunding Bonds, Series 2021 (AMT)

INTRODUCTION

This Official Statement, which includes Schedule I and the Appendices hereto, provides certain information in connection with the issuance by the Love Field Airport Modernization Corporation (the "Corporation", "LFAMC" or the "Issuer") of its General Airport Revenue Refunding Bonds, Series 2021 (AMT) (the "Bonds").

The City of Dallas, Texas (the "City"), created the Corporation as a local government corporation to act on behalf of the City to facilitate the development of the Love Field Modernization Project and to act on behalf of the City in the performance of its governmental function to promote development of the geographic areas of the City included at or in the vicinity of Dallas Love Field ("Love Field") and in furtherance of the promotion, development, encouragement, and maintenance of employment, commerce, aviation activity, tourism and economic development in the City.

The Bonds are issued pursuant to the general laws of the State of Texas (the "State"), and a resolution authorizing the issuance of the Bonds (the "Bond Resolution") adopted by the Board of Directors of the Issuer (the "Board"), and an Amended and Restated Indenture of Trust, dated as of September 1, 2021 (the "Indenture"), by and between the Issuer and Wells Fargo Bank, National Association, as trustee (the "Trustee"). The Bonds are "General Airport Revenue Bonds", as such term is defined in the Indenture. The City and the Issuer have negotiated an Amended and Restated Project Financing Agreement, anticipated to be executed on or about September 28, 2021 (the "Project Financing Agreement"), pursuant to which the Issuer and the City have agreed to cooperate and coordinate their activities with respect to the commencement, financing, design and construction of improvements at Love Field.

The Bonds are being issued to refund all of the outstanding Love Field Airport Modernization Corporation Special Facilities Revenue Bonds, Series 2010 (Southwest Airlines Co. – Love Field Modernization Program Project), outstanding in the aggregate principal amount of $310,000,000 (the "Refunded Bonds"). The Refunded Bonds were issued to finance the initial renovations and improvements to Love Field.

Other than the Bonds, the Series 2015 Bonds, and the Series 2017 Bonds, there are no other obligations outstanding secured by and payable from a first lien on and pledge of the general airport revenues of the "Airport System," which consists of Love Field, a general aviation airport owned and operated by the City, Dallas Executive Airport, a general aviation airport owned and operated by the City, and a downtown heliport owned and operated by the City. See "DESCRIPTION OF THE AIRPORT SYSTEM AND OPERATIONS." The Bonds, the Series 2015 Bonds, and the Series 2017 Bonds are "Parity Bonds", as defined in the Indenture.

There follows in this Official Statement descriptions of the Bonds, the Bond Resolution, the Indenture, certain other information about the Issuer, and certain agreements between the City and the Issuer, including the Project Financing Agreement. An Airport Consultant's Report prepared in connection with the issuance of the Bonds is included herein as Appendix B. All capitalized terms used herein which are not defined in the text of this Official Statement shall have the meanings set forth in the Indenture (see "Appendix D – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE"), which includes the amendments to the Original Indenture as described in "AMENDMENTS TO ORIGINAL INDENTURE" herein) or the Bond Resolution (see "Appendix F"), except as otherwise indicated herein. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from Hilltop Securities Inc., Dallas, Texas, and Estrada Hinojosa & Company, Inc., Dallas, Texas Co-Financial Advisors to the City.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

INFECTIOUS DISEASE OUTBREAK – COVID-19

In March 2020, the World Health Organization and the President of the United States (the "President") separately declared the worldwide outbreak of a respiratory disease caused by a novel coronavirus ("COVID-19") to be a public health emergency. On March 13, 2020, the Governor of Texas (the "Governor") declared a state of disaster for all counties in the State of Texas (the "State") because of the effects of COVID-19. Subsequently, in response to a rise in COVID-19 infections in the State and pursuant to the Chapter 418 of the Texas Government Code, the Governor issued a number of executive orders intended to help limit the spread of COVID-19 and mitigate injury and the loss of life, including limitations imposed on business operations, in-person social gatherings and other activities.

Over the ensuing year, COVID-19 negatively affected commerce, travel and businesses locally and globally, led to volatility in the capital markets, and negatively affected economic growth worldwide and within the U.S., the State and the City. Increased business failures, worker layoffs, and consumer and business bankruptcies have occurred and may continue in the near future.

Following the widespread release and distribution of various COVID-19 vaccines beginning in December 2020 and a decrease in active COVID-19 cases generally in the United States, state governments (including Texas) have started to lift business and social limitations associated with COVID-19. Beginning in March 2021, the Governor issued various executive orders, which, among other things, rescinded and superseded prior executive orders and provide that there are currently no COVID-19 related operating limits for any business or other establishment except possibly in counties with an "area with high hospitalizations," where a county judge may impose COVID-19 related mitigation strategies. None of Dallas, Denton, Collin, Rockwall, and Kaufman Counties is currently an "area with high hospitalizations." The Governor retains the right to impose additional restrictions on activities if needed in order to mitigate the effects of COVID-19. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at https://gov.texas.gov/. Neither the information on, nor accessed through, such website of the Governor is incorporated by reference into this Offering Memorandum.

With the decrease in the number of active COVID-19 cases and the easing or removal of associated governmental restrictions, economic activity has increased in the United States, the State and the City since the outbreak of and disruptions caused by COVID-19. However, there are no assurances that economic activity will continue or increase at the same rate, especially if there are future outbreaks of COVID-19. The COVID-19 pandemic may result in lasting changes in some businesses and social practices, which could affect business activity on which the City collects taxes, charges, and fees, including travel and Airport System revenues. The City cannot predict the long-term economic effect of COVID-19 or the effect of any future outbreak of COVID-19 or a similar virus on the City's or the Issuer's operations or financial condition.

The financial and operating data contained herein are as of dates and for periods prior to the economic impact of COVID-19 and measures instituted to slow it. Accordingly, they are not indicative of the current financial condition or future prospects of the Airport System, the City and the Issuer. The City continues to monitor the spread of COVID-19 and is working with local, state, and national agencies to address the potential impact of the COVID-19 pandemic upon the City and the Corporation. While the extent of the impact of COVID-19 on the City and the Corporation cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the City's and the Corporation's operations and financial condition, and the effect could be material. See "DESCRIPTION OF THE AIRPORT SYSTEM AND OPERATIONS – Impact of the COVID-19 Pandemic on Love Field."

THE ISSUER

The City created the Issuer to act on behalf of the City to facilitate the development of the Love Field Modernization Project and to promote the development of the geographic areas of the City included at or in the vicinity of Love Field, in furtherance of the promotion, development, encouragement, and maintenance of employment, commerce, aviation security, tourism and economic development in the City. The Issuer is authorized by Chapter 431, Subchapter D, Texas Transportation Code, and the Bond Resolution to issue the Bonds for the purposes described herein and to enter into the documents described in this Official Statement in connection with the issuance of the Bonds (see "PLAN OF FINANCING").

The Issuer is governed by a three-member Board of Directors, who are appointed to serve in that capacity by the City Council of the City. In addition, an ex-officio member of the Board of Directors, who has no voting power, is appointed by Southwest Airlines Co. ("Southwest").

PLAN OF FINANCING

PURPOSE

Proceeds from the sale of the Bonds, together with other available funds, will be used to: (i) refund the Refunded Bonds, see "SCHEDULE I – Schedule of Refunded Bonds"; (ii) fund a bond debt service reserve fund with a surety bond policy; and (iii) pay costs of issuance. For a more detailed description of the sources and uses of the proceeds of the Bonds, see "THE BONDS – Sources and Uses of Funds" herein. The Refunded Bonds were issued to finance the initial renovations and improvements to Love Field.

REFUNDED BONDS

The principal and interest due on the Refunded Bonds are to be paid on September 28, 2021, the scheduled redemption date of the Refunded Bonds, from funds to be deposited with Wells Fargo Bank, National Association, as trustee for the Refunded Bonds (the "Refunded Bonds Trustee"). Proceeds of the sale of the Bonds, together with other available moneys held by the Refunded Bonds Trustee, will be sufficient to accomplish the discharge and final payment of the Refunded Bonds on their redemption date. The cash will be deposited with the Refunded Bonds Trustee in an account established in the debt service fund held by the Refunded Bonds Trustee and will be used to make the payment of principal and interest on the Refunded Bonds due on the redemption date. The redemption of the Refunded Bonds is conditioned on the Refunded Bonds Trustee having on deposit funds sufficient to pay the principal and interest on the Refunded Bonds due on the redemption date.

AMENDMENTS TO ORIGINAL INDENTURE

Currently, there is outstanding $205,330,000 in aggregate principal amount of General Airport Revenue Bonds. The indenture of trust governing the issuance of the currently outstanding General Airport Revenue Bonds (the "Original Indenture") provides that with the consent of the Owners of not less than a majority of the aggregate principal amount of the General Airport Revenue Bonds then Outstanding, the Original Indenture may be amended, provided that no modification, change or amendment to the Original Indenture shall be made without the consent of the Owner of each bond so affected to extend the time of payment of the Principal Installments (as defined in the Original Indenture) or interest thereon, or reduce the Principal Installments or premium, if any, thereon, or the rate of interest thereon, or make the Principal Installments or interest thereon payable in any coin or currency other than that provided in the Original Indenture, or deprive such owner of the lien on the revenues pledged under the Original Indenture.

Upon the issuance of the Bonds, there will be outstanding $460,490,000 in aggregate principal amount of General Airport Revenue Bonds. The Owners of the Bonds will comprise 55.4% of the aggregate principal amount of General Airport Revenue Bonds outstanding. By acceptance of the Bonds, each Owner of a Bond: (i) irrevocably and specifically consents to and approves the amendments described below; (ii) irrevocably appoints the President of the Board of Directors of the Issuer as its true and lawful attorney-in-fact for the limited purpose of executing the written instrument required to evidence the Owner's specific consent to and approval of the amendments described below; and (iii) confirms all actions taken by President of the Board of Directors of the Issuer as attorney-in-fact for the Owner, it being specifically provided that the President of the Board of Directors of the Issuer need not consult with, or provide notice to, an Owner in connection with the actions taken by the President of the Board of Directors of the Issuer. The power of attorney granted to President of the Board of Directors of the Issuer shall be limited to effecting the below amendments and is irrevocable for so long as any Bond remains Outstanding.

The amendments are shown below in bold or strikethrough to reflect added or removed language, respectively:

(1) Amend Section 1.01 of the Original Indenture to amend or add definitions, as follows:

"Average Annual Debt Service" shall mean the total Debt Service **on any Series of Bonds** (as of the date of the calculation) divided by the remaining number of years until the final maturity of ~~the~~ **such Series of** Bonds. The Average Annual Debt Service calculated under this Indenture shall remain in effect until the next date when such calculation is required under this Indenture. For the purposes of calculating the Average Annual Debt Service, any fractional year shall be included in the calculation as a full year.

"Maximum Annual Debt Service" shall mean the greatest amount of the Annual Debt Service **on any Series of Bonds** calculated for any future Fiscal Year, taking into account any Mandatory Redemption Installments scheduled to be payable on any Series of Bonds.

"Outstanding Original Indenture General Airport Revenue Bonds" shall mean the Love Field Airport Modernization Corporation General Airport Revenue Bonds, Series 2015, currently outstanding in the aggregate principal amount of $96,995,000 (the "Series 2015 Bonds") and the Love Field Airport Modernization Corporation General Airport Revenue Bonds, Series 2017 (AMT), currently outstanding in the aggregate principal amount of $108,335,000 (the "Series 2017 Bonds").

"Project" shall mean improvements to Love Field that the City and the Corporation agree shall be (a) funded as general improvements to Love Field and (b) ~~paid from Bond proceeds, including specifically the Project. Exhibit A to the Project Financing Agreement describes the facilities to be designed and constructed with proceeds of the initial series of Bonds issued by the Corporation in an aggregate principal amount not to exceed $250,000,000~~ **financed or refinanced from Bond proceeds**.

"Rating Agency" shall mean any nationally recognized statistical rating organization engaged by the City and then rating the Bonds or the Outstanding Original Indenture General Airport Revenue Bonds.

"Reserve Fund Surety Policy" shall mean a surety bond, insurance policy, letter of credit, line of credit, or other similar instrument issued by a financial institution at the request of the Corporation for the benefit of the Owners of the Bonds issued pursuant to the terms of this Indenture to satisfy any part of the Reserve Requirement in accordance with Section 4.04 of this Indenture; provided, that the long-term senior unsecured debt obligations of such issuer are rated in one of the two highest categories of ratings by one or more Rating Agencies at the time such instrument or instruments are issued.

"Reserve Requirement" shall be computed by the Corporation annually and after the issuance of any Series of Bonds **issued under the terms of this Indenture** and provided to the Trustee in writing **and** shall be the Maximum Annual Debt Service **with respect to each Series of Bonds**, provided that in any event the Reserve Requirement shall be the ~~least~~ **lesser** of Maximum Annual Debt Service, one hundred and twenty-five percent (125%) of Average Annual Debt Service or ten percent (10%) of the stated principal amount of the Bonds or any Series of Bonds or ten percent (10%) of the issue price of the Bonds or any Series of Bonds if the Bonds or any Series of Bonds are issued with more than a *de minimis* amount (as certified by the Corporation) of original issue discount.

(2) Amend the last paragraph of Section 3.02 of the Original Indenture to read:

"Section 3.02. Additional Parity Bonds. The Corporation reserves the right to issue, for any lawful purpose (including the refunding of any previously issued Parity Bonds), one or more series of Additional Parity Bonds payable from and secured by a first lien on the Pledged Revenues, on a parity with the Bonds, and any previously issued Additional Parity Bonds; provided, however, that no Additional Parity Bonds may be issued unless:

(a) The Additional Parity Bonds mature on, and interest is payable on, the Principal Installment Payment Dates and Interest Payment Dates, respectively;

(b) There shall be on deposit in the Reserve Fund, after the issuance of the Additional Parity Bonds, an amount equal to the Reserve Requirement on any Outstanding Bonds plus the Additional Parity Bonds;

(c) The Corporation is not in material default with the terms of the Indenture, any Bond Resolution, the Project Financing Agreement or any other agreement to which it is a party and has so certified; and

(d) The City delivers to the Corporation and the Trustee either (i) a written report from an Airport Consultant setting forth projections which indicate that the estimated Net Revenues of the Airport System for each of three consecutive Fiscal Years beginning in the earlier of (A) the first Fiscal Year following the estimated date of completion and initial use of all revenue producing facilities to be financed with Additional Parity Bonds, based upon a written estimated completion date by the consulting engineer for the facility or facilities, or (B) the first Fiscal Year in which the Corporation will have scheduled payments of interest on or principal of the Additional Parity Bonds to be issued for the payment of which provision has not been made as indicated in the report of the Airport Consultant from proceeds of the Additional Parity Bonds, investment income on the proceeds of such Additional Parity Bonds or from other appropriated sources (other than Net Revenues) are at least equal to 1.25 times the Average Annual Debt Service on all Outstanding Parity Bonds scheduled to occur during each respective Fiscal Year after taking into consideration the additional Debt Service requirements for the Additional Parity Bonds to be issued, or (ii) a certificate executed by the Aviation Director and countersigned by the Chief Financial Officer of the City showing that, for either the City's most recent complete Fiscal Year or for any consecutive twelve (12) out of the most recent eighteen (18) months, the Net Revenues of the Airport System were equal to at least 1.10 times the Maximum Annual Debt Service requirements of all Parity Bonds scheduled to occur in the then current or any future Fiscal Year after taking into consideration the issuance of the Additional Parity Bonds proposed to be issued.

The foregoing notwithstanding, the conditions set forth in paragraph (d) above shall not apply to ~~(A) the first $250,000,000 in initial aggregate principal amount of General Airport Revenue Bonds issued by the Corporation to fund the costs of the design and construction of the Parking Garage, funding the Reserve Fund and other funds and accounts established by this Indenture, and related Costs of Issuance, and (B)~~ the issuance of any Series of Additional Parity Bonds for refunding purposes that will have the result of reducing the maximum debt service requirements on the General Airport Revenue Bonds so refunded."

(3) Amend Section 4.02 of the Original Indenture to read:

"Section 4.02. Pledged Revenue Fund. There is hereby created and established with the Trustee a fund to be designated the "Pledged Revenue Fund". ~~Immediately upon receipt thereof~~ **No less often than the first Business Day of each month**, the Corporation shall deposit **Pledged Revenues** into the Pledged Revenue Fund ~~all Pledged Revenues~~. Money in the Pledged Revenue Fund shall be held in trust by the Trustee, **shall be deposited in the amounts** and applied**,** in the following manner and order of priority:

(A) First, to the Debt Service Fund amounts necessary to make the amounts on deposit therein **no less than the amount** equal to the interest and Principal Installments, and premium, if any, due on the General Airport Revenue Bonds **on each Interest Payment Date and Principal Installment Payment Date** in the then current Fiscal Year;

(B) Second, to the Reserve Fund amounts required to attain or maintain the Reserve Requirement;

(C) Third, to the payment of the fees and expenses of the Trustee and Paying Agent/Registrar due and owing, in the then current Fiscal Year;

(D) Fourth, to any fund or account created for the benefit of any Subordinate Lien Obligations issued or incurred by the Corporation; provided that immediately prior to any such transfers the deposits required by Sections 4.02(A) through (C) above have been made or provided for; and

(E) Fifth, as directed by the Corporation, to the Project Fund to pay for any services, improvements or other costs of improvements to Love Field as are agreed to by the City and the Corporation by an agreement duly authorized by the governing bodies of both the City and the Corporation; provided that immediately prior to any such transfers the deposits required or payments made by Sections 4.02(A) through (D) above have been made or provided for."

(4) Amend Section 4.04 of the Original Indenture to read:

"Section 4.04. Reserve Fund. There is hereby created and established with the Trustee a fund to be designated the "Reserve Fund". Money in the Reserve Fund shall be held in trust by the Trustee. The Reserve Fund shall initially be funded as provided in the Bond Resolutions **with cash, proceeds of Bonds, a Reserve Fund Surety Policy, or a combination of any of the foregoing; provided, that a Reserve Fund Surety Policy shall not be used with respect to the funds deposited to the Reserve Fund to satisfy the Reserve Requirement for the Outstanding Original Indenture General Airport Revenue Bonds; and provided, further, that the moneys in the Reserve Fund deposited for the benefit of the Outstanding Original Indenture General Airport Revenue Bonds shall be maintained for the exclusive benefit of the Owners of the Outstanding Original Indenture General Airport Revenue Bonds**.

(A) If, on any Interest Payment Date or Principal Installment Payment Date, after transferring funds to the Debt Service Fund as provided in Section 4.02, the Reserve Fund contains amounts less than the Reserve Requirement, the Trustee shall withdraw from the Pledged Revenue Fund and deposit into the Reserve Fund the amount required to attain the Reserve Requirement. If there are not sufficient funds in the Pledged Revenue Fund to fund the Reserve Requirement, the Trustee shall deposit into the Reserve Fund, as received, the following funds, until the Reserve Requirement is again attained:

(i) those portions of Net Revenues required to be deposited into the Reserve Fund pursuant to the Bond Resolutions and this Indenture;

(ii) all interest and income earned from the investment of amounts credited to the Reserve Fund; and

(iii) all other Pledged Revenues not required to be deposited into the Debt Service Fund or paid as fees to the Trustee or Paying Agent/Registrar.

(B) So long as the Reserve Fund contains amounts at least equal to the Reserve Requirement, all earnings on the Reserve Fund (other than amounts required to be transferred to the Rebate Fund pursuant to Section 4.07) shall be transferred and deposited, as collected, into the Debt Service Fund.

(C) Each increase in the Reserve Requirement resulting from the issuance of Additional Parity Bonds shall be funded at the time of issuance and delivery of such series of Additional Parity Bonds by depositing to the credit of the Reserve Fund (i) from the proceeds of such Additional Parity Bonds or other lawfully appropriated funds, or (ii) by acquiring a Reserve Fund Surety Policy, or (iii) a combination of clauses (i) and (ii) an amount sufficient to cause the amount credited to the Reserve Fund to equal the Reserve Requirement after taking into account the issuance of such Additional Parity Bonds. With respect to General Airport Revenue Bonds other than the Outstanding Original Indenture General Airport Revenue Bonds, the Corporation further expressly reserves the right, at any time, to substitute a Reserve Fund Surety Policy for any funded amounts in the Reserve Fund for Bonds issued pursuant to the terms of this Indenture and to apply the funds thereby released, to the greatest extent permitted by law, to the payment of debt service on Bonds.

~~(C)~~**(D)** Amounts deposited into the Reserve Fund shall be (i) used to pay interest on or Principal Installments of the General Airport Revenue Bonds when insufficient funds are available for such purpose in the Debt Service Fund ~~or~~**,** (ii) applied toward the payment of interest on or Principal Installments of General Airport Revenue Bonds in connection with the refunding or redemption of such General Airport Revenue Bonds**, or (iii) to reimburse the provider of a Reserve Fund Surety Policy in accordance with the requirements of the provider of the Reserve Fund Surety Policy**. Should the Trustee determine that on any Interest Payment Date or Principal Installment Payment Date there are not sufficient funds in the Debt Service Fund available to pay interest on or principal of the Parity Bonds then due and owing, the Trustee shall transfer funds from the Reserve Fund to the Debt Service Fund **or draw upon the Reserve Fund Surety Policy** to the extent available to address such deficiency. **Notwithstanding the foregoing, the moneys in the Reserve Fund deposited for the benefit of the Outstanding Original Indenture General Airport Revenue Bonds shall be maintained for the exclusive benefit of the Owners of the Outstanding Original Indenture General Airport Revenue Bonds.**"

(5) Amend Section 6.02 of the Original Indenture to read:

"Section 6.02. Notices. In order to provide the Corporation and the City with information with respect to its obligations under this Indenture, the Trustee shall provide the Corporation and the City the following notices:

(A) notice of any draws upon the Reserve Fund **(including any draws upon the Reserve Fund Surety Policy)** which are required to be transferred to the Debt Service Fund for the payment of Principal Installments of or interest on any General Airport Revenue Bonds, together with the description of the amount drawn; and

(B) notice of transfers to the Rebate Fund pursuant to Section 4.07."

(6) Amend Section 8.10 of the Original Indenture to read:

"Section 8.10. Merger, Conversion or Consolidation of Trustee. Notwithstanding any provision hereof to the contrary, any corporation**, trust company** or association into which the Trustee may be merged or converted, or with which it may be consolidated, or any corporation**, trust company or association** succeeding to all or substantially all of the corporate trust business of the Trustee **by sale or otherwise**, or any corporation**, trust company** or association resulting from any merger, conversion or consolidation to which the Trustee shall be a party, shall be the successor Trustee under this Indenture without the execution or filing of any instrument or any other act on the part of any of the parties hereto."

The amendments described above will become effective (i) upon approval by the City and the Corporation, and (ii) once the Corporation determines that the consent of not less than a majority of the aggregate unpaid principal amount of the Outstanding Original Indenture General Airport Revenue Bonds, the Bonds and any Additional Parity Bonds then Outstanding is received. The amendment described in clause (4) will become effective once the Corporation determines Outstanding Original Indenture General Airport Revenue Bonds, the Bonds and any Additional Parity Bonds then Outstanding is received, and would apply only to the Bonds and any Additional Parity Bonds delivered after the date of delivery of the Bonds.

(7) Amend Section 9.01 of the Original Indenture to read:

"Section 9.01. Supplemental Indentures Not Requiring Consent of Owners of the General Airport Revenue Bonds. The Corporation and the Trustee may, without the consent of the Owners of any of the General Airport Revenue Bonds, enter into one or more supplemental indentures, which shall form a part hereof, for any one or more of the following purposes:

(a) to cure any ambiguity, inconsistency or formal defect or omission in this Indenture;

(b) to grant to or confer upon the Trustee for the benefit of the Owners of the General Airport Revenue Bonds any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Owners of the General Airport Revenue Bonds or the Trustee or either of them;

(c) to subject to the lien of this Indenture additional revenues, properties or collateral;

(d) to modify, amend or supplement this Indenture or any supplemental indenture in such manner as to provide further assurances that interest on the General Airport Revenue Bonds will, to the greatest extent legally possible, be excludable from gross income for federal income tax purposes;

(e) to obtain bond insurance for any General Airport Revenue Bonds;~~ and~~

(f) to obtain a Reserve Fund Surety Policy for any General Airport Revenue Bonds other than the Outstanding Original Indenture General Airport Revenue Bonds; and

~~(f)~~**(g)** to permit the assumption of the Corporation's obligations hereunder by any other entity that may become the legal successor to the Corporation;

provided, however, that no provision in such supplemental indenture shall be inconsistent with this Indenture or shall impair in any manner the rights of the Owners of the General Airport Revenue Bonds.

The Trustee shall not be obligated to enter into any such supplemental indenture which adversely affects the Trustee's own rights, duties or immunities under this Indenture."

THE BONDS

DESCRIPTION OF THE BONDS

The Bonds are dated the Date of Delivery, and mature on November 1 in each of the years and in the amounts shown on page 2 hereof. Interest will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on May 1, 2022, and on each November 1 and May 1 thereafter until maturity or prior redemption.

AUTHORITY FOR ISSUANCE

The Bonds are being issued pursuant to the Bond Resolution and the Indenture, and are payable, both as to principal and interest, solely from and secured by a first lien on and pledge of the Pledged Revenues (defined herein). Under the terms of the Project Financing Agreement, the City has agreed to make available to the Corporation "Net Revenues" (defined herein) from the operation of the Airport System, in an amount sufficient to pay the principal of and interest on the Bonds, the Series 2015 Bonds, and the Series 2017 Bonds. The Corporation has assigned its rights to the Net Revenues to the Trustee under the terms of the Indenture (see "PROJECT FINANCING AGREEMENT"). **The obligation of the City to make payments under the Project Financing Agreement is solely from the Net Revenues, and the City is not obligated to make payments under the Project Financing Agreement from monies raised or to be raised from taxation** (see "THE BONDS – Security for the Bonds").

SECURITY FOR THE BONDS

The Bonds are limited obligations of the Issuer payable solely from (i) the Net Revenues deposited into the revenue fund established with the Trustee (the "Pledged Revenue Fund"), (ii) other moneys deposited or required to be deposited to the various funds held under the Indenture and (iii) the earnings and investments thereon (collectively, the "Pledged Revenues").

Pursuant to the Indenture, in order to further secure the Bonds, the Series 2015 Bonds, the Series 2017 Bonds, and any future General Airport Revenue Bonds, the Issuer entered into the Indenture with the Trustee for the purpose of assigning and pledging to the Trustee the Net Revenues payable to the Issuer by the City in accordance with the terms of the Project Financing Agreement and for the purpose of establishing the Pledged Revenue Fund, the Project Fund, the Debt Service Fund, and the Reserve Fund and thereby providing the Pledged Revenues to be held by the Trustee to secure the payment of principal of and interest on all General Airport Revenue Bonds from time to time issued by the Issuer.

"Net Revenues" is defined in the Project Financing Agreement as the revenues of the Airport System deposited to the credit of the Aviation Revenue Fund, a fund established and maintained by the City in accordance with the terms of the Airport Use and Lease Agreement, that are available after the funding of the Operations and Maintenance Account and the Operations and Maintenance Reserve Account and deposited to the credit of the General Airport Revenue Bond Debt Service Fund, each account as established and maintained as provided in the Airport Use and Lease Agreement. "Net Revenues" do not include Passenger Facility Charges. See "DESCRIPTION OF THE AIRPORT SYSTEM AND OPERATIONS" herein.

The Bonds are not obligations of the City, the State of Texas, or any entity other than the Issuer. The Issuer is not obligated to pay principal of and interest on the Bonds from any moneys of the Issuer other than the Pledged Revenues. The Issuer has no taxing powers.

See "AIRPORT USE AND LEASE AGREEMENT" herein for a description of the Airport Use and Lease Agreement, each fund created therein, as well as the order of priority of Airport System revenues for such funds, the summary of which is extracted from the Airport Consultant Report.

See also "PROJECT FINANCING AGREEMENT" herein for a description of the Project Financing Agreement, including the rates the City is required to fix, maintain, and collect so long as the Bonds of the Issuer secured by Net Revenues are outstanding and unpaid. See also "REPORT OF THE AIRPORT CONSULTANT" for information about the financial feasibility report prepared by Unison Consulting, Inc. (the "Airport Consultant"). A table summarizing Net Revenues, debt service requirements associated with the outstanding Parity Bonds and the Bonds, is included under such heading herein.

RATE COVENANT

For so long as any Bonds of the Issuer secured by Net Revenues are outstanding and unpaid, in the Project Financing Agreement the City covenants and agrees (a) to operate and maintain the Airport System in accordance with the provisions of the Airport Use and Lease Agreement, (b) to fix, establish, maintain and collect such rates, charges and fees for the use and availability of the Airport System at all times as are necessary to produce revenues sufficient, (1) to pay all current operation and maintenance expenses and operation and maintenance reserve requirements of the Airport System, (2) to produce Net Revenues for each Fiscal Year at least equal to 1.25 times the Average Annual Debt Service on all outstanding Parity Bonds and Additional Parity Bonds scheduled to occur during each respective Fiscal Year, and (3) to pay all other obligations of the Airport System to the extent secured by Pledged Revenues, and (c) to collect Net Revenues sufficient to meet its payment obligations under the Project Financing Agreement.

PLEDGED REVENUE FUND; FLOW OF FUNDS

No less often than the first Business Day of each month, the Corporation shall deposit Pledged Revenues into the Pledged Revenue Fund. Money in the Pledged Revenue Fund shall be held in trust by the Trustee, shall be deposited in the amounts and applied, in the following manner and order of priority :

(A) First, to the Debt Service Fund amounts necessary to make the amounts on deposit therein no less than the amount equal to the interest and Principal Installments, and premium, if any, due on the General Airport Revenue Bonds on each Interest Payment Date and Principal Installment Payment Date in the then current Fiscal Year;

(B) Second, to the Reserve Fund amounts required to attain or maintain the Reserve Requirement;

(C) Third, to the payment of the fees and expenses of the Trustee and Paying Agent/Registrar due and owing, in the then current Fiscal Year;

(D) Fourth, to any fund or account created for the benefit of any Subordinate Lien Obligations issued or incurred by the Issuer; provided that immediately prior to any such transfers the deposits required by clauses (A) through (C) above have been made or provided for; and

(E) Fifth, as directed by the Corporation, to the Project Fund to pay for any services, improvements or other costs of improvements to Love Field as are agreed to by the City and the Corporation by an agreement duly authorized by the governing bodies of both the City and the Corporation; provided that immediately prior to any such transfers the deposits required or payments made by (A) through (D) above have been made or provided for.

DEBT SERVICE FUND

Money in the Debt Service Fund shall be held in trust by the Trustee. The Issuer shall deposit or cause to be deposited into the Debt Service Fund, accrued interest on the General Airport Revenue Bonds, if any, moneys designated by the Issuer as capitalized interest on the General Airport Revenue Bonds, if any, transfers from the Pledged Revenue Fund as provided above, and, to the extent necessary, other Pledged Revenues in such amounts and at such times to provide that amounts necessary to pay all General Airport Revenue Bonds when due, including specifically to pay interest and Principal Installments due on the General Airport Revenue Bonds in the then current Fiscal Year. The Trustee shall transfer on each Interest Payment Date and each Principal Installment Payment Date to the Paying Agent/Registrar such amounts in the Debt Service Fund to pay Principal Installments and interest on the General Airport Revenue Bonds as the same becomes due.

RESERVE FUND

Pursuant to the Indenture, money in the Reserve Fund shall be held in trust by the Trustee. The Reserve Fund established in support of the Series 2015 Bonds and the Series 2017 Bonds was initially funded with cash. Beginning with the issuance of the Bonds, the Reserve Fund may be established for the benefit of the owners of the Bonds and may be funded with cash, proceeds of Bonds, a Reserve Fund Surety Policy, or a combination of any of the foregoing; provided, that a Reserve Fund Surety Policy shall not be used with respect to the funds deposited to the Reserve Fund to satisfy the Reserve Requirement for the Outstanding Original Indenture General Airport Revenue Bonds (the Series 2015 Bonds and the Series 2017 Bonds); and provided, further, that the moneys in the Reserve Fund deposited for the benefit of the Outstanding Original Indenture General Airport Revenue Bonds shall be maintained for the exclusive benefit of the Owners of the Outstanding Original Indenture General Airport Revenue Bonds. The Reserve Requirement for the Bonds shall be recomputed annually and after the issuance of any series of Additional Parity Bonds. See "Appendix D — SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE ". As of September 1, 2021, the current balance in the Series 2015 Reserve Fund is $9,346,750, and Series 2017 Reserve Fund is $9,996,750. Upon the issuance of the Bonds, the Reserve Requirement for the Bonds will be $22,004,300. The Reserve Requirement for the Bonds will be fully funded with a Surety Policy issued by AGM on the date of issuance of the Bonds.

Costs of Issuance Fund

The Trustee shall deposit to the credit of the Costs of Issuance Fund the amount set forth in the closing instructions executed by or on behalf of the Corporation in connection with the delivery of the Bonds. The Trustee shall apply the monies in the Costs of Issuance Fund to the payment of Costs of Issuance, in accordance with the certificate to be delivered as provided in the Bond Resolution in respect to the application of proceeds of the Bonds. The Trustee will transfer any balance remaining in the Costs of Issuance Fund on the one hundred and eightieth (180th) day following the issuance of the Bonds to the Pledged Revenue Fund.

Additional Parity Bonds

The Corporation reserves the right to issue, for any lawful purpose (including the refunding of any previously issued or incurred General Airport Revenue Bonds), one or more series of Additional Parity Bonds payable from and secured by a first lien on the Pledged Revenues, on a parity with the Bonds (see "Appendix D — SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE"); provided, however, that no Additional Parity Bonds may be issued unless:

(a) The Additional Parity Bonds mature on, and interest is payable on, the Principal Installment Payment Dates and Interest Payment Dates, respectively;

(b) There shall be on deposit in the Reserve Fund, after the issuance of the Additional Parity Bonds, an amount equal to the Reserve Requirement on any Outstanding Parity Bonds plus the Additional Parity Bonds, as determined in accordance with the Indenture;

(c) The Corporation is not in material default with the terms of the Indenture, any Bond Resolution, the Project Financing Agreement or any other agreement to which it is a party and has so certified; and

(d) The City delivers to the Corporation and the Trustee either (i) a written report from an Airport Consultant setting forth projections which indicate that the estimated Net Revenues of the Airport System for each of three consecutive Fiscal Years beginning in the earlier of (A) the first Fiscal Year following the estimated date of completion and initial use of all revenue producing facilities to be financed with Additional Parity Bonds, based upon a written estimated completion date by the consulting engineer for the facility or facilities, or (B) the first Fiscal Year in which the Corporation will have scheduled payments of interest on or principal of the Additional Parity Bonds to be issued for the payment of which provision has not been made as indicated in the report of the Airport Consultant from proceeds of the Additional Parity Bonds, investment income on the proceeds of such Additional Parity Bonds or from other appropriated sources (other than Net Revenues) are at least equal to 1.25 times the Average Annual Debt Service on all Outstanding Parity Bonds scheduled to occur during each respective Fiscal Year after taking into consideration the additional Debt Service requirements for the Additional Parity Bonds to be issued, or (ii) a certificate executed by the Aviation Director and countersigned by the Chief Financial Officer of the City showing that, for either the City's most recent complete Fiscal Year or for any consecutive twelve (12) out of the most recent eighteen (18) months, the Net Revenues of the Airport System were equal to at least 1.10 times the Maximum Annual Debt Service requirements of all Parity Bonds scheduled to occur in the then current or any future Fiscal Year after taking into consideration the issuance of the Additional Parity Bonds proposed to be issued.

For Additional Parity Bonds issued to finance projects at Love Field, deposits will be directed to be made to the Project Fund in accordance with the terms of the Indenture and the resolution authorizing the issuance of such series of Additional Parity Bonds.

Redemption of Bonds

The Issuer reserves the right, at its option, to redeem the Bonds having stated maturities on and after November 1, 2032, in whole, or in part in principal amounts of $5,000 or any integral multiple thereof, on November 1, 2031, or on any date thereafter, at the redemption price of par plus accrued interest to the date fixed for redemption. If less than all of the Bonds are to be redeemed and if less than all of a maturity is to be redeemed, the Paying Agent/Registrar will determine by lot the Bonds, or portions thereof, within such maturity to be redeemed; provided, however, that during any period in which ownership of the Bonds is determined only by a book entry at a securities depository (see "THE BONDS - Book-Entry-Only System" below), if fewer than all of the Bonds of the same maturity are to be redeemed, the particular Bonds will be selected in accordance with arrangements between the Issuer and the securities depository. The Bonds are not subject to mandatory redemption prior to their scheduled maturities.

Notice of Redemption

Not less than 30 days prior to a redemption date for the Bonds called for redemption, the Issuer will cause (i) a written notice of such redemption to be given by the Paying Agent/Registrar to the registered owner of each Bond or a portion thereof being called for redemption by depositing such notice in the United States mail, first class, postage prepaid, addressed to each such registered owner at the address of such registered owner shown on the Registration Books of the Paying Agent/Registrar and (ii) a notice of such redemption to be published one time in a financial journal or publication of general circulation in the United States of America or the State of Texas carrying as a regular feature notices of municipal bonds called for redemption; provided, however, that the failure to send, mail or receive such notice described in (i) above, or any defect therein or in the sending or mailing thereof, will not affect the validity or effectiveness of the proceedings for the redemption of any Bond, **and the publication of notice as described in (ii) above shall be the only notice actually required in connection with or as a prerequisite to the redemption of any Bonds.** ANY NOTICE WILL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE BONDS CALLED FOR REDEMPTION WILL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY BOND OR

PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH BOND OR PORTION THEREOF WILL CEASE TO ACCRUE, EXCEPT AS PROVIDED IN THE NEXT PARAGRAPH.

With respect to any optional redemption of the Bonds, unless the Paying Agent/Registrar has received funds sufficient to pay the principal and premium, if any, and interest on the Bonds to be redeemed before giving a notice of redemption, the notice of redemption may state that the Issuer may condition redemption on the receipt by Paying Agent/Registrar of such funds on or before the date fixed for the redemption, or on the satisfaction of any other prerequisites set forth in the notice of redemption. If a conditional notice of redemption is given and such prerequisites to redemption and sufficient funds are not received, the notice shall be of no force and effect, the Issuer shall not redeem the Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, that the Bonds have not been redeemed.

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds are to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company, New York, New York ("DTC"), while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The Issuer believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The Issuer cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the United States Securities and Exchange Commission (the "SEC"), and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate for each maturity and series of the Bonds will be issued, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). Direct Participants and Indirect Participants are collectively referred to as "Participants". DTC has a S&P rating of "AA+". The DTC Rules applicable to its Participants are on file with the SEC. More information about DTC can be found at www.dtcc.com.

Purchase of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bonds ("Beneficial Owner") is in turn to be recorded on the Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds of such series discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent/Registrar and request that copies of the notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the Paying Agent/Registrar, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar of each series, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bonds are required to be printed and delivered.

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

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Issuer or the Underwriters.

Effect of Termination of Book-Entry-Only System. In the event that the Book-Entry-Only System is discontinued by DTC or the use of the Book-Entry-Only System is discontinued by the Issuer, printed Bonds will be issued to the holders and the Bonds will be subject to transfer, exchange and registration provisions as set forth in the Bond Resolution and summarized under "THE BONDS - Transfer, Exchange and Registration" below.

PAYING AGENT/REGISTRAR

The initial Paying Agent/Registrar for the Bonds is Wells Fargo Bank, National Association. In the Bond Resolution, the Issuer retains the right to replace the Paying Agent/Registrar. The Issuer covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are duly paid, and any successor Paying Agent/Registrar shall be a commercial bank or trust company or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Bonds. Upon any change in the Paying Agent/Registrar for the Bonds, the Issuer agrees to promptly cause a written notice thereof to be sent to each registered owner of the Bonds by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

In the event the Book-Entry-Only System should be discontinued, principal of the Bonds will be payable to the registered owner at maturity or prior redemption upon presentation at the Designated Trust Office. Interest on the Bonds will be payable by check, dated as of the interest payment date, and mailed by the Paying Agent/Registrar to registered owners as shown on the records of the Paying Agent/Registrar on the Record Date (see "THE BONDS - Record Date for Interest Payment" herein), or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, legal holiday, or a day on which banking institutions in the city where the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

TRANSFER, EXCHANGE AND REGISTRATION

In the event the Book-Entry-Only System should be discontinued, the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Bonds may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds being transferred or exchanged, at the Designated Trust Office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Bonds to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 for any one maturity and series and for a like aggregate designated amount and series as the Bonds surrendered for exchange or transfer. See "Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds. Neither the Issuer nor the Paying Agent/Registrar shall be required to transfer or exchange any Bond called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of the Bonds.

LIMITATION ON TRANSFER OF BONDS CALLED FOR REDEMPTION

Neither the Issuer nor the Paying Agent/Registrar shall be required (1) to make any transfer or exchange during a period beginning at the opening of business 15 days before the day of the first mailing of a notice of redemption of Bonds and ending at the close of business on the day of such mailing, or (2) to transfer or exchange any Bonds so selected for redemption when such redemption is scheduled to occur within 30 calendar days; provided, however, such limitation shall not be applicable to an exchange by the registered owner of the uncalled principal balance of a Bond.

RECORD DATE FOR INTEREST PAYMENT

The record date ("Record Date") for the interest payable on the Bonds on any interest payment date means the close of business on the 15th day of the preceding month.

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

ACQUISITION OF WELLS FARGO'S TRUST DIVISION

On March 24, 2021, Wells Fargo Bank, National Association, the Trustee, has agreed to sell its corporate trust services business to Computershare Trust Company, N.A., a subsidiary of Computershare Limited, a company providing specialized financial services, headquartered in Australia. The sale is expected to be completed before the end of 2021. Wells Fargo Corporate Trust Services, a business unit of Wells Fargo Bank, will initially perform the related services. Once the transition of the Corporate Trust Services business begins from Wells Fargo to Computershare on or after the closing of the sale, which is subject to regulatory approvals and the satisfaction of other closing conditions, those services will shift to Computershare Trust Company, N.A., a U.S.-based trust bank and subsidiary of Computershare Limited that is regulated by the Office of the Comptroller of the Currency (the "OCC"). Wells Fargo Corporate Trust Services expects to wholly transition this account to Computershare without disruption or adverse changes in its operations or in the services provided if and when the sale of the corporate trust business closes.

SOURCES AND USES OF FUNDS (1)

The sources and uses of funds, shall be as follows:

Sources		
Par Amount	$	255,160,000
Original Issue Premium		56,902,333
Cash Contribution		959,101
Debt Service Fund Contribution		6,645,625
Total Sources of Funds	$	319,667,059
Uses		
Deposit with Refunded Bonds Trustee	$	316,645,625
Cost of Issuance (2)		3,021,434
Total Uses of Funds	$	319,667,059

(1) Numbers are rounded.
(2) Includes underwriters' discount, legal, financial advisory, bond insurance premiums, and other consultant fees and miscellaneous costs associated with the issuance of the Bonds.

DEFEASANCE

The Bond Resolution and the Indenture provide that the Issuer may discharge its obligations to the registered owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by current law. Under current State law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption or (ii) by depositing with any place of payment (paying agent) for obligations of the Issuer payable from revenues, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (1) direct obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (2) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the Issuer adopts or approves proceedings authorizing the issuance of refunding bonds or, if such defeasance is not in connection with the issuance of refunding bonds, on the date the Issuer provides for the funding of an escrow to effect the defeasance of the Bonds, are rated as to investment quality by a nationally-recognized investment rating firm not less than "AAA" or its equivalent, (3) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the Issuer adopts or approves proceedings authorizing the issuance of refunding bonds or, if such defeasance is not in connection with the issuance of refunding bonds, on the date the Issuer provides for the funding of an escrow to effect the defeasance of the Bonds, are rated as to investment quality by a nationally-recognized investment rating firm not less than "AAA" or its equivalent or (4) any other then authorized securities or obligations that may be used to defease obligations such as the Bonds under then applicable laws of the State of Texas. The foregoing obligations may be in book entry form, and shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds.

Upon such deposit as described above, such Bonds shall no longer be regarded to be outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment or redemption of the Bonds have been made as described above, all rights of the Issuer to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, that the right to call the Bonds for redemption is not extinguished if the Issuer: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

OWNERS' REMEDIES

The Indenture specifies Events of Default with respect to the Bonds (see "THE BONDS – Events of Default"). If an Event of Default occurs, or the City fails to make payments to the Issuer under the terms of the Project Financing Agreement, the Owners may seek a writ of mandamus to compel officials of the Issuer and/or the City to carry out their legally imposed duties with respect to the Bonds if there is no other available remedy at law to compel performance of the Bonds, the Indenture or the Project Financing Agreement and the obligations of the Issuer or the City are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles, and with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year.

On April 1, 2016, the Texas Supreme Court ruled in *Wasson Interests, Ltd. v. City of Jacksonville*, 59 Tex. Sup. Ct. J. 524 (Tex. 2016) ("Wasson") that governmental immunity does not imbue a city with derivative immunity when it performs proprietary, as opposed to governmental, functions in respect to contracts executed by a city. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under the authority or for the benefit of the state. If sovereign immunity is determined by a court to exist, then the Texas Supreme Court has ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language.

The Texas Supreme Court reviewed Wasson again in June 2018 and clarified that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function when it entered into the contract, not at the time of the alleged breach. Because it is unclear whether the Texas legislature has effectively waived the City's sovereign immunity from a suit for money damages, bondholders may not be able to bring such a suit against the City for breach of the Project Financing Agreement covenants. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds.

Furthermore, the City and the Issuer are eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Chapter 9 includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or bondholders of an entity which has sought protection under Chapter 9. Therefore, should the City or the Issuer avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Co-Bond Counsel will note that all opinions relative to the enforceability of the Indenture, the Bond Resolution, the Bonds and the Project Financing Agreement are qualified with respect to the customary rights of debtors relative to their creditors and by general principles of equity that permit the exercise of judicial discretion.

For other information affecting the ownership of the Bonds, see "CERTAIN INVESTMENT CONSIDERATIONS" herein.

EVENTS OF DEFAULT

Under the Indenture, the following constitute "Events of Default":

(A) failure to pay when due Principal Installments or interest on any General Airport Revenue Bond; or

(B) failure to deposit to the Debt Service Fund money sufficient for the payment of any Principal Installments or interest payable on the General Airport Revenue Bonds by no later than the date when such Principal Installment or interest becomes due and payable; or

(C) failure by the Issuer to observe or perform any other covenant, agreement or obligation on its part to be observed or performed contained in the Indenture or in the General Airport Revenue Bonds, which failure shall have continued for a period of thirty (30) days after written notice, either by registered or certified mail, to the Issuer specifying the failure and requiring that it be remedied, which notice may be given by the Trustee in its discretion and shall be given by the Trustee at the written request of the Holders of not less than 25 percent (25%) in aggregate principal amount of the General Airport Revenue Bonds then outstanding.

TRUSTEE REMEDIES

If an Event of Default shall occur and be continuing, then, in addition to all of the other rights and remedies granted to the Trustee under the Indenture, the Trustee in its discretion, subject to the provisions of the Indenture, may proceed to protect and enforce its rights and the rights of the Owners of General Airport Revenue Bonds by suit, action or proceeding in equity or at law or otherwise, whether for the specific performance of any covenant or agreement contained in the Indenture, the Bond Resolution or the General Airport Revenue Bonds or in aid of the execution of any power granted in the Indenture or for the enforcement of any other legal, equitable or other remedy, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce any of the rights of the Trustee or such Owners of the General Airport Revenue Bonds, including, without limitation, the right to seek a writ of mandamus issued by a court of competent jurisdiction compelling the members of the Board and/or the City to make payment of the Net Revenues (but only from and to the extent of the sources provided in the Indenture and the Project Financing Agreement) or to observe and perform such covenant, obligations or conditions of the Indenture or the Project Financing Agreement. Acceleration is not a remedy available to the Trustee under the terms of the Indenture.

No remedy conferred upon or reserved to the Trustee under the Indenture is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Indenture or under the General Airport Revenue Bonds, or now or hereafter existing at law or in equity or by statute. Acceleration shall not be a remedy if an Event of Default occurs and is continuing. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

AMENDMENTS TO THE INDENTURE

Any modification, change or amendment of the Indenture may be made only by a supplemental indenture adopted and executed by the Issuer and the Trustee with the consent of the Owners of not less than a majority of the aggregate principal amount of the General Airport Revenue Bonds then Outstanding.

Notwithstanding the preceding paragraph, the Issuer and the Trustee may, without the consent of the Owners of any of the General Airport Revenue Bonds, enter into one or more supplemental indentures, for any one or more of the following purposes:

(a) to cure any ambiguity, inconsistency or formal defect or omission in the Indenture;

(b) to grant to or confer upon the Trustee for the benefit of the Owners of the General Airport Revenue Bonds any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Owners of the General Airport Revenue Bonds or the Trustee or either of them;

(c) to subject to the lien of the Indenture additional revenues, properties or collateral;

(d) to modify, amend or supplement the Indenture or any supplemental indenture in such manner as to provide further assurances that interest on the General Airport Revenue Bonds will, to the greatest extent legally possible, be excludable from gross income for federal income tax purposes;

(e) to obtain bond insurance for any General Airport Revenue Bonds;

(f) to obtain a Reserve Fund Surety Policy for any General Airport Revenue Bonds other than the Outstanding Original Indenture General Airport Revenue Bonds; and

(g) to permit the assumption of the Issuer's obligations under the Indenture by any other entity that may become the legal successor to the Issuer;

provided, however, that no provision in such supplemental indenture shall be inconsistent with the Indenture or shall impair in any manner the rights of the Owners of the General Airport Revenue Bonds.

The Trustee shall not be obligated to enter into any such supplemental indenture which adversely affects the Trustee’s own rights, duties or immunities under the Indenture.

Notwithstanding the first paragraph of this Section, no modification, change or amendment to the Indenture shall, without the consent of the Owner of each General Airport Revenue Bond so affected, extend the time of payment of the Principal Installments or interest thereon, or reduce the Principal Installments or premium, if any, thereon, or the rate of interest thereon, or make the Principal Installments or interest thereon payable in any coin or currency other than that provided in the Indenture, or deprive such Owner of the lien of the Indenture on the revenues pledged under the Indenture. Moreover, without the consent of the Owner of each General Airport Revenue Bond then Outstanding, no modification, change or amendment to the Indenture shall permit the creation of any lien on the revenues pledged under the Indenture equal or prior to the lien established by the Indenture, or reduce the aggregate principal amount of General Airport Revenue Bonds, the Owners of which are required to approve any such modification, change or amendment of the Indenture.

SURETY BOND POLICY

AGM has issued the Reserve Policy for credit to the Debt Service Reserve Account. Pursuant to the Reserve Policy, AGM has unconditionally and irrevocably agreed to pay to the Paying Agent/Registrar for the Bonds, for the benefit of the Holders of such Bonds, subject to the terms of the Reserve Policy, that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Reserve Policy).

AGM will make payment as provided in the Reserve Policy to the Paying Agent/Registrar for the Bonds on the later of the business day on which such principal and interest becomes Due for Payment or the business day next following the business day on which AGM shall have received Notice of Nonpayment, in a form reasonably satisfactory to it. Payment by AGM to the Paying Agent/Registrar for the Bonds for the benefit of the Holders of such Bonds shall, to the extent thereof, discharge the obligation of AGM under the Reserve Policy. Upon such payment, AGM shall become entitled to reimbursement of the amounts so paid (together with interest and expenses) pursuant to the Resolution from Revenues.

The amount available under the AGM Reserve Policy for payment shall not exceed the Policy Limit (as such term is defined in the AGM Reserve Policy), initially $22,004,300. The amount available at any particular time to be paid to the Paying Agent/Registrar for the Bonds under the terms of the Reserve Policy shall automatically be reduced by any payments under the Reserve Policy. However, after such payment, the amount available under the Reserve Policy shall be reinstated in full or in part, but only up to the Policy Limit therefor, to the extent of the reimbursement of such payment (exclusive of interest and expenses) to AGM by or on behalf of the Issuer.

BOND INSURANCE

BOND INSURANCE POLICY

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM" or the “Insurer”) will issue its Municipal Bond Insurance Policy (the "Policy") for the Bonds maturing on November 1 of the years 2032 through 2040, inclusive (the “Insured Bonds”). The Policy guarantees the scheduled payment of principal of and interest on the Insured Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

ASSURED GUARANTY MUNICIPAL CORP.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. (“AGL”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO”. AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and international public finance (including infrastructure) and structured finance markets and asset management services. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM’s financial strength is rated “AA” (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”), “AA+” (stable outlook) by Kroll Bond Rating Agency, Inc. (“KBRA”) and “A2” (stable outlook) by Moody’s Investors Service, Inc. (“Moody’s”). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM’s long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On July 8, 2021, S&P announced it had affirmed AGM’s financial strength rating of “AA” (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On October 29, 2020, KBRA announced it had affirmed AGM’s insurance financial strength rating of “AA+” (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On August 13, 2019, Moody’s announced it had affirmed AGM’s insurance financial strength rating of “A2” (stable outlook). AGM can give no assurance as to any further ratings action that Moody’s may take.

For more information regarding AGM’s financial strength ratings and the risks relating thereto, see AGL’s Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

Capitalization of AGM

At June 30, 2021:

- The policyholders' surplus of AGM was approximately $2,943 million.
- The contingency reserve of AGM was approximately $947 million.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately $2,137 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, and (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiaries Assured Guaranty UK Limited ("AGUK") and Assured Guaranty (Europe) SA ("AGE").

The policyholders' surplus of AGM and the contingency reserves, net unearned premium reserves and deferred ceding commission income of AGM were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Merger of Municipal Assurance Corp. ("MAC") into AGM

On April 1, 2021, MAC was merged into AGM, with AGM as the surviving company. Prior to that merger transaction, MAC was an indirect subsidiary of AGM (which indirectly owned 60.7% of MAC) and AGM's affiliate, Assured Guaranty Corp., a Maryland-domiciled insurance company ("AGC") (which indirectly owned 39.3% of MAC). In connection with the merger transaction, AGM and AGC each reassumed the remaining outstanding par they ceded to MAC in 2013, and AGC sold its indirect share of MAC to AGM. All of MAC's direct insured par exposures have become insured obligations of AGM.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2020 (filed by AGL with the SEC on February 26, 2021);

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2021 (filed by AGL with the SEC on May 7, 2021); and

(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2021 (filed by AGL with the SEC on August 6, 2021).

All information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE".

BOND INSURANCE RISK FACTORS

In the event of a default in the payment of the scheduled principal of or interest on the Insured Bonds when all or a portion thereof becomes due, the Trustee on behalf of any owner of the Insured Bonds shall have a claim under the Policy for such payments. The payment of principal and interest in connection with mandatory or optional prepayment of the Insured Bonds by the Issuer which is recovered by the Issuer from the bond owner as a voidable preference under applicable bankruptcy law is covered by the Policy; however, such payments will be made by the Insurer at such time and in such amounts as would have been due absent such prepayment by the Issuer (unless the Insurer in its discretion chooses to pay such amounts at an earlier date).

Payment of principal of and interest on the Bonds is not subject to acceleration, but other legal remedies upon the occurrence of non-payment do exist (see "THE BONDS - Bondholders' Remedies"). The Insurer may reserve the right to direct the pursuit of available remedies, and, in addition, may reserve the right to consent to any remedies available to and requested by the Bondholders.

In the event the Insurer is unable to make payment of scheduled principal and interest as such payments become due under the Policy, the Insured Bonds are payable solely from the Net Revenues. In the event the Insurer becomes obligated to make payments with respect to the Insured Bonds, no assurance is given that such event will not adversely affect the market price or the marketability (liquidity) of the Insured Bonds.

The long-term ratings on the Insured Bonds will be dependent in part on the financial strength of the Insurer and its claims-paying ability. The Insurer's financial strength and claims-paying ability are predicated upon a number of factors which could change over time. No assurance can be given that the long-term ratings of the Insurer and of the ratings on the Insured Bonds, whether or not subject to a Policy, will not be subject to downgrade and such event could adversely affect the market price or the marketability (liquidity) for the Insured Bonds.

The obligations of the Insurer under a Policy are unsecured contractual obligations of the Insurer and in an event of default by the Insurer, the remedies available may be limited by applicable insurance or bankruptcy law. None of the Issuer, the City, the Financial Advisor or the Underwriters have made independent investigation into the claims-paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of any potential Insurer is given.

CLAIMS-PAYING ABILITY AND FINANCIAL STRENGTH OF MUNICIPAL BOND INSURERS

Moody's Investor Services, Inc., Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, and Fitch Ratings (the "Rating Agencies") have downgraded and/or placed on negative watch the claims-paying ability and financial strength of most providers of municipal bond insurance. Additional downgrades or negative changes in the rating outlook for all bond insurers is possible. In addition, recent events in the credit markets have had substantial negative effects on the bond insurance business. These developments could be viewed as having a material adverse effect on the claims-paying ability of such bond insurers, including any bond insurer of the Insured Bonds. Thus, when making an investment decision, potential investors should carefully consider the ability of the Issuer to pay principal and interest on the Insured Bonds and the claims-paying ability of any bond insurer, particularly over the life of the Insured Bonds.

PROJECT FINANCING AGREEMENT

The City and the Issuer have negotiated and executed the amended and restated Project Financing Agreement, pursuant to which the City and the Issuer have agreed to cooperate and coordinate for the financing, design, and construction of improvements to Love Field.

Under the provisions of the Project Financing Agreement, the Issuer has the authority to issue General Airport Revenue Bonds from time to time to finance or refinance improvements to Love Field and the funding of any necessary reserve fund or capitalized interest account and the payment of the costs of issuance. The Series 2015 Bonds were the first series of bonds issued to effect the financing, design and construction of improvements to Love Field. The Series 2017 Bonds were the second series. The Bonds, the Series 2015 Bonds, the Series 2017 Bonds and any Subordinate Lien Obligations shall be repaid by the Issuer from payments made by the City from Net Revenues pursuant to the terms of the Project Financing Agreement. Debt service on the Bonds shall be secured, in whole or in part, by funds received from the City, including without limitation, the Net Revenues, and deposited by the Issuer from time to time in the Pledged Revenue Fund.

The Project Financing Agreement affirms that the City will transfer Net Revenues to the Corporation for the purpose of paying debt service on outstanding General Airport Revenue Bonds (including the Bonds and any Additional Parity Bonds) and Subordinate Lien Obligations (on a subordinate basis to the General Airport Revenue Bonds), and to fund deficiencies in the Reserve Fund.

Under the terms of the Indenture, the Issuer has assigned to the Trustee all of the Issuer's right, title and interest to the Net Revenues of the Airport System under the Project Financing Agreement.

For a complete description of the duties of the City and the Issuer's obligations under the Project Financing Agreement, including, but not limited to, the Issuer's power to issue the Bonds and the permitted use of Net Revenues, please see "Appendix E — PROJECT FINANCING AGREEMENT". The Project Financing Agreement should be read in its entirety for an understanding of the obligations of the City to transfer Net Revenues to the Issuer, and the use of the Net Revenues by the Issuer in support of the Bonds.

AIRPORT USE AND LEASE AGREEMENT

The Airport Use and Lease Agreement (1) governs ongoing airline operations and use of Love Field both during and after the implementation of the Love Field Modernization Program, (2) defines and allocates Love Field gates, (3) establishes a rates and charges methodology, (4) develops terms for the use of Love Field, (5) develops guidelines for future capital improvements at Love Field, and (6) provides other provisions that are consistent with accomplishing the terms of the Five Party Agreement, which is an agreement between the City, the City of Fort Worth, Texas, the Board of Dallas Fort Worth International Airport, Southwest, and American Airlines, wherein the City and Southwest initially agreed to the program referred to herein as the Love Field Modernization Program. The Airport Use and Lease Agreement became effective on October 1, 2008, with a 20-year term that will expire on September 30, 2028.

The Airport Use and Lease Agreement also establishes priorities for the application of Airport System revenues. Airport System revenues are to be deposited into the Aviation Revenue Fund and applied first to pay operations and maintenance expenses and any required deposits to the Operations and Maintenance Reserve Account; then to pay debt service on outstanding General Airport Revenue Bonds and any required deposits to the General Airport Revenue Bond Debt Service Reserve Fund. Only after these obligations are met are Airport System revenues available to be applied to reimburse Southwest for certain facilities payments it has made pursuant to a facilities agreement and revenue credit agreement to the extent that the City receives certain Airport System revenues sufficient for such purpose.

Pursuant to the terms of the Airport Use and Lease Agreement, Airport System revenues are to be deposited into the Aviation Revenue Fund and applied to the following funds and accounts in the following order of priority:

1. Operations and Maintenance Account – to pay operations & maintenance expenses.

2. Operation and Maintenance Reserve Account – to maintain a balance equal to three (3) months—twenty-five percent (25%) – of the current annual operating budget for the Airport System.

3. General Airport Revenue Bond Debt Service Fund – to pay General Airport Revenue Bond Debt Service on any bonds, notes or debt instruments that may be issued from time to time by the City or the Corporation to fund Airport System Capital Improvements.

4. General Airport Revenue Bond Debt Service Reserve Fund – to fund or restore the General Airport Revenue Bond Debt Service Reserve Fund established in support of General Airport Revenue Bonds.

5. Southwest Reimbursement Account – to reimburse Southwest for Love Field Modernization Project Debt Service Facilities Payments made by Southwest under its facilities agreement with the LFAMC.

6. Emergency Repair & Replacement Reserve – to replenish the balance in this fund to Five Million Dollars ($5,000,000).

7. Aviation Capital Fund – all remaining revenues, to be used to pay the net costs of Airport System capital improvements and for other lawful purposes of the Airport System.

For a more detailed discussion of the Airport Use and Lease Agreement, including its rate making methodology and description of cost-centers for the purposes of calculating rates and charges, as well as other financial analysis and forecasts, including both historical and projected Airport System revenues and expenses, see “Appendix B – REPORT OF THE AIRPORT CONSULTANT - Section 4: Financial Analysis”.

For information about airline and non-airline revenues of the Airport System, see “Appendix B – REPORT OF THE AIRPORT CONSULTANT – Section 4: Financial Analysis”.

REPORT OF THE AIRPORT CONSULTANT

The City has engaged Unison Consulting Inc. (the “Airport Consultant”) to evaluate the ability of the City to generate sufficient Net Revenues from the Airport System to meet the financial requirements established by the Indenture. See the report of the Airport Consultant (the “Report”) included herein as Appendix B. In the Report, the Airport Consultant identifies key factors upon which the future financial results of Love Field depend. Section 1 describes Love Field, past improvements to Love Field, and plan of finance. Section 2 discusses the COVID-19 Pandemic, describes Love Field’s air service area and discusses the local economic base. Section 3 analyzes the historical aviation activity at Love Field and presents forecasts of future aviation activity. Section 4 reviews the financial framework for the Airport System, reviews the recent historical financial performance of the Airport System, and examines the ability of the Airport System to generate sufficient Net Revenues to meet the payment obligations of the Bonds, the Series 2015 Bonds, the Series 2017 Bonds, and a potential future issue of General Airport Revenue Bonds during the forecast period. The Report should be read in its entirety for an understanding of the assumptions and rationale underlying the financial forecasts. As noted in the Report, any forecast is subject to uncertainties. Some of the assumptions used to develop the forecasts will not be realized, and unanticipated events and circumstances may occur. Therefore, there will be differences between the forecast and actual results, and those differences may be material. See “CERTAIN INVESTMENT CONSIDERATIONS” in this Official Statement.

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The following table extracted from the Report, provides the debt service coverage estimates and projections during the forecast period.

	Fiscal Year Ending September 30,									
	Estimate	Estimate	Projected							
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Total Airport System Revenues	$ 127,078,645	$ 148,783,234	$ 157,977,690	$ 160,637,834	$ 163,299,361	$ 166,052,812	$ 169,580,915	$ 172,732,509	$ 163,953,323	$ 166,397,512
O&M Expenses (1)	84,844,379	96,298,802	102,629,983	105,433,250	108,318,474	111,288,299	114,345,462	117,492,802	120,733,261	124,069,888
Deposit to O&M Reserve Account	-	-	1,582,795	700,817	721,306	742,456	764,291	786,835	810,115	834,157
Net Revenues	$ 42,234,266	$ 52,484,432	$ 53,764,912	$ 54,503,767	$ 54,259,581	$ 54,022,057	$ 54,471,162	$ 54,452,872	$ 42,409,947	$ 41,493,467
General Airport Revenue Bonds (2)										
Series 2015 Bonds	$ 9,344,750	$ 9,345,000	$ 9,344,000	$ 9,346,250	$ 9,346,000	$ 9,342,750	$ 9,346,000	$ 9,344,750	$ 9,343,500	$ 9,346,500
Series 2017 Bonds	9,996,750	9,997,750	9,997,250	9,994,750	9,994,750	9,996,500	9,994,250	9,997,500	9,995,250	9,997,000
Series 2021 Bonds	-	20,002,230	20,000,800	20,004,050	20,000,300	20,003,800	20,003,050	20,002,050	21,999,550	22,004,300
Series 2022 Bonds (3)	-	-	12,928,277	12,934,250	12,932,500	12,930,500	12,927,000	12,930,750	-	-
Subtotal	19,341,500	39,344,980	52,270,327	52,279,300	52,273,550	52,273,550	52,270,300	52,275,050	41,338,300	41,347,800
Less: PFCs	-	-	(10,000,000)	(10,000,000)	(10,000,000)	(10,000,000)	(10,000,000)	(10,000,000)	(10,000,000)	(10,000,000)
Total GARBs	19,341,500	39,344,980	42,270,327	42,279,300	42,273,550	42,273,550	42,270,300	42,275,050	31,338,300	31,347,800
Remaining Net Revenues	$ 22,892,766	$ 13,139,452	$ 11,494,585	$ 12,224,467	$ 11,986,031	$ 11,748,507	$ 12,200,862	$ 12,177,822	$ 11,071,647	$ 10,145,667
Debt Service Coverage on GARBs	**2.18**	**1.33**	**1.27**	**1.29**	**1.28**	**1.28**	**1.29**	**1.29**	**1.35**	**1.32**
Obligation for Revenue Credit Agreement										
Series 2010 Bonds	14,783,125	-	-	-	-	-	-	-	-	-
Series 2012 Bonds	13,711,000	13,712,000	-	-	-	-	-	-	-	-
Less: PFCs	(10,000,000)	(10,000,000)	-	-	-	-	-	-	-	-
Transfer to Southwest Holding Account	18,494,125	3,712,000	-	-	-	-	-	-	-	-
Replenish of Emergency Reserve	-	-	-	-	-	-	-	-	-	-
Transfer to Capital Account	$ 4,398,641	$ 9,427,452	$ 11,494,585	$ 12,224,467	$ 11,986,031	$ 11,748,507	$ 12,200,862	$ 12,177,822	$ 11,071,647	$ 10,145,667

Source: Unison Consulting, Inc.
(1) O&M Expenses for FY2021 and FY2022 are shown net of CRRSA and ARPA funds applied.
(2) Annual debt service is shown based on the timing required for the monthly deposits in order to accumulate the necessary amounts for the debt service payments when due.
(3) Assumes All-in TIC of 2.66%. It is anticipated that the Series 2022 will refund the Series 2012 Special Facilities Bonds. See “FUTURE BOND ISSUANCE”.

DESCRIPTION OF THE AIRPORT SYSTEM AND OPERATIONS

The Airport System consists of Love Field, a commercial and general aviation airport, Dallas Executive Airport, a general aviation airport, and a heliport located adjacent to the Dallas Convention Center in downtown Dallas.

Owned and operated by the City, Love Field was originally designed as a World War I military training base on October 19, 1917. It was named in memory of Lieutenant Moss Lee Love who was killed in California in 1913 and was the eighth aviation officer to be killed in an airplane crash. Passenger service out of Love Field began on September 17, 1927.

Located in the heart of Dallas, Love Field is just seven miles northwest of the City's Central Business District. Its boundaries are Mockingbird Lane, Denton Drive, Shorecrest Lane and Lemmon Avenue. Love Field is surrounded by low-to high-income neighborhoods and local businesses. For calendar year 2020, Love Field ranked 30th in the United States in terms of the number of passenger enplanements (Love Field had approximately 5.062 million enplanements), according to statistics compiled by the FAA's Air Carrier Activity Information System (ACAIS). This ranking compares to Love Field's ranking as 43rd in 2013 before all Wright Amendment restrictions were lifted.

Love Field sits on approximately 1,300 acres of land. It currently has two runways: (1) Runway 13L/31R is 7,752 feet x 150 feet, (2) Runway 13R/31L is 8,800 feet x 150 feet. Love Field has a 20-gate T-shaped terminal concourse and three covered parking garages totaling 12,000 public parking spaces. Love Field generates revenue from leases for buildings and land leased for various types of uses, including: facilities operated by fixed based operators (FBOs), airline support facilities, aviation support facilities, rental car service areas, and concession support facilities. Building and ground rentals are received by the City for a number of categories of building space and land at Love Field, including office space, land parcels, hangars, and non-airline spaces in the terminal building complex.

A $10 million state-of-the-art Baggage Handling System (BHS) at Love Field, which is owned by the Airport and operated by Southwest, is capable of processing more than 2,000 bags per hour. The 18,000 sq. ft. BHS located under the terminal has more than 7,000 feet of conveyor belt propelled by more than 500 computer controlled electric motors.

Love Field is fully equipped with all the necessary aeronautical lighting, airport markings and air navigation radio aids to ensure its accessibility to aircraft even under highly adverse weather conditions. Its long parallel runways are enhanced with state of the art visual approach lighting aids and four instrumental landing systems. Other features include surveillance radar services, a windshear warning system and an FAA air traffic control tower that provides services 24 hours a day.

For a description of changes in service by the airlines at Love Field, see "Appendix B – REPORT OF THE AIRPORT CONSULTANT – Section 3: Aviation Activity".

Dallas Executive Airport, owned and operated by the City, is 9 miles (15 minutes) south of the Central Business District. Dallas Executive Airport is a general aviation reliever airport positioned on 1,040 acres, which features two runways: a 3,800-foot north-south runway and a 6,452-foot northwest-southeast runway. Existing air traffic control facilities allow Dallas Executive Airport to accept a wide range of corporate and private aircraft, including jets. Additionally there are 322,000 square feet of hangar space, 47,000 square feet of office/shop space and surface parking for approximately 305 vehicles.

In 1994 the Dallas Heliport/Vertiport (Heliport) began service as the world's largest elevated facility built solely for the use of rotor and tilt- rotor aircraft. As a public use facility located immediately adjacent to the downtown Dallas Convention Center, the Heliport is easily accessible from all major population and industrial centers within the Metroplex.

The flight deck covers approximately four acres and houses two lighted flight approach and take-off pads that can be converted to a rollway/runway for future tilt-rotor operations. Additional amenities include a passenger loading area, a terminal building housing a separate waiting facility, a conference room, pilot lounge, and an elevator that leads to a secured dedicated vehicle parking lot. The Heliport has hosted six international helicopter conventions accommodating as many as 100 aircrafts at one time.

AIRPORT SYSTEM MANAGEMENT

A Department Director administers the operations of the Airport System. There are four Assistant Director positions. Primary functions include budget, finance, human resources, information systems, operations, building maintenance, field maintenance, procurement, environmental compliance, planning and engineering, property management, and public information. The Airport System currently has approximately 278 employees.

Mark Duebner, Director of Aviation. Mr. Duebner is responsible for management and oversight of Dallas Love Field, Dallas Executive Airport and the City's Heliport. Previously Mr. Duebner was Executive General Manager for the Dallas Police Department, serving as the top civilian commander. His primary goal is to coordinate the City's efforts and gain cooperation from other private and public organizations to overcome the challenges associated with difficult projects. Mr. Duebner has also served as Director of Business Development and Procurement Services, directly responsible for the management and procurement of over $250 million in goods and services for the City. While at the City Mr. Duebner has held positions in Public Works and Transportation, Streets, and the City Manager's Office. Mr. Duebner has also served on the City Manager's "Efficiency Team" identifying several million dollars in savings for Dallas through process evaluation and redesign. His main areas of expertise are finance, land use, real estate development, electronic government applications, and customer service delivery. Mr. Duebner holds a Bachelor's Degree in Philosophy from The University of Texas at Austin, and a Master's Degree in Public Administration from the University of North Texas. He also served in the financial services industry before making the switch to public sector management.

Sheneice M. Hughes, Assistant Director, Facilities, Finance and Administration. Ms. Hughes is responsible for the oversight of facilities, budget, finance, accounting, external communications, marketing, customer engagement, parking, disadvantaged business enterprise and aviation talent and workforce development. While with the City of Dallas, Ms. Hughes has held positions in Civil Service, Mayor & City Council, and the City Manager's Office. Her main expertise is customer service delivery, human resource systems, and governmental relations. Ms. Hughes holds a Bachelor's degree from Grambling State University in Psychology and Public Relations and holds a Master's of Applied Psychology with a concentration in Industrial / Organizational Psychology from the University of Arkansas at Little Rock. She served in the educational arena before starting her career in the public sector.

Marissa Sanchez, Assistant Director, Internal Services. Ms.Sanchez is responsible for the oversight of the Internal Services Division, which includes procurement, safety, badging services, ISO quality system, the general aviation airport, Dallas Executive Airport and the Dallas Heliport. Ms. Sanchez began with the City of Dallas in 2012 as the Manager of the Business Inclusion and Diversity Program, then transitioned to serve as the Facilities Manager for the Dallas Public Library System, before joining the Department of Aviation as the Facilities Manager in 2017. Prior to joining the City, she worked in general construction at one of the largest MWBE firms in Dallas, Phillips/May Corporation and served as Project Coordinator for the US Department of Transportation's grant program – Small Business Transportation Resource Center Gulf Region. Ms. Sanchez holds a Bachelors in Business Studies from Dallas Baptist University and an MBA from Texas Woman's University.

Clifford York, Interim Assistant Director, Capital Development and Planning. Mr. York is responsible for the oversight of the Infrastructure and Development Division. He joined the City of Dallas, Department of Aviation in May 1988 in Airport Operations and progressed steadily in career field and ended up as the Manager III of Airport Operations. In 2018 accepted the position of Third Tier Executive in the Capital Development Division to oversee several major construction projects underway and planned in the Dallas Airport System. Assumed current duties in June 2020. During tenure with the City of Dallas, Cliff has been heavily involved with several major construction project, including the rehabilitation of both main runways in the 1990's, major taxiway reconstruction projects, participated in multiple Airport Master Planning processes during tenure with Love Field, and was on the Program Management Team (PMT) overseeing the redevelopment of the Dallas Love Field's Terminal Modernization Program, and most recently the complete reconstruction of Runway 13R/31L which requires the closure of the runway for 10 months. Cliff has held positions with Dallas Executive Airport (Airport Manager), DFW International Airport, and Southern Illinois University Airport. Cliff has a BS Degree in Aviation Management from Southern Illinois University in Carbondale, Illinois and an AAS in Aviation Technology from Rock Valley College, Rockford Illinois.

Vacant, Assistant Director, Operations and Information Technology. This position is currently in the interview stage and should be filled by October 2021.

Due to the fact that Dallas/Fort Worth International Airport is a Large Hub Primary Airport with 164 passenger gates offering service to both domestic and international destinations and Love Field is a Medium Hub Primary Airport that is restricted by the provisions of the Wright Amendment Reform Act of 2006 (P.L. 109-352) to providing only domestic commercial travel from a maximum of 20 passenger gates, competition between the two airports, while ongoing, is restricted.

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Capital Improvement Program and Funding Sources

The Airport has developed a ten-year Capital Improvement Program (the "CIP") that involves expanding and modifying the Airport within its Airport Master Plan. As part of the CIP, the Airport formulates a five-year capital improvement plan which is updated annually with new projects added and existing projects reevaluated, prioritized, rescheduled or omitted depending upon the current situation and predicted future needs of the Airport.

The Airport's CIP for the fiscal years ended September 30, 2021 through and including 2026 (the "Forecasted Period") includes approximately $544.330 million in projects. Key components of the Airport's CIP expected to be undertaken during the Forecasted Period and the estimated costs of such key components are as follows:

Project Name	FAA Grants (1)	Cares Act	PFCs	City Funding	Commercial Paper	Fund A477 (2)	Total
Airfield Pavement Evaluation	$ -	$ -	$ -	$ -	$ -	$ 1,000,000	$ 1,000,000
Airport Planning and Advisory Services	-	-	-	4,000,000	-	2,000,000	6,000,000
ARFF Replacement Fire Station	-	-	8,575,000	-	-	11,882,500	20,457,500
Central Utility Plant Upgrades	-	-	-	1,000,000	-	-	1,000,000
CONRAC	-	-	-	-	168,600,000	-	168,600,000
Crossfield TWY's	17,036,836	13,333,333	-	-	25,684,831	-	56,055,000
CUP/CUSS	-	-	-	3,300,000	20,000,000	-	23,300,000
DAL Streetscape Enhancement	-	-	-	6,000,000	-	26,850,000	32,850,000
DAS Exterior Lighting	-	-	-	245,000	-	1,500,000	1,745,000
DEA - Economic Development	-	-	-	2,000,000	-	-	2,000,000
DEA - Hanger Incentive	-	-	-	3,500,000	-	-	3,500,000
DEA Streetscape Enhancement	-	-	-	14,170,000	-	-	14,170,000
DEA TWY Echo	-	-	-	1,685,300	-	-	1,685,300
DEA TWY Juliet	-	-	-	282,500	-	-	282,500
Elevator Upgrades (Phase 2)	-	-	-	1,000,000	-	-	1,000,000
EMS Suite at Terminal	-	-	-	-	-	1,000,000	1,000,000
K9 Facility Renovation	-	-	-	-	-	1,000,000	1,000,000
Reconstruction RWY 13L-31R	24,950,000	-	-	-	125,278,954	3,000,000	153,228,954
Rehabilitate TWY C Phase II Construction	6,300,000	-	-	-	-	11,351,833	17,651,833
Rehabilitate TWY A	13,800,000	-	-	-	-	24,003,960	37,803,960
Total	$ 62,086,836	$13,333,333	$8,575,000	$37,182,800	$339,563,785	$ 83,588,293	$544,330,047

Source: Airport records.
(1) Received and Anticipated FAA Grants.
(2) Fund A477 is for Aviation Passenger Facility Charge -Near Term Projects, to be paid for by anticipated PFC revenue once FAA approves the project.

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The Dallas Love Field Master Plan contemplates various non-airfield, or landside, projects through FY2026. Some of the landside capital projects, their estimated costs, and the timing of the projects have not yet been finalized. The projects currently underway include Entry Road Enhancement Project (construction underway, this is the same as the Cedar Springs Lighting Streetscape Project below), and the Lemmon Ave. Streetscape Project (currently in design phase). The landside capital projects being contemplated in the Master Plan for the Forecasted Period include an alternate entry way, Airport roadway improvements, lighting improvements for parking facilities, and General Aviation facilities (primarily hangars). The Master Plan update contemplates funding the airfield projects with Federal Grant funds, Aviation Department funds, City funds (for certain roadway improvements) and tenant/developer funds (for General Aviation hangars): RWY 13R-31L reconstruction (construction underway), rehabilitation of TWY C Phase I (construction underway), and Phase II (in the design phase), Crossfield taxiway reconfiguration (in the design phase), replacement of ARFF station (begin design phase late 2021), airfield pavement evaluation (on-going), reconstruction of RWY 13L-31R and reconstruction of Taxiway A, and various tenant hangar developments are either completed or are underway. Key components of the Airport's Master Plan expected to be undertaken during the Forecasted Period and the estimated costs of such key components are as follows:

Project	Original Estimated Cost	Funding Sources: AIP Funds	PFCs	Aviation Department Funds	Other Funds [1]	Total
Mockingbird Ln-Cedar Springs Rd Intersection	$ 38,120,000	$ -	$ -	$ 4,681,000	$ 33,439,000	38,120,000
Cedar Springs Rd Lighting Streetscape	7,600,000	-	-	13,000,000	-	13,000,000
Aviation Place Bridge (2)	6,174,000	-	-	-	-	-
Lighting Improvements for Parking	5,040,000	-	-	5,040,000	-	5,040,000
General Aviation Facilities (Tenant)	81,553,000	-	-	-	81,553,000	81,553,000
Total	$ 138,487,000	$ -	$ -	$ 22,721,000	$114,992,000	$ 137,713,000

Source: Airport records.
(1) Other funds are assumed to include City funds (other than Department funds) for 88% of the Mockingbird Lane – Cedar Springs Road intersection improvements, and tenant/developer funds for General Aviation hangar facilities.
(2) No Longer Applicable.

IMPACT OF THE COVID-19 PANDEMIC ON LOVE FIELD

Historically, airport passenger traffic has tracked economic growth which has been negatively impacted by the COVID-19 pandemic beginning in March 2020. Consistent with its conservative financial management practices, Dallas Aviation Department has projected a possible reduction in FY 2020 budgeted Airport System revenues of approximately 40% due to the effects of COVID-19, but as more people are vaccinated, the Dallas Airport System ("DAS") is experiencing a vast increase in the number of travelers and revenue has increased steadily in the last quarter with an approximate 20% gain. In addition, the Dallas Aviation Department has instituted a number of measures to control and reduce expenditures in response to COVID-19. These measures include a hiring freeze for non-essential personnel, restricting non-essential spending, deferring capital projects to later in the fiscal year or to future fiscal years, and evaluating cash transfers to construction. Dallas Aviation Department will continue to monitor the financial impacts from COVID-19 and adjust its operational and capital outlooks as necessary to mitigate these impacts. In addition, Dallas Aviation Department provided concessionaires relief with contracts adjusted to a percentage of rent versus the minimum annual guarantee, and also provided three months of rent abatement to rental car providers that did not receive any federal aid. Although the City has currently furloughed approximately 500 non-essential employees. Dallas Aviation Department is considered essential to the City, and as such, there have been no employees furloughed.

COVID-19 Relief

The United States Congress has enacted various legislation to reduce the negative impacts of COVID-19 by providing eligible airports throughout the Unites States with economic relief. Such legislation consists of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), the Coronavirus Response and Relief Supplemental Appropriations Act (the "CRRSA Act"), and the American Rescue Plan Act of 2021 (the "ARP Act"), as further described below.

CARES Act

The CARES Act became law on March 27, 2020. The CARES Act includes $10 billion in funds to be awarded to eligible airports for the prevention of, preparation for, and response to COVID-19. Airport operators can use such funds for any purpose for which airport revenues may lawfully be used, including operation and maintenance expenses and the payment of debt service. CARES Act grants must be used within four years from the date on which the agreement between the airport operator and the FAA is executed, and as a condition of receiving such funds, eligible airports must, among other things and subject to certain exceptions, continue to employ at least 90 percent of the number of individuals employed (after adjusting for retirements or voluntary employee separations) by such airport as of March 27, 2020, through December 31, 2020.

The Federal Aviation Administration (the "FAA") awarded $53.9 million in CARES Act grants for the Airport System to offset revenue losses due to COVID-19. As of August 10, 2021, the City has utilized $37.7 million of such amount. Of the $37.7 million, $27.7 million was utilized in fiscal year 2020 which included $10.9 million for debt service payments and $16.8 million for operation and maintenance. The remaining $10.0 million of the $37.7 million will be utilized in fiscal year 2021 for debt service payments. The City expects to draw the remaining $16.2 million CARES Act funds in fiscal years 2022 and 2023 which also includes the $4.0 million for "mission-critical" capital projects.

CRRSA Act

The CRRSA Act became law on December 27, 2020, and provides approximately $2 billion in grant assistance to be awarded as economic relief to eligible airports, including relief from rent and minimum annual guarantees for eligible airport concessions at primary airports. The FAA will distribute funds from the CRRSA Act pursuant to its Airport Coronavirus Response Grant Program. The Airport System was allocated $13.7 million of CRRSA Act funds. The Dallas Aviation Department has plans to use $10.0 million of the funds towards debt service payments in fiscal year 2021 and $3.7 million towards airside projects in fiscal year 2022.

ARP Act

The President signed the ARP Act into law on March 11, 2021. The ARP Act includes $8 billion in funds to provide eligible airports with economic relief for the prevention of, preparation for, and response to COVID-19. The FAA has established the Airport Rescue Grants program to distribute ARP Act funds. The FAA has not announced award allocations. The Dallas Aviation Department has received an allocation of $57 million from the program. As of August 10, 2021, none of the ARP Act funds have been used. The Dallas Aviation Department expects to use such funds towards Personnel Services expenses in fiscal year 2022.

<u>Impacts of COVID-19 on the Airport System</u>

Impact on Passenger Traffic

Airports in the United States have been acutely impacted by the reductions in passenger volumes and flights, as well as by the broader economic shutdown resulting from the COVID-19 pandemic. Airlines serving Love Field have reduced or cancelled flights and curtailed their overall capacity due to a severe and dramatic drop in demand for air travel in an attempt to match capacity to the modified demand for air travel. During fiscal year 2020, the Airport System experienced a decrease in passenger traffic measured both by number of enplaned passengers and by aircraft landings. A comparison of enplanement levels from March 1, 2020, to September 30, 2020, to the same period in fiscal year 2019 shows a decrease of 67% in total number of enplaned passengers, with the total number of enplaned passengers decreasing from 4,988,004 passengers to 1,640,905 passengers. Similarly, the number of aircraft landings decreased by 39%, with the total number of aircraft landings declining from 42,144 landings to 25,798 landings. See "DESCRIPTION OF THE AIRPORT SYSTEM AND OPERATIONS – Table 1 and – Table 3".

A comparison of enplaned passengers for the 21-month period October 1, 2019, to June 30, 2021, to the same 21-month period October 1, 2018, to June 30, 2020, shows a decrease in number of enplaned passengers and aircraft landings. The total number of enplaned passengers decreased by 30%, from 12,526,130 passengers to 8,788,536 passengers. The number of aircraft landings decreased by 19%, from 44,235 landings to 35,793 landings.

As more people are vaccinated, the Dallas Airport System ("DAS") is experiencing a vast increase in the number of travelers and revenue has increased steadily in the last quarter with an approximate 20% gain.

Impact on Revenue

During fiscal year 2020, total Airport System revenues decreased $10.1 million. This was primarily due to decreases in concession revenues, charges for services revenues, and passenger facilities charges related to decreases in travel during the COVID-19 pandemic. Total Airport System revenues for the period March 1, 2020, to September 30, 2020, to the same period in fiscal year 2019, shows a decrease of 35% in total Airport System revenues, with revenues decreasing from $89,905,937.47 to $58,155,563.37. See "DESCRIPTION OF THE AIRPORT SYSTEM AND OPERATIONS – Table 6." A comparison of total Airport System revenues for the period October 1, 2020, to May 1, 2021, to the same period in 2019/2020 shows a decrease of 21% in total Airport System revenues, with revenues decreasing from $87,364,506.33 to $68,883,686.85.

For additional information regarding the Airport System and the impact of COVID-19 on the Airport System, see "Appendix B – REPORT OF THE AIRPORT CONSULTANT."

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The following table sets forth a Statement of Revenues and Current Expenses (unaudited) for the 9-months ended June 30 for fiscal year ended September 30, 2021 compared to 2020.

Airport Revenues Fund
(An Enterprise Fund of the City of Dallas)
Statement of Revenues and Expenses
For the Nine Months Ended
(in thousands)
(unaudited)

	June 2021	June 2020
Operating revenues		
Rental fees	$ 50,278	$ 44,431
Concession fees	27,416	32,190
Landing fees	17,882	19,489
Charges for services	1,393	2,268
Licenses and permits	302	287
Other	175	216
Fuel flow fees	93	78
Total operating revenues	97,539	98,959
Operating expenses		
Personnel services	15,132	14,668
Supplies and materials	3,954	6,361
Contractual and other services	31,075	32,625
Depreciation and amortization	20,916	18,326
Total operating expenses	71,077	71,980
Operating income	26,462	26,979
Nonoperating revenues (expenses):		
Investment income	722	2,049
Intergovernmental	827	342
Passenger facility charges	11,753	12,131
Interest on bonds and notes	(18,256)	(18,758)
Total nonoperating revenues (expenses)	(4,954)	(4,236)
Income before contributions and transfers	21,508	22,743
Capital contributions	358	1,592
Transfers in	-	214
Transfers out	(62)	-
	296	1,806
Change in net position	$ 21,804	$ 24,549

Source: City and Airport records.

Liquidity and Financial Position

As of August 9, 2021, the Aviation Department had approximately $71.9 million in unrestricted cash on hand (excluding the Capital Fund and the Emergency Reserve Fund). The unrestricted cash includes $51.3 million from the Operating Fund, $13.8 million from the 90-Day Operating Reserve, and $6.8 million from the Contingency Reserve. The current FY 2021 O&M Expense budget (excluding debt service and capital transfers) equals $77.4 million, which represents approximately 342 days unrestricted cash on hand (based on a 365 day year).

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OPERATIONS

The following table depicts the total enplaned domestic passengers at Love Field through the fiscal year ended September 30, 2020, beginning with the fiscal year ended September 30, 2006.

TABLE 1 - LOVE FIELD TOTAL ENPLANED PASSENGERS

Fiscal Year	Southwest	Continental	Alaska[(1)]	American	AA Eagle	Trans States	Delta	Seaport	United	Skywest	Virgin	TOTAL
2006	2,948,678	156,108	-	95,576	44,012	-	-	-	-	-	-	3,244,374
2007	3,606,129	151,160	-	47,807	80,361	25,090	-	-	-	-	-	3,910,547
2008	3,853,325	135,146	-	-	79,797	-	-	-	-	-	-	4,068,268
2009	3,722,812	102,828	-	-	36,385	-	9,662	-	-	-	-	3,871,687
2010	3,823,138	90,891	-	-	-	-	35,093	-	-	-	-	3,949,122
2011	3,916,851	61,632	-	-	-	-	38,365	552	273	-	-	4,017,673
2012	3,973,171	11,367	-	-	-	-	29,442	2,839	37,980	19,368	-	4,074,167
2013	4,052,521	-	-	-	-	-	55,725	3,064	49,515	43,826	-	4,204,651
2014	4,206,949	-	-	-	-	-	66,005	2,103	70,774	12,055	-	4,357,886
2015	6,119,879	-	-	-	-	-	148,599	2,414	39,437	251	409,511	6,720,091
2016	7,118,753	-	-	-	-	-	161,248	-	52	-	507,443	7,787,496
2017	7,191,042	-	10,364	-	-	-	167,911	-	-	-	445,457	7,814,774
2018	7,483,996	-	204,800	-	-	-	175,465	-	-	-	272,983	8,137,244
2019	7,809,220	-	315,010	-	-	-	186,221	-	-	-	-	8,310,451
2020 [(2)]	4,807,395	-	151,069	-	-	-	104,006	-	-	-	-	5,062,470

Source: Airport records.
(1) Starting in Fiscal Year 2019, two regional airlines operate at DAL as affiliates of Alaska Airlines: SkyWest Airlines and Horizon Air.
(2) Fiscal Year 2020 airline activity decreased in comparison to recent, prior years due to the COVID-19 pandemic's impact on air service. See "DESCRIPTION OF THE AIRPORT SYSTEM AND OPERATIONS – Impact of the COVID-19 Pandemic on Love Field."

MONTHLY ENPLANED PASSENGERS

				Comparison of FY2021 to FY2019	
Month	2019	2020	2021	% of FY2019	% Decrease
October	711,312	731,002	320,160	45.0%	-55.0%
November	689,501	691,799	292,739	42.5%	-57.5%
December	674,410	750,428	350,631	52.0%	-48.0%
January	642,891	635,105	274,729	42.7%	-57.3%
February	604,333	613,231	245,497	40.6%	-59.4%
March	738,080	353,040	472,584	64.0%	-36.0%
April	681,468	36,705	505,979	74.2%	-25.8%
May	718,037	127,435	600,987	83.7%	-16.3%
June	738,871	276,934	662,760	89.7%	-10.3%
July	750,742	269,909			
August	694,265	284,169			
September	666,541	292,713			
Total	8,310,451	5,062,470	3,726,066		

				Comparison of FY2021 to FY2019	
Month	2019	2020	2021	% of FY2019	% Decrease
October - June	6,198,903	4,215,679	3,726,066	60.1%	-39.9%

Source: Unison Consulting, Inc.

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The following table depicts landed weights by airline at Love Field through the fiscal year ended September 30, 2020, beginning with the fiscal year ended September 30, 2016.

TABLE 2 - LOVE FIELD LANDED WEIGHT BY AIRLINE

Fiscal Years Ended September 30

	Landed Weight (in Thousand Pounds)					Market Share				
Airline	FY2016	FY2017	FY2018	FY2019	FY2020 (1)	FY2016	FY2017	FY2018	FY2019	FY2020
Mainline										
Southwest	7,678,958	7,867,524	8,219,196	8,547,269	6,481,147	88.7%	91.9%	90.5%	93.7%	94.6%
Alaska		12,293	245,184	18,018	13,117		0.1%	2.7%	0.2%	0.2%
Delta			197,934	206,839	159,623				2.3%	2.3%
Virgin America	736,341	616,901	359,787	24,736	0	8.5%	7.2%	4.0%	0.3%	0.0%
Subtotal	8,415,299	8,496,718	9,022,102	8,796,862	6,653,887	97.3%	99.2%	99.3%	96.4%	97.1%
Regional										
United	72	0	0	0	0	0.0%	0.0%			0.0%
Delta	182,363	19,267	0	0	0	2.1%	0.2%			0.0%
Horizon Air				43,550	84,102				0.5%	1.2%
SkyWest				0	111,161					1.6%
Alaska	0	0	0	283,337	0	0.0%	0.0%		3.1%	0.0%
Subtotal	182,435	19,267	0	326,887	195,263	2.1%	0.2%	0.0%	3.6%	2.9%
Nonscheduled/Carg	55,093	49,175	61,311	0	1,170	0.6%	0.6%	0.7%	0.0%	0.0%
Total	8,652,827	8,565,161	9,083,413	9,123,750	6,850,320	100.0%	100.0%	100.0%	100.0%	100.0%
Annual Change	13.5%	-1.0%	6.1%	0.4%	-24.9%					

Source: Airport records.
(1) Fiscal Year 2020 airline activity decreased in comparison to recent, prior years due to the COVID-19 pandemic's impact on air service. See "DESCRIPTION OF THE AIRPORT SYSTEM AND OPERATIONS – Impact of the COVID-19 Pandemic on Love Field."

The following table depicts historical aircraft landings at Love Field through the fiscal year ended September 30, 2020, beginning with the fiscal year ended September 30, 2016.

TABLE 3 – LOVE FIELD HISTORICAL AIRCRAFT LANDINGS BY AIRLINE

Fiscal Years Ended September 30

	Landings					Market Share				
Airline	FY2016	FY2017	FY2018	FY2019	FY2020	FY2016	FY2017	FY2018	FY2019	FY2020
Mainline										
Southwest	61,316	62,144	62,565	64,861	52,572	88.4%	89.4%	87.7%	91.1%	92.9%
Alaska		164	3,271	123	91				0.2%	0.2%
Delta			1,672	1,674	1,317				2.4%	2.3%
Virgin America	5,300	4,450	2,567	176	0	7.6%	6.4%	3.6%	0.2%	0.0%
Subtotal	66,616	66,758	70,075	66,834	53,980	96.0%	96.1%	98.2%	93.9%	95.4%
Regional										
United	1	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Delta	1,662	1,692	0	0	0	2.4%	2.4%	0.0%	0.0%	0.0%
Horizon				581	1,122				0.8%	2.0%
SkyWest				3,780	1,483				5.3%	2.6%
Subtotal	1,663	1,692	0	4,361	2,605	2.4%	2.4%	0.0%	6.1%	4.6%
Nonscheduled/Carg	1,121	1,032	1,258	0	8	1.6%	1.5%	1.8%	0.0%	0.0%
Total	69,400	69,482	71,333	71,195	56,593	100.0%	100.0%	100.0%	100%	100%
Annual Change(1)	10.1%	0.1%	2.7%	-0.2%	-20.5%					

Source: Airport records.
(1) Fiscal Year 2020 airline activity decreased in comparison to recent, prior years due to the COVID-19 pandemic's impact on air service. See "DESCRIPTION OF THE AIRPORT SYSTEM AND OPERATIONS – Impact of the COVID-19 Pandemic on Love Field."

As of September 30, 2020, the airlines shown in the following table provide commercial air service at Love Field.

TABLE 4 - LIST OF AIRLINES WITH SCHEDULED SERVICE AT LOVE FIELD

Mainline	Regional
Southwest Airlines	Horizon Air
Alaska Airlines	SkyWest Airlines
Delta Air Lines	

Source: Airport records.
Source: OAG Schedules Analyzer.

The following table depicts airline market shares at Love Field for scheduled airline service during fiscal year 2020, based on the number of enplanements.

TABLE 5 – LOVE FIELD AIRLINE MARKET SHARES

Love Field Airlines	Market Share
Southwest Airlines	94.96%
Delta Air Lines	2.05%
SkyWest Airlines	1.77%
Horizon Air	1.11%
Alaska Airlines	0.10%

Source: Airport records.

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For additional information about the Airport System and its operations see "Appendix B – REPORT OF THE AIRPORT CONSULTANT".

The following table depicts revenues and expenses of the Airport System for fiscal years 2016 through 2020.

TABLE 6 - COMPARATIVE STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN AIRPORT REVENUES FUND NET ASSETS/POSITION

	Fiscal Year Ended September 30, (in thousands)				
Operating revenues	2016	2017	2018	2019	Unaudited 2020[1]
Customer Charges[2]	$ 95,028	$ 105,573	$ 127,017	$ 153,018	$ 131,171
Intergovernmental	669	635	667	855	28,383
Other Receipts	433	481	567	471	291
Total operating revenues	96,130	106,689	128,251	154,344	159,845
Operating expenditures					
Personnel Services	25,608	22,477	21,147	32,327	23,561
Supplies and Materials	7,003	8,859	7,736	7,979	7,157
Contractual and Other Services	45,572	49,689	46,066	51,249	46,975
Depreciation	29,569	31,788	32,521	37,123	40,646
Total operating expenditures	107,752	112,813	107,470	128,678	118,339
Operating income (loss)	(11,622)	(6,124)	20,781	25,666	41,506
Nonoperating revenues					
Investment income	1,322	1,979	2,714	4,885	2,916
Passenger facility charges	28,729	28,104	29,150	29,404	15,805
Interest on bonds and notes	(29,357)	(32,090)	(36,227)	(34,573)	(33,928)
Net gain (loss) on property disposals	(34)	-	-	1	-
Total nonoperating revenues (expenses)	660	(2,007)	(4,363)	(283)	(15,207)
Income (loss) before transfers and contributions	(10,962)	(8,131)	16,418	25,383	26,299
Capital contributions	21,408	9,735	777	8,966	2,593
Transfers in/out	(236)	(444)	(320)	(409)	(388)
Special item: Loss on impairment airport property	-	-	-	-	-
	21,172	9,291	457	8,557	2,205
Change in net assets/position	10,210	1,160	16,875	33,940	28,504
Net assets/position, beginning of year	557,913	568,123	564,410	581,285	615,225
Net assets/position, end of year	$ 568,123	$ 569,283	$ 581,285	$ 615,225	$ 643,729

(1) Unaudited AVI financial statement.
(2) Includes Passenger Facility Charges which were subsequently classified as nonoperating revenue.
(3) During fiscal year 2020, total airport revenues decreased approximately $10.1 million. This was primarily due to decreases in concession revenues, charges for services revenues, and passenger facilities charges related to decreases in travel during the COVID-19 pandemic, offset by an increase in intergovernmental revenues from the FAA CARES Act grant. See "Appendix C – Excerpts from the City of Dallas, Texas Comprehensive Annual Financial Report"; see also, "Appendix B – REPORT OF THE AIRPORT CONSULTANT."

The following table depicts operating revenues at Love Field for the fiscal years 2016 through 2020.

TABLE 7 - AIRPORT SYSTEM OPERATING REVENUE DETAIL BY FISCAL YEAR

	Fiscal Year Ended September 30, (in thousands)				
	2016	2017	2018	2019	Unaudited 2020[1]
Airline Operating Revenue:					
Landing Fees	$ 18,200	$ 21,837	$ 21,595	$ 27,211	$ 27,265
Terminal Rental & Other Fees[2]	22,331	28,217	47,256	58,127	60,981
Total Airline Revenue	$ 40,531	$ 50,054	$ 68,851	$ 85,338	$ 88,246
Non-Airline Operating Revenue:					
Other Concessions and Parking	51,915	50,873	53,589	63,002	39,926
Miscellaneous Fees[3]	3,684	5,762	5,811	6,004	31,673
Total Non-Airline Revenue	$ 55,599	$ 56,635	$ 59,400	$ 69,006	$ 71,599
TOTAL OPERATING REVENUE	$ 96,130	$ 106,689	$ 128,251	$ 154,344	$ 159,845

(1) Unaudited AVI financial statement.
(2) Includes Rental Fees and Other from Basic Financial Statements: Statement of Revenue, Expenses, and Changes in Fund Net Assets/Position.
(3) Includes Intergovernmental, Fuel flow fees, and Charges for services from Basic Financial Statements: Statement of Revenue, Expenses, and Changes in Fund Net Assets/Position.

PASSENGER FACILITY CHARGES

Pursuant to the Aviation Safety and Capacity Act of 1990, as modified by the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (referred to collectively herein as the "PFC Act"), the FAA may authorize a public agency to impose a passenger facilities charge ("PFC") of up to $4.50 on each passenger enplaned at any commercial service airport controlled by the public agency, subject to certain limitations. The City collects PFCs of both $3.00 and $4.50 on passengers enplaned at Love Field.

The City has the approval from FAA to impose a PFC per eligible enplaned passenger at Love Field, and has been imposing the PFC since February 1, 2008. Since the PFC has been imposed at Love Field, through September 30, 2020, cumulative PFC revenues, including investment earnings, totaled $256,452,303.96 (unaudited information). Under FAA approvals received to date, the City is authorized to impose PFCs through February 1, 2025. The City has applied PFCs toward improvement costs at Love Field, including in connection with the terminal modernization and expansion project that was the principal component of the Love Field Modernization Program. Below is a table showing the City's cumulative PFC revenues, including investment earnings, for the fiscal years ended September 30 in the years 2008 through 2020.

Cumulative PFC Revenues (Including Investment Earnings) by Fiscal Year

Fiscal Year	Gross Revenues*
2008	$ 6,782,295
2009	15,772,288
2010	29,794,230
2011	45,492,837
2012	61,303,382
2013	77,176,191
2014	93,444,793
2015	119,020,951
2016	148,185,210
2017	176,685,190
2018	206,610,368
2019	238,170,722
2020	256,452,304

*Unaudited.

The proceeds of the PFCs are **not** part of the Net Revenues the City is obligated to make available to the Corporation under the terms of the Project Financing Agreement.

CERTAIN INVESTMENT CONSIDERATIONS

GENERAL

The Bonds are special and limited obligations of the Corporation payable solely from Pledged Revenues, which include Net Revenues from the operation of the Airport System payable by the City to the Corporation under the Project Financing Agreement. The following is a discussion of certain investor considerations that should be considered in evaluating an investment in the Bonds. This discussion does not purport to be either comprehensive or definitive. Any one or more of the risks and other considerations discussed below, or any others, could lead to a decrease in the market value and/or marketability or liquidity of the Bonds and no assurance can be given that other risk factors and investment considerations will not become material in the future. The order in which risks are presented is not intended to reflect either the likelihood that a particular event will occur or the relative significance of such an event. Many of the risks, most of which are outside the Corporation's and the City's control, are discussed in detail in the "REPORT OF THE AIRPORT CONSULTANT" in Appendix B. Moreover, there are other risks associated with an investment in the Bonds in addition to those set forth herein.

Further, the financial forecasts in this Official Statement are based generally upon certain assumptions and projections as to estimated revenues and operating expenses. See "REPORT OF THE AIRPORT CONSULTANT" in Appendix B. Inevitably, some underlying assumptions and projections used to develop the forecasts will not be realized, and unanticipated events and circumstances may occur. Therefore, the actual results achieved during the forecast periods will vary from the forecasts, and such differences may be adverse and material.

LOVE FIELD

The Airport is a medium hub airport serving the Dallas metropolitan region and the Dallas-Fort Worth metroplex. Love Field, which encompasses approximately 1,300 acres, is located within the Dallas city limits, approximately seven miles northwest of the City's Central Business District. Love Field is owned and operated by the City. Southwest is the dominant airline operating at Love Field and is headquartered adjacent to Love Field. Southwest has operated at Love Field since Southwest began passenger service in 1971. Currently, three commercial air carriers, including Southwest, have scheduled services to fly out of Love Field (see "DESCRIPTION OF THE AIRPORT SYSTEM AND OPERATIONS - Table 4"). The financial strength and stability of Southwest and the other airlines serving Love Field are key determinants of future airline traffic at Love Field.

SOUTHWEST AIRLINES

Southwest is the largest single airline at Love Field, which is a principal station in the route system of Southwest (See "DESCRIPTION OF THE AIRPORT SYSTEM AND OPERATIONS – Table 5"). In FY 2020, Southwest accounted for 94.9 percent of total enplaned passengers at Love Field. Since Southwest accounts for such a large percentage of traffic at Love Field, the financial condition, operations, and business plans of Southwest necessarily have implications for Love Field. As a result, any adverse effect to Southwest's financial condition, operations, and/or business plans could have a material adverse effect on revenues generated at Love Field.

Southwest served more than 130 million passengers in 2019. Southwest has a robust network of point-to-point service with a strong presence across top leisure and business markets. In peak travel seasons during 2019, Southwest operated more than 4,000 weekday departures among a network of 101 destinations in the United States and 10 additional countries. In 2020, Southwest added service to six new destinations. During 2021, Southwest has opened or announced its intention to serve 14 new destinations. As of June 30, 2021, Southwest employed more than 54,000 employees.

See "Appendix B - REPORT OF THE AIRPORT CONSULTANT – Section 3: Aviation Activity", and "THE AIRLINES AND THE AIRLINE INDUSTRY" for additional information.

COMPETITION FROM DFW AIRPORT

Love Field and DFW airport both serve the Dallas-Fort Worth metroplex. DFW is the larger airport with far more airlines providing more flights to more destinations, although Love Field has the advantages of being closer to downtown Dallas and having significantly lower airfares. Although the two airports have coexisted for decades and have complemented each other in providing a full array of choices in air service, significant changes to air service at DFW airport could adversely affect traffic at Love Field.

THE WRIGHT AMENDMENT

From 1979 to 2006, domestic air service at Love Field was restricted by a federal law commonly referred to as the "Wright Amendment." The Wright Amendment limited nonstop airline service at Love Field to other destinations within Texas and a limited number of neighboring states. The Wright Amendment also prohibited the purchase of a single airline ticket from Love Field to any destination not in Texas or the neighboring states. A person could change planes in a permitted destination, but he or she had to purchase a separate ticket from that destination to his or her final destination.

On July 11, 2006, the City, the City of Fort Worth, the Dallas-Fort Worth International Airport Board, Southwest and American Airlines, Inc. entered into an agreement called the "Five Party Agreement," which stipulated, among other things, that the parties agreed to seek to eliminate the Wright Amendment restrictions on domestic air service at Love Field. On October 13, 2006, the "Wright Amendment Reform Act of 2006" was signed into law. It immediately eliminated the restriction on "through ticketing" between Love Field and cities outside the neighboring states, enabling passengers to purchase a single ticket for one-stop or connecting flights. It also eliminated the Wright Amendment restrictions on non-stop domestic air service at Love Field effective October 13, 2014. As of May 2021, Love Field has nonstop service to 53 destinations, 40 of which would not have been allowed under the restrictions that had been in effect under the Wright Amendment. While the elimination of the Wright Amendment restrictions have resulted in an increase in non-stop service at Love Field, the Corporation and the City cannot predict the impact that any future legislation might have on Airport System operations. Moreover, no assurance can be given that revenues at Love Field, despite recent trends or a demonstrated level of service, will continue to increase or that current traffic levels will continue.

THE LOVE FIELD MODERNIZATION PROGRAM AND ACCESS TO THE CREDIT MARKETS

In the Five Party Agreement, the City and Southwest agreed to the significant redevelopment of portions of Love Field, including the modernization of the existing terminal facilities at Love Field, a program referred to as the Love Field Modernization Program (the "LFMP"). The LFMP consists of the phased demolition of the then-existing terminal concourses, the phased construction of a new 20-gate terminal concourse, the redevelopment of ticketing and baggage handling facilities, and the main ticket lobby and other related infrastructure improvements. Construction of the improvements to the terminal concourse commenced in July 2009, and as of October 2014, construction and improvement to all 20 gates has been completed.

The issuance of the Series 2015 Bonds and Series 2017 Bonds funded the last planned component of the LFMP. There are no further projects within the LMFP's scope. The LFMP costs relating to the completion of the terminal were funded through the Love Field Airport Modernization Corporation Special Facility Bonds, Series 2010 and Series 2012 (the "Special Facility Bonds"). The Special Facility Bonds are <u>not</u> secured by the Net Revenues that secure the Bonds, the Series 2015 Bonds and the Series 2017 Bonds. In the financing documents authorizing the issuance of the Special Facility Bonds, Southwest has agreed to make payments sufficient to pay the debt service on the Special Facility Bonds.

GENERAL FACTORS AFFECTING AIR CARRIER REVENUES

The revenues of both Love Field and the airlines serving Love Field may be materially affected by many factors including, without limitation, the following: national economic conditions; declining demand; service and cost competition; the availability of alternatives to air travel, such as video conferencing or new train or bus routes; mergers; the availability and cost of fuel and other necessary supplies; high fixed costs; high capital requirements; the cost and availability of financing; technological changes; national and international disasters and hostilities; the cost and availability of employees; strikes and other employee disruptions; the maintenance and replacement requirements of aircraft; the availability of routes and slots at various airports; litigation liability; regulation by the federal government; environmental risks and regulations; public health risks affecting travel; noise abatement concerns and regulation; deregulation; federal and state bankruptcy and insolvency laws; and other risks. Many of these factors, most of which are outside of the Corporation's and the City's control, are discussed in detail in "REPORT OF THE AIRPORT CONSULTANT" in Appendix B.

In particular, national economic conditions influence aviation activity at the Airport System. Economic expansion increases income, boosts consumer confidence, stimulates business activity, and increases demand. In contrast, an economic recession reduces income, diminishes consumer confidence, dampens business activity, and weakens demand. Many airlines, as a result of these and other factors, have operated at a loss in the past and several have filed for bankruptcy, ceased operations and/or have merged with other airlines. Although the national economy has improved, the 2008 domestic financial crisis has had, and may continue to have, negative repercussions upon the national economy, including a scarcity of credit, lack of confidence in the financial sector, extreme volatility in the financial markets, fluctuations in interest rates, reduced business activity, increased unemployment, increased consumer bankruptcies and increased business failures and bankruptcies.

In Texas the effect of falling oil prices on the state economy could influence aviation activity at the Airport. Although falling oil prices are advantageous to the operating costs of the airlines, Texas' oil companies have cut capital budgets and laid off workers. Although the Texas economy is now more diverse than it was in the 1980s and is expected to continue growing, the outlook could change if oil prices continue to fall deeper and for an extended period of time. Decreases in aviation activity and enplaned passenger traffic at Love Field would result in reduced Net Revenues.

See "Appendix B – REPORT OF THE AIRPORT CONSULTANT – Section 3: Aviation Activity" for additional information.

GENERAL FACTORS AFFECTING AIRLINE ACTIVITY

Airports benefit from stable or growing air service when airlines are profitable. They risk losing service when airlines suffer financial hardship. The price of jet fuel affects airlines' financial health. The possibility for increases in fuel costs could escalate for a number of reasons, including if oil-producing countries are impacted by hostilities or choose to reduce output, which could also impact fuel availability.

There are numerous other factors that affect air traffic generally and the financial health of airlines. Demand for air travel is influenced by factors such as population, levels of disposable income, the nature, level and concentration of industrial and commercial activity in the service area and the price of air travel. The price of air travel is, in turn, affected by the number of airlines serving a particular airport and a particular destination, the financial condition, cost structure and strategies of the airlines serving an airport, the willingness of competing airlines to enter into an airport market, the cost of operating at an airport and operating constraints (due to capacity, environmental concerns or other related factors) limiting the frequency or timing of airport traffic within the national system or at a particular airport.

IMPACT OF COVID-19 ON AIRLINE ACTIVITY

Demand for air passenger and cargo services is largely driven by local and national demographic and economic trends. Such trends within the Airport System's service area determine the potential for demand for local travel, and national trends determine the potential for demand for national travel. The COVID-19 pandemic negatively affected economic growth within the U.S., the State and the City, and all airports, including those in the Airport System, experienced a significant decrease in enplanements as a result. Subsequently, with the distribution of vaccines and the reopening of businesses in late 2020/early 2021, both the U.S. economy and the economy of the area serviced by the Airport System experienced rapid recovery from the initial economic impact of COVID-19. The U.S. economy grew at a 6.4 percent seasonally adjusted annual rate in the first quarter of 2021. As of the second quarter of 2021, the economy of the area serviced by the Airport System is expected to have recovered its pre-COVID-19 peak output level. See "REPORT OF THE AIRPORT CONSULTANT" in Appendix B," particularly Section 2.

Although economic growth within the U.S. and the State is expected to continue, COVID-19 continues to threaten economic expansion. Particularly, the first case of the "Delta" variant of COVID-19 was identified in December 2020 and has been labeled by the CDC as a "variant of concern." Future outbreaks of COVID-19 and the re-imposition of business and social limitations could negatively affect economic expansion and prolong recovery from the economic impacts of COVID-19. For additional information regarding COVID-19 and its impact on the U.S., State, and local economies, see "REPORT OF THE AIRPORT CONSULTANT" in Appendix B." The report is an integral part of this Official Statement and should be read in its entirety.

UNCERTAINTIES OF THE AIRLINE INDUSTRY

Since the economic deregulation of the airline industry in 1978, the industry has undergone an ongoing number of significant changes, including the number of airline mergers, acquisitions, bankruptcies and closures. In addition, the financial results of the airline industry have been subject to substantial volatility since deregulation. The airline industry is highly competitive and susceptible to price discounting. Carriers have used discount fares to stimulate traffic during periods of slack demand, to generate cash flow and to increase market share. Airline profit levels are highly sensitive to changes in fuel costs, fare levels and passenger demand. Passenger demand and fare levels have in the past been influenced by, among other things, the general state of the economy (both internationally and domestically), international events, airline capacity and pricing actions taken by carriers. Bankruptcy filings and major restructurings by airlines are possible.

In recent years, the major U.S. airlines have sought to form marketing alliances with other U.S. and foreign air carriers. Such alliances generally provide for "code-sharing," frequent flyer reciprocity, coordinated scheduling of flights of each alliance member to permit convenient connections and other joint marketing activities. Such arrangements permit an airline to market flights operated by other alliance members as its own. This increases the destinations, connections and frequencies offered by the airline, which provide an opportunity to increase traffic on such airline's segment of flights connecting with alliance partners.

The financial strength and stability of Southwest and the other airlines serving Love Field are key determinants of future airline traffic at Love Field. In addition, individual decisions by Southwest and the other airlines regarding level of service at Love Field will affect total enplanements. No assurance can be given as to the levels of aviation activity that will be achieved by Love Field. There is no assurance that Love Field, despite a demonstrated level of airline service and operations over the years, will continue to maintain such levels in the future. The continued presence of Southwest and the other airlines serving Love Field, and the levels at which that service will be provided, are a function of a variety of factors. Future airline traffic of Love Field will be affected by, among other things, the growth or decline in the population and the economy of Love Field's service region and by national and international economic conditions, federal regulatory actions, airline service, air fare levels and the operation of the air traffic control system.

See "Appendix B – REPORT OF THE AIRPORT CONSULTANT" for additional information. Also see "CERTAIN INVESTMENT CONSIDERATIONS – Airline Mergers" below.

AIRLINE MERGERS

Since deregulation, and particularly since its deregulation in 1978, the U.S. airline industry has undergone substantial consolidation, and it may in the future undergo additional consolidation. The most recent examples of large mergers include Delta and Northwest in 2009, Midwest and Frontier in 2010, United and Continental in 2010, Southwest and AirTran in 2011, American and US Airways in 2013 and Alaska and Virgin America in 2016. Airline mergers affect service and traffic at airports when they consolidate facilities, optimize route networks, and route connecting traffic through other hubs. The impact on affected airports is often immediate. The impact can be significant or trivial, depending upon whether the merging airlines have a large market share at the airport, they serve the same markets, and they carry significant connecting traffic through the airport.

The previous mergers had positive or benign effects on Love Field. Southwest's acquisition of AirTran Airways resulted in network changes and growth priorities that generally have benefitted Love Field. The Delta-Northwest and United-Continental mergers have had no significant effects because those airlines have had little activity at Love Field. The American-US Airways merger has not affected Love Field directly. Neither airline operates at Love Field today, but American is the largest carrier at the DFW airport and competes in the same market with Southwest and other airlines at Love Field. See "REPORT OF THE AIRPORT CONSULTANT" in Appendix B.

Effect of Bankruptcy on Airline Lease Agreements

In the event of bankruptcy proceedings involving one or more of the airlines operating at Love Field, the debtor or its bankruptcy trustee must determine within a time period determined by the court whether to assume or reject the applicable airline use and lease agreement or other lease agreements. In the event of assumption, the debtor would be required to cure any prior defaults and to provide adequate assurance of future performances under the relevant agreements. Rejection of a lease or executory contract by any of such airlines would give rise to an unsecured claim of the City for damages, the amount of which in the case of a lease is limited by the federal Bankruptcy Code.

National Security and Threat of Terrorism

Even with tightened security, terrorism remains a serious threat to the aviation industry. The occurrence of terrorism incidents against either domestic or world aviation targets remains a risk to achieving forecast aviation activity at Love Field. The federal government controls aviation industry security requirements, which can significantly impact the economics of the industry. Security requirements due to unexpected events could increase costs directly and indirectly to the industry and could have an adverse effect on passenger demand. Stringent airport security screening and long waits at security screening lines discourage air travel particularly to destinations that can be reached by ground transportation within a reasonable amount of time. No assurance can be given that increased security precautions will be successful or that increased security costs or uncertainty will not materially affect travel demand or profitability. Another terrorist attack or any other event that undermines confidence in the safety of air travel likely would have an immediate and material adverse effect on air travel demand.

The Airlines and the Airline Industry

Certain of the certificated major domestic airlines (or their respective parent corporations), including Southwest, are subject to the information reporting requirements of the Securities Exchange Act of 1934, as amended, and thus must file reports and other information with the SEC. Certain information, including financial information, as of particular dates, concerning the certificated major domestic airlines (or their respective parent corporations) is disclosed in such reports and statements filed with the SEC. Such reports and statements can be inspected and copied at the public reference facilities maintained by the SEC in Washington, D.C. and at the SEC's regional offices around the country, which may be located by calling 1-800-SEC-0330. Copies of such reports and statements can be obtained from the Public Reference Section of the SEC at prescribed rates. The SEC also maintains a web site at http://www.sec.gov containing reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. The SEC undertakes no responsibility for and makes no representations as to the accuracy or completeness of the content of such material. More information about Southwest, including quarterly and annual financial statements, can be found at the following website: http://investors.southwest.com/. **The City, the Corporation, the Corporation's Financial Advisors and the Underwriters undertake no responsibility for and make no representations as to the accuracy or completeness of the content of any such material contained on the world wide web as described in the preceding sentences or elsewhere in this Official Statement, including but not limited to, updates of such information or links to other world wide websites accessed through any such aforementioned web sites**.

In addition, all major and certain other airlines are required to file periodic reports of financial and operating statistics with the United States Department of Transportation. Such reports can be obtained from the U.S. Department of Transportation at prescribed rates.

See "Appendix B – REPORT OF THE AIRPORT CONSULTANT" for additional information.

Limited Obligations

Under the terms of the Project Financing Agreement between the City and the Corporation, the City has agreed to make available to the Corporation "Net Revenues" from the operation of the Airport System, in an amount sufficient to pay the principal of and interest on the Bonds. The Corporation has assigned its rights to the Project Financing Agreement and the Net Revenues to the Trustee under the terms of the Indenture (see "PROJECT FINANCING AGREEMENT"). The Bonds are not a general obligation of the City or the Corporation. **The obligation of the City to make payments under the Project Financing Agreement is solely from the Net Revenues, and the City is not obligated to make payments under the Project Financing Agreement from monies raised or to be raised from taxation or any other source (see "THE BONDS – Security for the Bonds")**.

Additional Parity Bonds

The Corporation reserves the right to issue, for any lawful purpose one or more series of Additional Parity Bonds payable from and secured by a first lien on the Pledged Revenues, on a parity with the Bonds, the Series 2015 Bonds, and the Series 2017 Bonds (see "THE BONDS - Additional Parity Bonds" herein). Any schedule delays or cost increases could result in the need to issue more Additional Parity Bonds than is currently contemplated by the City.

Report of the Airport Consultant

The revenue forecasts in the Report of the Airport Consultant are based upon certain assumptions set forth or incorporated therein. See "THE REPORT OF THE AIRPORT CONSULTANT" in Appendix B. The Report of the Airport Consultant is not a guarantee of any future events or trends and the forecasts therein are subject to future economic and social conditions and demographic developments that cannot be predicted with certainty. Further, the estimates and assumptions in the Report of the Airport Consultant are inherently subject to significant economic and competitive uncertainties and contingencies, many of which are beyond the control of the City and the Corporation. Neither the City, the Corporation, nor the Airport Consultant can be responsible if actual results differ from the forecasts. Failure to achieve or realize any of the assumptions listed in the Report of the Airport Consultant may have a materially adverse effect upon the Net Revenues actually realized. No representation is made or intended nor should any representation be inferred with respect to the likely existence of any particular set of facts or circumstances, and prospective purchasers of the Bonds are cautioned not to place undue reliance on the forecasts in the Report of the Airport Consultant or upon any other forecasts or projection.

PASSENGER FACILITY CHARGES

The PFC Act provides that PFCs collected by the airlines constitute a trust fund held for the beneficial interest of the eligible agency (i.e., the City) imposing the PFCs, except for any handling fee (which currently is $0.11 per PFC) or retention of interest collected on unremitted proceeds. In addition, federal regulations require airlines to account for PFC collections separately and to disclose the existence and amount of funds regarded as trust funds in their respective financial statements. The airlines, however, are permitted to commingle PFC collections with other revenues, provided that they are not under bankruptcy protection. The bankruptcy courts have not fully addressed such trust arrangements. Therefore, the City cannot predict how a bankruptcy court might rule on this matter in the event of a bankruptcy filing by one or more of the airlines operating at Love Field. The PFC Act requires an airline in bankruptcy protection to segregate PFC collections from all of its other revenues.

It is possible that the City could be held to be an unsecured creditor with respect to unremitted PFCs held by an airline that has filed for bankruptcy protection. Additionally, the City cannot predict whether an airline operating at Love Field that files for bankruptcy protection would have properly accounted for the PFCs owed to the City or whether the bankruptcy estate would have sufficient moneys to pay the City in full for PFCs owed by such airline. **PFCs are not a component of the Net Revenues the City is obligated to make available to the Corporation under the terms of the Project Financing Agreement.**

AIRPORT USE AND LEASE AGREEMENTS

Pursuant to the terms of the Wright Amendment Reform Act of 2006, Pub. L. 109-352, 120 Stat. 2011 (October 13, 2006) ("WARA"), Love Field is limited to 20 passenger gates. Out of those 20 gates, Southwest currently leases 16 gates directly from the City until 2028 and has subleased two gates at Love Field from United Airlines, Inc. ("United") for the duration of United's lease with the City (also until 2028). The other two gates were originally leased by American Airlines, Inc. ("American"). Virgin America Airlines, Inc. ("Virgin America") acquired its sublease since American was required to divest itself of those gate rights to satisfy objections raised by the United States Department of Justice to American's merger with former US Airways in 2014. As a result of the divestiture, American does not operate any gates at Love Field. Virgin America was acquired by Alaska Air Group, Inc. in 2016, and subleases the two gates for the duration of American's lease until 2028. In 2014, Delta Air Lines, Inc. ("Delta") requested continued accommodation for five flights at Love Field but all operating airlines resisted that request. Delta would subsequently make a request for accommodation of 8 additional flights.

In a December 17, 2014 letter to the City, the United States Department of Transportation ("DOT") opined that an accommodated airline must continue to be accommodated permanently as long as it continues its "pattern of service." This position appears to conflict with the protection of preferential gate use rights at Love Field under leases that WARA explicitly protects. Delta, currently an accommodated airline, is seeking a permanent accommodation at Love Field in accordance with the DOT letter.

The Airport and Use Lease Agreements give Southwest, United, and American preferential rights to use its gates and requires the City to mandate accommodation requests for gate use from new entrants to the airport but only to the extent that granting such request would not unduly interfere with a signatory airline flight schedule. In addition, if there is voluntary or mandatory gate accommodation but the signatory airline and the new entrant cannot agree on all necessary terms of gate use, the City must determine the missing terms if the accommodation is voluntary or if the City mandates the accommodation. In response to the City's request to DOT for clarification of its December 17, 2014 letter on how the City should reconcile the letter's mandate with conflicting language in the City's lease obligations, DOT, in a letter dated June 15, 2015, repeated its position that, under the provisions of federal statutes and regulations and under grant agreements and the airport competition plan signed by the City (the "Airport Competition Plan"), the City has an obligation to reasonably accommodate new entrants to Love Field for as long as such carriers maintain their pattern of service. However, in neither the December 17, 2014 letter nor the June 15, 2015 letter did DOT mention WARA or how WARA's preferential gate protection provisions could be reconciled with DOT's position on accommodation.

After the City's receipt of the June 15, 2015 DOT letter, and in an effort to resolve conflicting interpretations of the federal statutes and the demands and disputes among the parties, the City initiated a lawsuit in the United States District Court for the Northern District of Texas (Case No. 3:15-cv- 02069-K) seeking a declaratory judgment as to the rights of all parties to this controversy (the "Declaratory Judgment Suit"). Southwest, Delta, United, Seaport, Virgin America, American, DOT and the Federal Aviation Administration ("FAA") were the original defendants in that lawsuit. After a series of temporary arrangements under which Delta continued using gates during the litigation, on January 8, 2016, the district court issued preliminary injunctions in favor of the City and of Delta allowing Delta to continue using gates otherwise controlled by Southwest during the pendency of the lawsuit. On January 19, 2016, Southwest appealed that ruling. On February 2, 2017, the Fifth Circuit affirmed the issuance of a preliminary injunction. The case was returned to the district court for trial. The parties engaged in discovery, filed various dispositive motions, and mediated. Seaport, DOT, and FAA were dropped as parties. The City's dispositive motions remain pending and trial is scheduled for October 4, 2021.

In addition, on August 7, 2015, the FAA initiated an investigative proceeding (FAA Docket No. 16-15-10) under part 16 of title 14 of the Code of Federal Regulations into whether the City may have breached any aviation grant assurance obligations in connection with gate use at Love Field. The City responded to the notice of investigation and at the FAA's invitation Delta and Southwest submitted written arguments as well. In March, 2018, the FAA withdrew its investigation and closed the case.

Pending the eventual district court's ruling on the rights of the parties in dispute in the Declaratory Judgment Suit, the City does not expect to take any independent action if there are no further DOT or FAA directives. DOT or FAA might issue a formal directive before the court rules that could require the City to take some action. DOT and FAA could, as a result of such finding or order, and after administrative proceedings sanction the City by: (1) disallowing the City to charge future PFCs at Love Field; (2) requiring the City to repay certain federal grant funds that the City has received for Love Field improvements; and (3) requesting that the FAA make the City ineligible for federal grant funds and take other actions against the City. Under DOT policies, before any sanctions are imposed, the City would have the option of changing its position to come into compliance with DOT positions. Since the City does not plan to take any independent action pending the results of the lawsuit, and, if any actions were taken, the City would still retain the option to take remedial steps to avoid imposition of any sanction, or to appeal. The City Attorney's Office and its external airport legal counsel believe that sanctions from DOT or the FAA are unlikely. Moreover, the district court may issue a ruling preempting, enjoining, or invalidating any DOT or FAA actions.

Since the signatory parties to the Airport Use and Lease Agreement are obligated to make rental payments to the City in accordance with the terms thereof, the City does not believe the collection of Net Revenues will be materially adversely affected by the litigation. Finally, since revenues generated through the collection of PFC revenues are not part of Net Revenues, any disallowance of the City's ability to charge future PFC revenue would not have a material adverse impact on the amount of Net Revenues available to make payments on the Bonds.

LIMITATION AND ENFORCEABILITY OF REMEDIES

The remedies available to owners of the Bonds upon an event of default under the Indenture are limited to the seeking of specific performance in a writ of mandamus or other suit, action or proceeding compelling and requiring the Corporation and its officers to observe and perform any covenant, condition or obligation prescribed in the Indenture (See "THE BONDS – Trustee Remedies"). In no event will owners have the right to have the maturity of the Bonds accelerated as a remedy in the event of a default by the Corporation. The enforcement of the remedy of mandamus may be difficult and time consuming. No assurance can be given that a mandamus or other legal action to enforce a default under the Indenture would be successful.

The remedies available under the Indenture are in many respects dependent upon regulatory and judicial actions that are often subject to discretion and delay. Under existing law, such remedies may not be readily available. In addition, enforcement of such remedies (i) may be subject to general principles of equity which may permit the exercise of judicial discretion, (ii) are subject to the exercise in the future by the State and its agencies and political subdivisions of the police power inherent in the sovereignty of the State, (iii) are subject, in part, to the provisions of the United States Bankruptcy Act and other applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect, and (iv) are subject to the exercise by the United States of the powers delegated to it by the federal Constitution. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified to the extent that the enforceability of certain legal rights related to the Bonds is subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally. For additional information, see "THE BONDS – Owners' Remedies".

FORWARD-LOOKING STATEMENTS

The statements contained in this Official Statement, and in other information provided by the City or the Corporation, that are not purely historical, are forward-looking statements, including statements regarding the City's or the Corporation's expectations, hopes, intentions or strategies regarding the future and the projections in the Report of the Airport Consultant. All forward-looking statements included in this Official Statement are based on information available to the City and the Corporation on the date hereof, and the City and the Corporation assume no obligation to update any such forward-looking statements.

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

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DEBT INFORMATION

TABLE 8 - AIRPORT SYSTEM DEBT SERVICE REQUIREMENTS (1)(2)

FYE	Outstanding General Airport Revenue Bonds			The Bonds			Total Debt Service		Total Debt	% of Principal
9/30	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Service	Retired
2021	$ 9,075,000	$ 10,266,500	$ 19,341,500	$ -	$ -	$ -	$ 9,075,000	$ 10,266,500	$ 19,341,500	
2022	9,530,000	9,812,750	19,342,750	7,305,000	12,697,230	20,002,230	16,835,000	22,509,980	39,344,980	
2023	10,005,000	9,336,250	19,341,250	8,735,000	11,265,800	20,000,800	18,740,000	20,602,050	39,342,050	
2024	10,505,000	8,836,000	19,341,000	9,175,000	10,829,050	20,004,050	19,680,000	19,665,050	39,345,050	
2025	11,030,000	8,310,750	19,340,750	9,630,000	10,370,300	20,000,300	20,660,000	18,681,050	39,341,050	18.5%
2026	11,580,000	7,759,250	19,339,250	10,115,000	9,888,800	20,003,800	21,695,000	17,648,050	39,343,050	
2027	12,160,000	7,180,250	19,340,250	10,620,000	9,383,050	20,003,050	22,780,000	16,563,300	39,343,300	
2028	12,770,000	6,572,250	19,342,250	11,150,000	8,852,050	20,002,050	23,920,000	15,424,300	39,344,300	
2029	13,405,000	5,933,750	19,338,750	13,705,000	8,294,550	21,999,550	27,110,000	14,228,300	41,338,300	
2030	14,080,000	5,263,500	19,343,500	14,395,000	7,609,300	22,004,300	28,475,000	12,872,800	41,347,800	45.4%
2031	14,780,000	4,559,500	19,339,500	15,110,000	6,889,550	21,999,550	29,890,000	11,449,050	41,339,050	
2032	15,520,000	3,820,500	19,340,500	15,865,000	6,134,050	21,999,050	31,385,000	9,954,550	41,339,550	
2033	16,295,000	3,044,500	19,339,500	16,660,000	5,340,800	22,000,800	32,955,000	8,385,300	41,340,300	
2034	17,110,000	2,229,750	19,339,750	17,495,000	4,507,800	22,002,800	34,605,000	6,737,550	41,342,550	
2035	17,965,000	1,374,250	19,339,250	18,195,000	3,808,000	22,003,000	36,160,000	5,182,250	41,342,250	81.2%
2036	9,520,000	476,000	9,996,000	18,920,000	3,080,200	22,000,200	28,440,000	3,556,200	31,996,200	
2037	-	-	-	13,680,000	2,323,400	16,003,400	13,680,000	2,323,400	16,003,400	
2038	-	-	-	14,225,000	1,776,200	16,001,200	14,225,000	1,776,200	16,001,200	
2039	-	-	-	14,795,000	1,207,200	16,002,200	14,795,000	1,207,200	16,002,200	
2040	-	-	-	15,385,000	615,400	16,000,400	15,385,000	615,400	16,000,400	100.0%
	$ 205,330,000	$ 94,775,750	$ 300,105,750	$ 255,160,000	$ 124,872,730	$ 380,032,730	$ 460,490,000	$ 219,648,480	$ 680,138,480	

(1) Numbers may not sum due to rounding.
(2) Annual debt service is shown based on the timing required for the monthly deposits in order to accumulate the necessary amounts for the debt service payments when due (i.e. Fiscal Year 2021 includes debt service on November 1, 2021).

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COMMERCIAL PAPER NOTES PAYABLE

In December 2020, the City initiated a Love Field Airport Modernization Corporation Commercial Paper Program as a means to finance, on an interim basis, capital improvements to the Airport System owned, operated, or controlled by the City in anticipation of the issuance of long-term bonds. Currently, the City utilizes one series of commercial paper notes, the Love Field Airport Modernization Corporation Airport System Commercial Paper Notes, AMT Series (the "Commercial Paper Notes").

The Corporation utilizes a tax-exempt commercial paper program (the "Commercial Paper Program"), through which the Commercial Paper Notes are issued, for improvements to the Airport System, limited at any one time and from time to time to $150,000,000 in principal amount of Commercial Paper Notes outstanding. Under the terms of the ordinance establishing the Commercial Paper Program, the authority to issue Commercial Paper Notes expires September 30, 2050.

The Commercial Paper Program is supported by a letter of credit delivered by JPMorgan Chase Bank, National Association ("JPMorgan"). The letter of credit reimbursement agreement supporting the Commercial Paper Notes (the "Credit Agreement"), which expires on December 18, 2023, unless the term thereof is extended beyond its scheduled expiration date or earlier terminated, is in an aggregate amount not exceeding $161,095,891 (calculated as the sum of the maximum principal amount of the Commercial Paper Notes supported by the Letter of Credit plus interest thereon at a maximum rate of ten percent (10%) per annum for a period of two hundred seventy (270) days calculated on the basis of a year of 365 days).

The obligation of the Corporation under the Credit Agreement to repay advances made by a letter of credit provider is subordinate to the obligation to pay debt service on the outstanding General Airport Revenue Bonds, the Bonds and any Additional Parity Bonds. Any advances under the Credit Agreement are secured by a lien on Pledged Revenues subordinate to the lien securing the outstanding Additional Parity Bonds, the Bonds, and any Additional Bonds. JPMorgan approved the execution of the amended and restated forms of the Indenture and the Project Financing Agreement.

As of August 26, 2021, there were no outstanding Commercial Paper Notes.

FUTURE BOND ISSUANCE

The Issuer reserves the right to issue Additional Parity Bonds for the purpose permitted by the Indenture, subject to satisfying the conditions for the issuance of Additional Parity Bonds set forth in the Indenture. The Issuer expects that Southwest will request the Issuer to refund the outstanding Love Field Airport Modernization Corporation Special Facilities Revenue Bonds, Series 2012 (Southwest Airlines Co. – Love Field Modernization Project) (the "Series 2012 Bonds") with a series of General Airport Revenue Bonds. The Series 2012 Bonds were sold to provide funds to complete the construction of improvements to Love Field, consistent with the LFMP. The first optional redemption date at which the Series 2012 Bonds may be redeemed at par is November 1, 2022.

In addition, the Issuer has selected the Commercial Paper Program to be the source of some of their CIP needs in the Forecasted Period. The Commercial Paper Notes will be taken out with long-term bonds. At this time, the timing of the future bond issuance is still unknown. No Commercial Paper Notes are outstanding.

FINANCIAL INFORMATION

PENSION PLANS

Eligible Aviation Department employees working at Love Field participate in the Employees' Retirement Fund of the City of Dallas ("ERF"), a description of which is set forth below. City police and firefighters participate in separate retirement plans, the Dallas Police and Fire Pension System pension plans.

In accordance with the Texas Constitution and related statutes, each of the City's pension plans is administered by a board of trustees that are selected in accordance with the terms of the relevant plan document. These separate boards are responsible for administering each plan; hiring a plan administrator; selecting legal counsel; selecting the plan's actuary; and approving sound actuarial assumptions for each plan. The contributions made to each plan by the City and the employees who participate in each plan are determined by the terms of the plan document and relevant City ordinances. The amount of the contributions described in the plan documents are either fixed by statute; determined by a fixed formula described in the plan that is based on annual calculations made by the plan's actuary; or based on an actuarial calculation with specified assumptions and approved by the relevant board. Additionally, each board administers a qualified governmental excess benefit arrangement associated with each plan which is maintained solely for the purpose of providing its members with that part of the members' benefits that would have been provided under its qualified plan but for certain limitations imposed by the Internal Revenue Code. The City is making all of the contributions as statutorily required by the plan documents. The financial information below is based entirely on information provided to the City by each plan administrator on behalf of each plan's board of trustees.

At the date of this Official Statement, the City has received the audited Comprehensive Annual Financial Reports from the Employees' Retirement Fund of the City of Dallas for the period ended December 31, 2019. For additional detail about the City's schedule of employer contributions, actuarial methods and assumptions, funded status and funded progress based on the plans' December 31, 2019 actuarial studies, see the City's Comprehensive Annual Financial Report for the Fiscal Year ended September 30, 2020, particularly Note 17.

Employees' Retirement Fund of the City…All eligible employees of the City, excluding fire fighters and police officers, participate in the ERF. As of the fiscal year ended September 30, 2020, employees of the Dallas Aviation Department comprised approximately 2.1% of the total City-covered payroll for the ERF. The pension plan consists of Tier A and Tier B members.

On November 8, 2016, the City voters passed Proposition 1 authorizing certain amendments to Chapter 40A of the City Code affecting the terms of the ERF for employees hired on and after January 1, 2017. The amendments include, but are not limited to, increasing the retirement age from 60 to 65 with five years of credited service, decreasing the percentage multiplier used to calculate benefits from 2.75% to 2.50%, eliminating health benefit supplements and lowering the cap on cost of living adjustment from 5% to 3%. At the time of the change ERF projected that the amendments will reduce pension liabilities of the ERF over the next 30 years by approximately $2.15 billion over what the liabilities may have been if the changes to be effected through the passage of Proposition 1 had not been approved.

Members hired prior to January 1, 2017 (Tier A) have vested rights to retirement benefits after five years of service or to survivor benefits after two years of service. Benefits are based on credited service and the average monthly earnings for the three highest paid calendar years. Members of the Tier A are entitled to normal retirement pension at age 60; early retirement pension at age 55 if employed prior to May 9, 1972 or age 50 and age plus years of service total 78; service retirement pension at any age after 30 years of credited service and disability retirement pension as determined by the board of trustees. Cost of living adjustments for retirees are made each year on January 1 by adjusting the pension base by the percentage change of the consumer price index, not to exceed 5 percent.

Members hired after December 31, 2016 (Tier B) have vested rights to retirement benefits after five years of service or to survivor benefits after two years of service. Benefits are based on credited service and the average monthly earnings for the five highest paid calendar years. Members of Tier B are entitled to normal retirement pension at age 65; early retirement pension with a reduced benefit prior to age 65 and age plus years of service total 80 and; service retirement pension at any age after 40 years of credited service and disability retirement pension as determined by the board of trustees. Cost of living adjustments for retirees are made each year on January 1 by adjusting the pension base by the percentage change of the consumer price index, not to exceed 3 percent.

Amendments to Chapter 40A of the Dallas City Code, other than provisions required to comply with Federal law, may only be made by a proposal initiated by either the board of trustees of the ERF or the City Council which results in an ordinance approved by the board, adopted by the City Council, and approved by a majority of the voters voting at a general or special election.

Contribution rates for employees and the City are subject to annual adjustments based on actuarial determinations and fixed formulas. Employees pay 37% and the City pays 63% of the total cost of the ERF, including the debt service on the City's outstanding pension obligation bonds, but not exceeding 36% of payroll. This funding approach was added to the ERF plan terms in preparation for the issuance of pension obligation bonds in 2005 to support the City's long-term funding of the plan during future business cycles. On January 19, 2005, the City issued $399,347,609 par value Taxable General Obligation Pension Bonds, Series 2005. Proceeds totaling $533,397,000 were contributed to the ERF to partially fund an unfunded actuarial accrued liability of approximately $646 million, which had been identified in the annual actuarial report of 2003. ERF invested the contributed proceeds consistent with its investment policy.

For the fiscal year ended September 30, 2020, each employee contributed 13.32% and the City contributed 22.68% of pay for a total of 36.00%. For the fiscal year beginning October 1, 2020, the member total contribution rate is 13.32% and the City's portion is 22.68%, in accordance with the plan document that is codified as Chapter 40A of the Dallas City Code ("Chapter 40A"). A portion of the City's contribution is expected to pay $37,987,077 in debt service on the pension obligation bonds during the fiscal year beginning on October 1, 2020.

As of December 31, 2018, the ERF reported the Net Pension Liability (NPL) was $2,265,651,000 and the funded ratio based on the NPL was 59.16%. As of December 31, 2019, the ERF reported the Net Pension Liability (NPL) was $2,000,636,000 and the funded ratio based on the NPL was 64.65%.

For additional detail about the City's schedule of employer contributions, actuarial methods and assumptions, funded status and funded progress, see the City's Comprehensive Annual Financial Report for the Fiscal Year ended September 30, 2020, particularly Note 17.

Dallas Police and Fire Pension System… The Dallas Police and Fire Pension System (the "Pension System") is a qualified pension plan with multiple benefit structures reflecting various amendments that were made to the Pension System over the years and which is generally divided between Group A and Group B members. All eligible employees of the Fire Rescue Department and Police Department participate in one of the benefit structures within the plan, with Group B covering more than 98% of the members. Participation in Group B is mandatory for those employed on or after March 1, 1973. All contributing members of the Pension System were hired after that date and are now covered in Group B. More information as to who qualifies for which group can be found in Article 6243a-1 of the Revised Civil Statutes of Texas.

Governance . . . The legal authority for the Pension System is Article 6243a-1 of the Revised Civil Statutes of Texas. The Pension System is administered by an eleven member board of trustees composed of six trustees appointed by the Mayor, in consultation with the City Council, three non-system participant trustees vetted and nominated by a nomination committee elected by active members and pensioners, one current or retired firefighter elected by active members of the fire rescue department, and one current or retired police officer elected by active police officers.

Recent Legislative Changes to the Pension System . . . On May 31, 2017, Texas Governor Greg Abbott signed into law House Bill 3158, affecting the Pension System. House Bill 3158 primarily amends 6243a-1, Texas Revised Statutes, including amendments to provisions concerning benefits, contributions, and governance, among other things. The changes in the bill took effect September 1, 2017. House Bill 3158 also prohibited lump-sum distributions from individual Deferred Retirement Option Plan ("DROP") accounts, which was the board's prior policy. Specifically, House Bill 3158 adjusted the benefit multiplier to 2.5% with a normal retirement age of 58, and a maximum income replacement of 90% for all members on a prospective basis. Prior to September 6, 2017, the City made statutorily required contributions of 27.5 percent of total wages and salaries as defined in the Pension System's plan document and Article 6243a-1. After September 5, 2017, the City contributes 34.5 percent of computation pay or a hard-wired amount set forth in the bill based on certain hiring assumptions, with a floor for seven years, plus $13 million per year until the end of 2024. A member's contribution rate will increase from 4 percent (if participating in DROP) or from 8.5 percent to (if not participating in DROP) 13.5 percent, also calculated on computation pay. For 2017, the City contribution was $120.4 million. In 2024, an independent actuary will also assess the Pension System and recommend any changes needed to maintain the actuarial soundness of the Pension System.

Description of Benefits . . . Members are entitled to service retirement, death, and disability benefits as well as participation in DROP. Member benefits differ depending on group membership and hire date. Benefit descriptions can be found in Part 6, "Benefits," of 6243a-1, which also serves as the Pension System's plan document and is posted on the Pension System's website here:
https://www.dpfp.org/Resources/5c5a268e-52a4-46d3-a208-a6fb705c5da2/Art.%206243a-1.%20PENSION%20SYSTEM%20FOR%20POLICE%20OFFICERS%20AND%20FIREFIGHTERS%20IN%20CERTAIN%20CITIES.pdf?TrackID=Art.%206243a-1.%20PENSION%20SYSTEM%20FOR%20POLICE%20OFFICERS%20AND%20FIREFIGHTERS%20IN%20CERTAIN%20CITIES.pdf

Members who are eligible to retire are allowed to enter DROP. The member's monthly benefit remains in a DROP account which does not accumulate interest. Upon retirement from the City, the member receives annuitized benefits from his or her DROP account; however, under certain hardship circumstances, members may be eligible to withdraw a lump sum amount. The total DROP account balance was $1.04 billion at December 31, 2019.

Other Post-Employment Benefits… In addition to pension benefits, the City provides certain other post-employment benefits for retired employees ("OPEB"). On October 1, 2017, the City implemented Governmental Accounting Standards Board Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pension." This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, to their actuarial present value, and attribute that present value to periods of employee service. The City ended subsidization of these benefits for employees hired on or after January 1, 2010.

The City received the actuarial valuation report from an outside consultant regarding the OPEB liability for the fiscal years ended September 30, 2019 and 2020. The balance of the City's OPEB liability for the fiscal years ended September 30, 2019 and 2020 was estimated to be $565 million and $531 million, respectively.

For more information concerning the City's OPEB for fiscal year ended September 30, 2020, see the City's Comprehensive Annual Financial Report for the year ended September 30, 2020 and Note 20 thereto.

INVESTMENT POLICY

The Corporation invests its funds in accordance with the City's investment policy. The City invests its investable funds in investments authorized by State law and in accordance with its written investment policy approved by the City Council of the City. Both State law and the City's Investment Policy are subject to change. The City Council last approved the Investment Policy on October 13, 2020. Funds of the Issuer will be invested in accordance with the City's Investment Policy. All references in this section to the City are intended to encompass investment decisions made by the Corporation.

Legal Investments ... Under State law, the City is authorized to invest in obligations meeting the requirements of the Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended (the "PFIA"), which may include: (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor, or the National Credit Union Share Insurance Fund or its successor; (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in this State that the City selects from a list the governing body or designated investment committee of the entity adopts as required by Section 2256.025, Texas Government Code; or (ii) a depository institution with a main office or branch office in the State that the City selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the investing entity's account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the City appoints as its custodian of the banking deposits issued for its account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the SEC and operating under Securities and Exchange Commission Rule 15c3-3; (9) (i) certificates of deposit or share certificates meeting the requirements of the PFIA that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or their respective successors, and are secured as to principal by obligations described in clauses (1) through (8) or in any other manner and provided for by law for City deposits, or (ii) certificates of deposits where (a) the funds are invested by the City through (A) a broker that has its main office or a branch office in the State and is selected from a list adopted by the City as required by law, or (B) a depository institution that has its main office or branch office in the State that is selected by the City, (b) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City, (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the City appoints the depository institution selected under (a) above, a custodian as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the SEC and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the City with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described in clause (1), require the securities being purchased by the City or cash held by the City to be pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency; (12) commercial paper with a stated maturity of 365 days or less that is rated at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a United States or state bank; (13) no-load money market mutual funds registered with and regulated by the SEC that provide the City with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and that comply with Federal Securities and Exchange Commission Rule 2a-7 (17 C.F.R. Section 270.2a-7), promulgated under the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.); (14) no-load mutual funds registered with the SEC that have an average weighted maturity of less than two years, and either (a) a duration of one year or more and invest exclusively in obligations described under this heading, or (b) a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities; and (15) for bond proceeds, guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities, other than the prohibited obligations described below, in an amount at least equal to the amount of bond proceeds invested under such contract and are pledged to the City and deposited with the City or a third party selected and approved by the City. State law also permits the City to invest bond proceeds in a guaranteed investment contract, subject to limitations as set forth in the Public Funds Investment Act.

A political subdivision such as the City may enter into securities lending programs if: (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than "A" or its equivalent or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (12) through (14) above, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less.

The PFIA specifically prohibits the City from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index. In addition, the City is prohibited from investing any portion of bond proceeds, reserves and funds held for debt service in no-load mutual funds.

<u>Additional Provisions</u> ... Under State law, the City Council is required to designate one or more investment officers who is responsible for the investment of the City's funds, under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that includes a list of authorized investments for City funds, maximum allowable stated maturity of any individual investment and the maximum average dollar-weighted maturity allowed for pooled fund groups. All City funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under State law, City investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." At least quarterly, the investment officers of the City shall submit an investment report: (1) that describes in detail the investment position of the City, (2) that all investment officers jointly prepared and signed the report, (3) that contains a summary statement, which includes the beginning market value, the ending market value and fully accrued interest during the reporting period of each pooled fund group, (4) that states the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) that states the maturity date of each separately invested asset, (6) that states the account or fund or pooled fund group for which each individual investment was acquired, and (7) that states the compliance of the investment portfolio as it relates to: (a) adopted investment strategy statements and (b) State law. The investment officers responsible for the investment of City Funds must be designated by the City Council, and no person may invest City funds without express written authority from City Council.

Under State law, the City is additionally required to: (1) annually review its adopted policies and strategies; (2) require any investment officers with personal business relationships or relative with firms seeking to sell securities to the entity to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council; (3) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution; (4) require a qualified representative of firms seeking to sell securities to the City to (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented in an effort to preclude unauthorized investment activities, and (c) deliver a written statement attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the City's investment policy; (6) provide specific investment training for the Treasurer, Chief Financial Officer and investment officers; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement; (8) restrict the investment in non-money market mutual funds to no more than 15 percent of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the disclosure, rating, net asset value, yield calculation, and advisory board requirements of the PFIA; and (10) at least annually review, revise and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City. As used herein, "business organization" means a public funds investment pool or an investment management firm under contract with the City's investment portfolio that has accepted authority granted by the City under control to exercise investment discretion in regard to the City's funds.

Under State law, the City may contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the City retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the City must do so by order, ordinance, or resolution.

City Investment Policy… City policy requires investments in accordance with applicable State law, specifically the PFIA. The City's Investment Policy does not permit the investment of City funds in all eligible investments permitted by Texas law. Of those eligible investments described above under "Legal Investments", bankers' acceptances, commercial paper, certain collateralized mortgage obligations, reverse repurchase agreements, no-load mutual funds, State of Israel bonds and guaranteed investment contracts are not authorized for investment purposes under the City's Investment Policy. The City generally invests in obligations of the United States or its agencies and instrumentalities and in "Aaa"-rated no-load money market mutual funds and public funds investment pools. In addition to such limitations, the City's Investment Policy permits the investment of bond funds (including debt service and reserve funds) in the manner permitted by the respective ordinances authorizing the issuance of bonds.

Neither the PFIA nor the City's Investment Policy govern the investment of pension and other deferred compensation funds, and those funds are not included in the investment totals below.

TABLE 9 - CURRENT INVESTMENTS

As of December 31, 2020, the following percentages by investment type applied to the City's investable funds, which had an unaudited aggregate market value of $2,384,063,977. These amounts show the investments in the Airport Revenue Fund and all other City funds including its General Fund. Only amounts in the Airport Revenue Fund comprise Net Revenues which secure payment of the Bonds.

	Market Value	%
U.S. Agencies Bonds	$ 891,053,868	37.38%
U.S. Treasury Bonds	241,647,640	10.14%
Public Funds Interest Checking Account	100,168,727	4.20%
Money Market Mutual Funds and Pools	1,151,193,742	48.29%
Total	$ 2,384,063,977	100.00%

TAX MATTERS

OPINION

On the date of initial delivery of the Bonds, Co-Bond Counsel will render their opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), for federal income tax purposes, interest on the Bonds will be excludable from the gross income of the owners thereof, except for any owner who is treated pursuant to section 147(a) of the Code as a "substantial user" of the facilities financed or refinanced with the proceeds of the Bonds or a "related person" to such user. Except as stated above, Co-Bond Counsel will express no opinions as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds. See "APPENDIX G – FORM OF CO-BOND COUNSEL'S OPINION".

In rendering their opinion, Co-Bond Counsel will rely upon information furnished by the Issuer, Southwest and the City, and particularly written representations of officers of the Issuer, Southwest and the City with respect to certain material facts that are solely within their knowledge relating to the use and investment of the proceeds of the Bonds, the construction, use and management of the facilities to be financed with the proceeds of the Bonds and any election not to claim depreciation or investment tax credit in connection with the facilities to be financed with the proceeds of the Bonds. If the representations are determined to be inaccurate, or there is a failure to comply with the covenants or receive the allocation, then the interest on the Bonds could become includable in gross income retroactively to the date of issuance of the Bonds.

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

Co-Bond Counsel's opinion represents their legal judgment based upon their review of Existing Law and the reliance on the aforementioned information, representations and covenants. Co-Bond Counsel's opinion is not a guarantee of a result. Existing Law is subject to change by the

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

A ruling was not sought from the Internal Revenue Service by the City with respect to the Bonds or the property financed or refinanced with proceeds of the Bonds. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Co-Bond Counsel. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the Issuer as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

COLLATERAL FEDERAL INCOME TAX CONSEQUENCES

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

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

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

Interest on the Bonds is an item of tax preference, as defined in section 57(a)(5) of the Code, for purposes of determining the alternative minimum tax imposed on individuals by section 55 of the Code.

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

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

STATE AND LOCAL TAXES AND FOREIGN PERSONS

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

FUTURE AND PROPOSED LEGISLATION

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

INFORMATION REPORTING AND BACKUP WITHHOLDING

Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Bonds will be sent to each registered owner and to the Internal Revenue Service. Payments of interest and principal may be subject to backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances and in respect to investors who are not United States persons, certification as to foreign status, and other matters may be required to be provided by partners and beneficiaries thereof.

OTHER INFORMATION

Ratings

The Insured Bonds are rated "AA" by S&P Global Ratings, a division of S&P Global Inc. ("S&P") with the understanding that upon delivery of the Bonds, an insurance policy insuring the timely payment of the principal and interest on the Insured Bonds will be issued by AGM. S&P and Fitch Inc. ("Fitch", and together with S&P, the "Rating Agencies"), have also assigned their unenhanced municipal bond ratings of "A-" outlook positive, and "A" outlook stable, respectively, to the Bonds. An explanation of the significance of such ratings may be obtained from the Rating Agencies furnishing their respective ratings. The ratings reflect only the respective views of the Rating Agencies and the Issuer makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by either or both of such rating companies, if in the judgment of either or both companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the market price and marketability of the Bonds. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

Litigation and Administrative Proceedings

The Issuer. To the knowledge of the Issuer, no action, suit or proceeding at law or in equity is pending against or affecting the Issuer, which would restrain or enjoin the issuance or sale of the Bonds or in any way contest the validity or affect the power of the Issuer with respect to the issuance and sale of the Bonds or the documents or instruments executed by the Issuer in connection therewith or the existence or power of the Issuer, nor to the knowledge of the Issuer, is there any basis therefor.

In May of 2021, the Internal Revenue Service commenced an audit of the Corporation's Special Facilities Revenue Bonds, Series 2012 (Southwest Airlines Co. – Love Field Modernization Program Project), which are not refunded with the proceeds of the Bonds. The Corporation has responded to the initial documents requested by the Internal Revenue Service, it believes the inquiry to be routine, and it expects to provide any additional required information which may be necessary to proceed with the examination.

The City. The City is a party to various lawsuits in the normal course of business. It is the opinion of the City Attorney and City Management that, except as described herein below, there is no pending litigation against the City that if decided adversely to the City, (i) would have a material adverse financial impact upon the City or its operations or (ii) would result in a judgment payable from Airport System revenues.

<u>City Lawsuits</u>… On February 13, 2014, Trinity East Energy, LLC ("Trinity East") filed a lawsuit against the City for alleged damages suffered by Trinity East as a result of the City's denial of Trinity East's application for specific use permits to drill for gas on certain City park land. The case was assigned to the 192nd District Court in Dallas County. A jury trial on Trinity East's claims commenced on January 27, 2020.

On February 6, 2020, the jury rendered a verdict in favor of Trinity East on its statutory fraud and negligent misrepresentation causes of action and determined the damages resulting from those claims were $23,414,148.80. The jury also returned a verdict in connection with Trinity East's regulatory taking (inverse condemnation) cause of action, determining the difference in the fair market value of Trinity East's property immediately before and immediately after the specific use permit denials on August 28, 2013 to be $33,639,000.00. The jury also returned a verdict finding the City did not fail to comply with its lease with Trinity East. The court then concluded as a matter of law that the City had engaged in a regulatory taking of Trinity East's property by failing to approve one or more of the specific use permit applications. Because the damages available to Trinity East on its regulatory taking claim were greater than the damages available on its other claims, the court entered judgment for Trinity East on that claim. Thus, the final judgment awarded Trinity East as a result of the jury trial is: (a) damages in the amount of $33,639,000.00; (b) prejudgment interest in the amount of $10,944,195.21; (c) post-judgment interest at the rate of 5% per annum from the date of judgment until paid; and (d) costs of court. The final judgment was entered on February 27, 2020. The City filed a motion for new trial on March 20, 2020 which was denied on April 13, 2020. The City filed a notice of appeal with the Dallas Court of Appeals before the May 27, 2020 deadline. The Dallas Court of Appeals has issued a briefing schedule, and the briefing is complete. The parties are awaiting a date for oral argument.

In October 2014, the City Attorney publicly reported to the City Council that Dallas Fire-Rescue had misplaced approximately 14 laptops that may contain certain patient health information subject to privacy restrictions under the Health Insurance Portability and Accountability Act ("HIPAA"). Preliminary information has been conveyed to the U.S. Department of Health and Human Services (HHS) Office for Civil Rights ("OCR"), the agency that enforces HIPAA. By letter dated April 21, 2015, OCR notified the Dallas Fire-Rescue Department that it is investigating whether Dallas Fire-Rescue is in compliance with the applicable federal standards for Privacy of Individually Identifiable Health Information and the Security Standards for the Protection of Electronic Protected Health Information and the Breach Notification Rule. OCR directed Dallas Fire-Rescue to respond to 13 requests for information to determine its compliance status. Dallas Fire-Rescue responded on May 27, 2015. Since the City entered into several contracts with third party vendors as part of its plan to comply with the regulations, the City is investigating whether it may have claims against those third party vendors and, if so, the amount of damages that may be recoverable to the City. If the City is fined by HHS, it is undetermined: (1) when the HHS determination as to the imposition of a fine against the City will be made; (2) whether the City would appeal the HHS determination; and (3) if, or when, the City would pay the fine amount. Based on the limited facts known to the City at this stage of the investigation, the City does not believe the amount of any fine would have a material adverse financial impact on the City or its operations.

Certain former and current employees of the Code Compliance Services Department of the City (the "Code Department") brought a collective action lawsuit (Terrance Bass, Barry Boyd, Elizabeth Lopez, and Joseph Scott v. City of Dallas, Civil Action No. 3:17-cv-03330-C) for violations under the Fair Labor Standards Act ("FLSA"). The plaintiffs are asserting that they were paid at their regular rate of pay when they worked more than 40 hours in a work week, and were not paid overtime for answering calls and emails during lunch and after hours. A federal judge conditionally certified a collection action with respect to certain Code Department employees. The final class contains 81 plaintiffs. City Council approved a settlement of $2,450,000 on February 28, 2021. The parties are finalizing the settlement agreement and will seek court approval of the settlement. Upon approval by the court, the parties will work to finalize the settlement payments to the members of the collective.

In May 2020, the Dallas Police Department ("DPD") and other law enforcement agencies partnered to provide police support for several organized protests regarding police brutality scheduled in Dallas following the death of George Floyd by officers of the Minneapolis Police Department. Some of the protests became unruly and many protesters became aggressive toward law enforcement officers. When attempts to disperse the crowd proved to be ineffective, DPD and other law enforcement officers deployed "less-lethal" weapons, including tear gas, pepper balls, and foam tipped projectiles against individuals in the crowd to restore order. Two protesters allege that they were struck by a projectile and suffered serious injuries.

On June 1, 2020, DPD provided police support to an organized demonstration that was initially planned to march near the Frank Crowley Courthouse. After a few hours, the protesters marched toward the Margaret Hunt Hill Bridge. DPD officers attempted without success to disperse the crowd. Some of the protestors began throwing objects at law enforcement officers, at which time DPD used pepper ball launchers on the ground and deployed tear gas to restore order. Several protesters contend that they were struck by a "less lethal" sponge bullet and suffered injuries.

The protesters are alleging claims against the DPD officers for excessive force, unlawful seizure, and retaliation in violation of their rights under the First and Fourth Amendments and claims against the City and Chief Hall for unconstitutional polices or customs in the use of non-lethal force during peaceful protests, and failure to train, supervise and discipline. The plaintiffs/claimants are seeking compensatory damages, punitive damages, attorney's fees, and costs. A damage award could exceed $2,000,000.

CYBER SECURITY

Computer networks and data transmission and collection are vital to the operations of the City. Information technology and infrastructure of the City may be subject to attacks by outside or internal hackers and may be subject to breach by employee error, negligence or malfeasance. An attack or breach could compromise systems and the information stored thereon, result in the loss of confidential or proprietary data and disrupt the operations of the City. To mitigate these risks, the City continuously endeavors to improve the range of control for digital information operations, enhancements to the authentication process, and additional measures toward improving system protection/security posture.

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Resolution, the Issuer has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The Issuer is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the Issuer will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the Municipal Securities Rulemaking Board ("MSRB") through the Electronic Municipal Market Access ("EMMA") system information system in accordance with Rule 15c2-12 (the "Rule") promulgated by the SEC. This information will be available to securities brokers and others who subscribe to receive the information from the vendors. Investors will be able to access continuing disclosure information filed with the MSRB through EMMA free of charge at www.emma.msrb.org. In the Project Financing Agreement, the City agrees to provide the Issuer with the information described below to enable the Issuer to timely meet its continuing disclosure undertaking.

ANNUAL REPORTS

The Issuer will provide certain updated financial information and operating data to EMMA annually. The information to be updated includes all quantitative financial information and operating data with respect to the City of the general type included in this Official Statement under Tables numbered 1 through 9, and in Appendix C. The Issuer will update and provide this information within six months after the end of each fiscal year of the City ending in and after 2021. The Issuer will additionally provide audited financial information of the type described in the numbered tables when and if available, and in any event, within twelve months after the end of each fiscal year ending in or after 2021. If the audit of such financial statements is not complete within twelve months after any such fiscal year end, then the Issuer will provide notice that the audit is not available and will file unaudited financial information of the type described in the numbered tables within such twelve month period and audited financial statements for the applicable fiscal year when and if the audit report on such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described or incorporated by reference in Exhibit B to the Bond Resolution (the accounting principles described in the notes to such financial statements) or such other accounting principles as the Issuer may be required to employ from time to time pursuant to state law or regulation. The Issuer's financial statements relating to the Airport System will be included within the Comprehensive Annual Financial Report of the City as a blended component unit of the Airport Revenue Fund.

The City's current fiscal year end is September 30. The Issuer has covenanted in the Indenture to maintain the same fiscal year as the City. Accordingly, the Issuer must provide updated information by March 31 in each year, unless the City changes its fiscal year. If the City changes its fiscal year, the Issuer will notify the MSRB of the change.

DISCLOSURE EVENT NOTICES

The Issuer will also provide timely notices of certain events to certain information vendors. The Issuer will provide notice of any of the following events with respect to the Bonds, if such event is material to a decision to purchase or sell the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6)

adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701- TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the Issuer; (13) the consummation of a merger, consolidation, or acquisition involving the Issuer, or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor Trustee or Paying Agent/Registrar or change in the name of the Trustee or the Paying Agent/Registrar, if material; (15) incurrence of a debt obligation or derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation of the City, or a guarantee of any such debt obligation or derivative instrument, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such financial obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any such financial obligation of the City, any of which reflect financial difficulties. Neither the Bonds nor the Bond Resolution make any provision for liquidity or credit enhancement facilities. In addition, the Issuer will provide timely notice of any failure by the Issuer or the City to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

As used in clause 12 above, the phrase "bankruptcy, insolvency, receivership or similar event" means the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets of the Issuer, or if jurisdiction has been assumed by leaving the Board of Directors of the Issuer and officials or officers of the Issuer in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer. The Bond Resolution defines "Financial Obligation" as a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that "financial obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

LIMITATIONS AND AMENDMENTS

The Issuer has agreed to update information and to provide notices of specified events only as described above. The Issuer has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The Issuer makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The Issuer disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel the Issuer to comply with its agreement.

The Issuer may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Issuer, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any person unaffiliated with the Issuer (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. If the Issuer so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS

Compliance with Prior Undertakings – The City

The City has been in compliance, in all material respects, during the last five years with its undertakings under the Rule; provided however, that certain of the City's filings, when made, were not immediately linked to the CUSIPs for all of the bonds to which such filings relate. The City has taken steps to remedy any instances of which it is aware where its annual filings and/or material event filings were not properly linked to all of its outstanding obligations on EMMA. In addition, on July 7, 2020, the City defeased a portion of its Waterworks and Sewer System Revenue Refunding Bonds, Series 2011, Waterworks and Sewer System Revenue Refunding Bonds, Series 2012A, and Waterworks and Sewer System Revenue Refunding Bonds, Series 2013. Due to a miscommunication with the paying agents for the defeased bonds, notices of these defeasances were not filed until September 24, 2020 (with respect to the Series 2011 bonds and Series 2012A bonds) and October 19, 2020 (with respect to the Series 2013 bonds).

Compliance with Prior Undertakings – Obligated Persons

On March 17, 2020, Moody's Investors Service ("Moody's") downgraded the credit ratings of Southwest Airlines Co. ("Southwest") to Baa1 from A3. On March 18, 2020, Standard & Poor's Financial Services LLC ("S&P") downgraded the credit rating of Southwest to BBB from BBB+. Southwest, as the guarantor of the Refunded Bonds and the Series 2012 Bonds, is an "obligated person" with respect to such bonds (as such term is defined in the Rule). Pursuant to the Continuing Disclosure Agreement entered into by Southwest in connection with the Series 2012

Bonds, notice of the Moody's downgrade was required to be filed by March 27, 2020, and notice of the S&P downgrade was required to be filed by March 28, 2020. Actual notice of the Moody's and S&P downgrades was filed with the MSRB on April 9, 2020.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

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

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Bonds are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State, the PFIA, requires that the Bonds be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency. See "OTHER INFORMATION – Ratings" above. In addition, various provisions of the Texas Finance Code provide that subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Bonds are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the Issuer has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

The Issuer has made no investigation of other laws, rules, regulations or investment criteria which might apply to such institutions or entities or which might limit the suitability of the Bonds for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Bonds for such purposes. The Issuer has made no review of laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

LEGAL OPINIONS

The Issuer will furnish a complete transcript of proceedings held incident to the authorization and issuance of the Bonds, including the unqualified approving legal opinion of the Attorney General of Texas approving the Bonds and to the effect that the Bonds are valid and legally binding special obligations of the Issuer, and based upon examination of such transcript of proceedings, the approving legal opinion of Co-Bond Counsel, to like effect. The customary closing papers, including a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Bonds, or which would affect the provision made for their payment or security, or in any manner questioning the validity of said Bonds will also be furnished. Co-Bond Counsel from time to time represents the Co-Financial Advisors and the members of the underwriting syndicate in matters not related to the Bonds. Co-Bond Counsel were not requested to participate, and did not take part, in the preparation of the Official Statement, and such firms have not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in capacity as Co-Bond Counsel, such firms have reviewed the information under the captions "INTRODUCTION," "THE BONDS" (exclusive of the subcaptions "Book-Entry-Only System," "Sources and Uses of Funds" and "Owners' Remedies"), "PROJECT FINANCING AGREEMENT," "TAX MATTERS" and the subcaptions "Continuing Disclosure of Information" (exclusive of the heading "Compliance with Prior Undertakings"), "Legal Investments and Eligibility to Secure Public Funds in Texas" and "Legal Opinions" under the caption "OTHER INFORMATION" in the Official Statement and Appendices D and G thereto, and Co-Bond Counsel is of the opinion that the information relating to the Bonds and the legal issues contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the Indenture and the Bond Resolution. The legal fees to be paid to Co-Bond Counsel for services rendered in connection with the issuance of the Bonds are contingent on the sale and delivery of the Bonds. In connection with the transaction described in this Official Statement, Co-Bond Counsel represents only the Issuer and the City. The legal opinion will accompany the Bonds deposited with DTC or will be printed on the Bonds in the event of the discontinuance of the Book-Entry-Only System. Certain legal matters will be passed upon for the City by their Co-Disclosure Counsel, Norton Rose Fulbright US LLP, Dallas, Texas, and Kintop Smith, PC, Dallas, Texas. Certain other legal matters will be passed upon for the City by the City Attorney. Certain legal matters will be passed upon for the Underwriters by their Co-Counsel, Kelly Hart & Hallman LLP, Fort Worth, Texas and White & Wiggins, LLP, Dallas, Texas. The legal fees to be paid to co-counsel to the Underwriters for services rendered in connection with the issuance of the Bonds are contingent on the sale and delivery of the Bonds.

The legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

CO-FINANCIAL ADVISORS

Hilltop Securities Inc. and Estrada Hinojosa & Company, Inc. are employed as Co-Financial Advisors to the Issuer and the City in connection with the issuance of the Bonds. The Co-Financial Advisors' fees for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. Hilltop Securities Inc. and Estrada Hinojosa & Company, Inc. have agreed, in their Co-Financial Advisor contracts with the City, not to bid for the Bonds, either independently or as a member of a syndicate organized to submit a bid for the Bonds. Hilltop Securities Inc. and Estrada Hinojosa & Company, Inc., in their capacity as Co-Financial Advisors, have relied on the opinion of Co-Bond Counsel and have not verified and do not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies. In the normal course of business, the Co-Financial Advisors may from time to time sell investment securities to the Issuer or the City for the investment of bond proceeds or other funds of the Issuer or the City upon the request of the Issuer or the City.

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

UNDERWRITING

The Underwriters have agreed, subject to certain conditions, to purchase the Bonds from the Issuer, at a purchase price of par, plus a premium of $56,902,333.10, and less an underwriting discount of $997,196.35. The Underwriters will be obligated to purchase all of the Bonds if any Bonds are purchased.

The Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Bonds into investment trusts) at prices lower than the public offering prices of such Bonds, and such public offering prices may be changed, from time to time, by the Underwriters.

Certain of the Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the Underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the Issuer and to persons and entities with relationships with the Issuer, for which they received or will receive customary fees and expenses.

BofA Securities, Inc., an underwriter of the Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Bonds.

Citigroup Global Markets Inc., an underwriter of the Bonds, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, "Fidelity"). Under this distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, Citigroup Global Markets Inc. will compensate Fidelity for its selling efforts.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the issuer (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Issuer. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

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

The Bond Resolution approved the form and content of this Official Statement, and any addenda, supplement or amendment hereto, authorized a designated Authorized Representative of the Issuer to complete this Official Statement, and authorized its further use in the reoffering of the Bonds by the Underwriters.

/s/ ERRICK THOMPSON
Board President
Love Field Airport Modernization Corporation

/s/ M. ELIZABETH REICH
Chief Financial Officer
City of Dallas, Texas

ATTEST:

/s/ BILLIERAE JOHNSON
City Secretary

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SCHEDULE I

$310,000,000 Special Facilities Revenue Bonds, Series 2010
(Southwest Airlines Co. - Love Field Modernization Program Project)
Dated November 18, 2010

Maturity Date	Interest Rate	Principal Outstanding	Principal Refunded	Redemption Date	Redemption Price	CUSIP
11/1/2040 (1)	5.250%	$ 310,000,000	$ 310,000,000	9/28/2021	100%	54714FAA8

Sinking Fund Maturity Date	Interest Rate	Principal Outstanding	Principal Refunded	Redemption Date	Redemption Price
11/1/2028	5.250%	$ 3,380,000	$ 3,380,000	9/28/2021	100%
11/1/2029	5.250%	18,985,000	18,985,000	9/28/2021	100%
11/1/2030	5.250%	19,985,000	19,985,000	9/28/2021	100%
11/1/2031	5.250%	21,035,000	21,035,000	9/28/2021	100%
11/1/2032	5.250%	22,135,000	22,135,000	9/28/2021	100%
11/1/2033	5.250%	23,300,000	23,300,000	9/28/2021	100%
11/1/2034	5.250%	24,520,000	24,520,000	9/28/2021	100%
11/1/2035	5.250%	25,810,000	25,810,000	9/28/2021	100%
11/1/2036	5.250%	27,165,000	27,165,000	9/28/2021	100%
11/1/2037	5.250%	28,590,000	28,590,000	9/28/2021	100%
11/1/2038	5.250%	30,090,000	30,090,000	9/28/2021	100%
11/1/2039	5.250%	31,670,000	31,670,000	9/28/2021	100%
11/1/2040	5.250%	33,335,000	33,335,000	9/28/2021	100%
		$ 310,000,000	$ 310,000,000		

(1) Term Bond with sinking fund principal payments from 11/1/2028 through 11/1/2040.

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<u>APPENDIX A</u>

GENERAL INFORMATION REGARDING THE CITY

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LOCATION AND POPULATION . . . The City of Dallas (the "City") is located in north central Texas approximately 300 miles north of the Gulf of Mexico. It is among the three largest cities in Texas and among the ninth largest cities in the United States. Dallas is the county seat of Dallas County.

Dallas County encompasses an area of 880 square miles while the City of Dallas contains approximately 378 square miles. The City's corporate land extends into Collin, Denton, Kaufman and Rockwall Counties.

POPULATION TOTALS ARE:

	2021 Estimate	2020 Estimate	2019 Estimate	2018 Estimate	2017 Estimate	2016 Estimate	2015 Estimate
City	1,320,170	1,314,610	1,301,970	1,286,380	1,270,170	1,257,730	1,244,270
Dallas County	2,619,040	2,593,570	2,554,770	2,529,150	2,502,270	2,478,970	2,454,880
MSA(1)	7,874,950	7,716,410	7,548,400	7,267,430	7,124,670	7,001,940	6,822,730

(1) Metropolitan Statistical Area (MSA) is a thirteen-county area which includes Collin, Dallas, Denton, Ellis, Hood, Hunt, Johnson, Kaufman, Parker, Rockwall, Somervell, Tarrant, and Wise Counties.

Sources: North Central Texas Council of Governments. https://popestimates.nctcog.org. Accessed: 6/22/21.

ESTIMATED PER CAPITA INCOME

	2018 Estimate	2017 Estimate	2016 Estimate	2015 Estimate	2014 Estimate	2013 Estimate	2012 Estimate
Dallas MD(1)	58,545	55,924	53,880	52,700	51,356	48,859	48,355
Dallas County	58,993	55,947	53,531	52,388	51,830	48,945	48,501
Texas	50,355	47,929	45,616	46,577	46,289	43,781	43,397
U.S.	54,446	51,885	49,870	48,978	47,058	44,851	44,599

(1) Metropolitan Division (MD) is a seven-county area which includes Collin, Dallas, Denton, Ellis, Hunt, Kaufman, and Rockwall Counties.

Sources: U.S. Department of Commerce, Bureau of Economic Analysis. Accessed: 9/16/2020.

GOVERNMENT ORGANIZATION . . . The City operates under a Council-Manager form of government. There are fourteen single-district council members and a mayor elected at large. The Mayor and Council appoint the City Manager, City Attorney, City Auditor, City Secretary, City Treasurer and the Municipal Court Judges. The City Manager appoints all other department directors except two appointed by the Civil Service Board and the Park and Recreation Board. The Mayor is elected to a four-year term and is limited to two consecutive four-year terms. Council members are elected for two-year terms and can serve up to four consecutive two-year terms.

The Mayor and City Council set the public agenda, adopt policy and laws and appoint the City Manager, who acts as chief executive, responsible for implementing Council policy. The City Manager oversees City operations with an executive team of assistant city managers, each of whom has responsibility for various departments.

The Mayor and City Council set the public agenda, adopt policy and laws and appoint the City Manager, who acts as chief executive, responsible for implementing Council policy. The City Manager overseas City operations with an executive team of assistant city managers, each of whom has responsibility for various departments.

The City organization has approximately 12,500 full-time employees.

CITY SERVICES AND FACILITIES . . . The City provides the full range of municipal services contemplated by statute or charter. This includes public safety (police and fire), streets, sanitation, health and human services, culture and recreation, public improvements, planning and zoning, and general administrative services. In addition to general government activities, the Dallas Water Utilities, Municipal Airports (Dallas Love Field and Dallas Executive Airport), Convention Center, Municipal Radio and several other enterprise and internal service fund activities are a part of the City's legal entity.

EMPLOYMENT DATA . . . A diverse economy and highly-skilled work force contribute to the strengths of the City. Dallas is a center for high technology, retail and wholesale trade, finance, major medical facilities, culture and recreation and a convention and visitor destination. The following tables show the City's civilian employment over the last several years, the employment by sector and the major employers within the Dallas area.

Employment Statistics

	May 2021	May 2020	May 2019	May 2018	May 2017
Civilian Labor Force (City of Dallas)	696,613	665,559	673,328	673,243	671,289
Civilian Labor Force (Dallas MD*)	4,029,456	3,844,575	3,927,280	3,880,935	3,793,577
Total Employed (City of Dallas)	655,475	583,675	652,074	649,287	645,094
Total Employed (Dallas MD*)	3,650,289	3,348,563	3,819,533	3,742,474	3,650,120
Total Unemployed (City of Dallas)	41,138	81,884	21,254	23,956	26,195
Total Unemployed (Dallas MD*)	213,210	484,769	126,541	138,461	143,457
% Unemployed (City of Dallas)	5.9	12.3	3.2	3.6	3.9
% Unemployed (Dallas MD*)	5.3	12.6	3.2	3.6	3.8
% Unemployed (Dallas County)	5.8	12.2	3.2	3.6	3.9
% Unemployed (Texas)	6.5	11.6	3.4	3.9	4.4
% Unemployed (U.S.)	5.8	13.3	3.7	3.8	4.4

* Metropolitan Division (MD) is a seven-county area which includes Collin, Dallas, Denton, Ellis, Hunt, Kaufman, and Rockwall Counties

Source: Texas Labor Market Information. https://texaslmi.com/lmibyCategory/LAUS. Accessed: 6/22/2021. Adjusted numbers used where available.

Average Annual Unemployment Rates

	2020	2019	2018	2017	2016
City of Dallas	7.9	3.5	3.8	3.9	4.0
Dallas Metropolitan Division*	7.1	3.3	3.6	3.7	3.9
State of Texas	7.6	3.5	3.9	4.3	4.6
United States	8.1	3.7	3.9	4.4	4.9

* Metropolitan Division (MD) is a seven-county area which includes Collin, Dallas, Denton, Ellis, Hunt, Kaufman, and Rockwall Counties

Source: Texas Labor Market Information. https://texaslmi.com/LMIbyCatergory/LAUS Accessed: 6/22/2021.

MAJOR DALLAS AREA EMPLOYERS

Company	Product/Service	Number of Local Employees
Texas Instruments Inc.	Semiconductors	11,527
Baylor University Medical Center	Hospital & Health Care	9,671
AT&T Inc.	Telephone/Utilities	8,100
Southwest Airlines Co.	Airline	7,859
Texas Health Presbyterian Hospital Dallas	Healthcare	6,501
TXU	Utilities	5,500
Match Group	Services	4,800
ClubCorp USA Inc.	Services	4,634
Children's Medical Center of Dallas	Healthcare	4,487
Walmart Store	Retail/Department Stores	4,200

Source: City of Dallas Office of Economic Development.

DALLAS – PLANO - IRVING METROPOLITAN DIVISION (1)---NON-AGRICULTURAL WAGE AND SALARY EMPLOYMENT BY SECTOR

Industry	2020 Average Annual		2019 Average Annual	
	Employment	Percentage	Employment	Percentage
Mining, Logging and Construction	146,700	5.61	149,500	5.54
Manufacturing	181,000	6.93	186,600	6.92
Trade, Transportation, and Utilities	528,400	20.22	530,800	19.67
Information	69,200	2.65	71,400	2.65
Financial Activities	256,800	9.83	250,600	9.29
Professional and Business Services	509,300	19.49	518,800	19.23
Education and Health Services	310,600	11.88	321,600	11.92
Leisure and Hospitality	225,200	8.62	271,700	10.07
Other Services	75,900	2.90	86,600	3.21
Government	310,400	11.88	310,700	11.49
Non-Farm Total(2)	2,613,500	100.00%	2,698,300	100.00%

(1) Dallas-Plano-Irving Metropolitan Division (MD) is a seven-county area which includes Collin, Dallas, Denton, Ellis, Hunt, Kaufman, and Rockwall Counties.
(2) Numbers may not add due to rounding.

Sources: Texas Labor Market Information. https://texaslmi.com/LMIbyCategory/CES. Accessed: 9/16/2020.

OFFICE AND INDUSTRIAL SPACE OCCUPANCY RATES. . . The Dallas/Fort Worth area office market consists of 396.164 million square feet of space. Average rents continue to rise reaching $27.25 per square foot. As of the second quarter of 2020, over 9.074 million square feet of new office space is under construction or renovation in the DFW metro area. The vacancy rate in the Dallas/ Fort Worth market area is 15.6 percent.

The City is committed to the long-term health of the Central Business District (CBD). A number of public/private projects completed within the CBD in FY 2019-2020 include renovations, key tenant leasing and new construction. The National at 1401 Elm Street delivered 350,000 square feet of Class A space in the CBD in the first quarter of 2020. Equinix delivered 144,560 square feet of data center space at the Infomart building located between Uptown and Design District area. The current CBD office vacancy rate is 23.10 percent. The market consists of 33.835 million square feet. As of the second quarter of 2020, average rents are $26.84 per square foot.

Industrial/distribution market in the Dallas/Fort Worth area consists of 965.986 million square feet with 6.7 percent vacant as of second quarter of 2020.

Source: CoStar (as of Mid-Year 2020).

CONSTRUCTION VALUATION/BUILDING PERMIT ACTIVITY**

Valuation ($000)	2019	2018	2017	2016	2015	2014
Residential	$ 2,444,907	$ 2,376,145	$ 1,905,676	$ 2,228,062	$ 2,140,069	$ 1,574,178
Commercial	2,387,569	1,923,923	2,359,053	2,203,075	2,136,044	1,792,730
Total	$ 4,832,476	$ 4,300,068	$ 4,264,729	$ 4,431,137	$ 4,276,113	$ 3,366,908

Source: City of Dallas Building Inspection Division. Residential defined as single-family plus multi-family.

Other is reflected in Commercial.

These valuations are based on all building permit activity inclusive of single trade permits, new residential and new non-residential construction, residential and non-residential rehabilitation with additions considered as new construction. Excluded are sign permits, barricades, excavations, demolitions, moving permits and tents.

** Permit data is fluid and may fluctuate for the following reasons after the initial data is reported:

1) Permit cancellations.
2) Permit addendums; reductions or augmentations to the original plans submitted that change the valuation of the project.
3) Periodic audits that correct data entry errors after the reporting period has closed.

TRANSPORTATION. . . Dallas' success as a leader in transportation is a result of its excellent airports, rail routes, and interstate highway systems. Positioned centrally to both the east and west coasts, Dallas is easily accessible to all areas of the United States, Mexico and Canada. Direct flight time to any North American city takes less than four hours. In addition, Dallas is the center point between North America's five largest business centers - New York, Los Angeles, Chicago, Mexico City and Toronto.

Dallas/Fort Worth International Airport is a major contributor to the City's diversified economy. It is among the world's busiest airports in terms of total operation ranked fourth in the world. Approximately 73.3 million passengers traveled through the airport during the fiscal year ended September 30, 2019.

Dallas Love Field, located seven miles north of the Central Business District ("CBD"), is also extremely valuable to the Dallas economy. More than 8 million passengers were carried at Love Field during the fiscal year ended September 30, 2019. It acts as a catalyst for business by providing valuable scheduled air carrier and general aviation transportation services, and attracting and serving major companies that assemble, overhaul and maintain aircraft. Love Field began major renovation to the facility starting in 2010, and issued revenue supported bonds to finance these renovations in 2015 and 2017. The Love Field Modernization Program (LFMP) will increase efficiency for travelers while maintaining the convenience that Love Field currently offers passengers.

In the new modernization design, the terminal decreased in size approximately 25 percent by replacing a large amount of unused and outdated space with modern and efficient facilities. The three original concourses were demolished and consolidated into one convenient, centrally located concourse for all airlines.

Dallas Executive Airport, formerly known as Redbird Airport, is a public airport located six miles (10 km) southwest of the central business district (CBD). The airport is used entirely for general aviation purposes and serves as a reliever airport for Dallas Love Field. It has two runways, the longest being 6,451 feet long by 150 feet wide. Facilities at the airport include a restaurant, a conference center, Fixed Based Operators and aircraft hangar and tie-down areas. The airport is home to approximately 126 individual, enclosed T-hangars.

The Dallas Vertiport is a facility located at the Dallas Convention Center at the CBD and built to accommodate helicopters and tiltrotor type aircraft. It has two landing areas with independent approaches and facilities for flight planning and meetings and 5 tie-down areas.

Dallas has a well-developed highway system. There are five interstate highways which run north/south and east/west including a loop freeway encompassing the City. Dallas has 19 other major U.S. and state highways. Dallas is a principal trucking and freight distribution center with approximately 120 trucking companies. Overnight pickup and delivery services are available to most cities.

Dallas is a major hub for hundreds of rail routes. Major railroads that serve the Dallas area include Burlington Northern Santa Fe Railway, Kansas City Southern Railway and Union Pacific. Amtrak provides passenger train service at Union Station in downtown Dallas with three lines: Chicago, Los Angeles, and San Antonio.

The City is part of an integrated regional mass transit system – Dallas Area Rapid Transit (DART). DART consists of the City of Dallas and 13 cities and is funded by a 1.0% local sales tax assessed in the cities within the service area as well as fare revenues and federal funds for certain capital projects. The DART Service Area is approximately 700 square miles. The DART Transit System Plan is designed to provide a balanced combination of transit services and facilities to meet the region's mobility needs. DART's mission is made both difficult and necessary by the size and sprawl of the metroplex. Unlike some cities that funnel transportation into the central business district, the metroplex has multiple “cores” that have developed in suburban communities and along existing transportation routes. These mini-hubs complicate transportation service requirements and necessitate a range of mobility programs.

DART provides fixed-route bus service with a total 651 vehicle fleet from three DART-owned facilities. DART currently operates over 93 miles of light rail. A 34-mile commuter rail service between downtown Dallas and Fort Worth is operated jointly by DART and the Fort Worth Transportation Authority. Additionally, DART operates and maintains 75 freeway miles of high-occupancy vehicle (HOV) lanes and provided over 800,000 paratransit passenger trips.

Sources: Greater Dallas Chamber; The Dallas Facts; Dallas Area Rapid Transit (DART); the City of Dallas, Dallas/Fort Worth International Airport.

EDUCATION. . . The City of Dallas is served by nine independent school districts. The largest, the Dallas Independent School District (DISD), had approximately 144,851 students enrolled for the 2020-21 school year. DISD has 230 schools, including 147 elementary schools, 35 middle schools, 38 high schools and 10 magnet high schools. In May 2008, a $1.35 billion bond program was approved to build fifteen new schools, 177 new classrooms in existing schools and additional renovations. In November 2015, a $1.60 billion bond program was approved for school buildings and technology. In November 2018, a $150 million bond program was approved for buses and refunding purposes. In November 2020, a $3.47 billion bond program was approved to fund repairs and upgrades to more than 200 of the district’s 230 campuses and cover the cost of purchasing and making updates to district technology. As of August 1, 2021, DISD had $3,586,600,000 of authorized but unissued bonds.

There are 48 college and university campuses in the Dallas metroplex area, enrolling over 220,000 students. Twenty-six campuses offer 4-year undergraduate degree programs, 19 offer 2-year associate degree programs and 22 offer advanced degrees.

Sources: Dallas Independent School District; Texas Higher Education Board, City of Dallas Office of Economic Development.

MEDICAL . . . The Dallas metropolitan area is a major medical center providing "state-of-the-art" equipment and facilities. There are 24 general hospitals in Dallas County which are licensed for nearly 8,000 beds. In addition, there are two pediatric, two psychiatric and several long-term/rehabilitation hospitals.

As a complement to its excellent medical treatment facilities, Dallas is becoming a leading force in biomedical research. The University of Texas Southwestern Medical Center at Dallas has five Nobel Prize winners on the faculty and staff. Nationally recognized medical and dental schools in Dallas include University of Texas Southwestern Medical Center, Texas A&M University System - Baylor College of Dentistry, Texas Women’s University T. Boone Pickens Institute of Health Sciences and Baylor University School of Nursing.

Sources: The University of Texas Southwestern Medical Center at Dallas; The Texas State Board of Medical Examiners.

TOURISM . . . According to VisitDallas, Dallas ranks among the top convention cities in the nation. On April 24, 2013 City Council renamed the Dallas Convention Center the Kay Bailey Hutchison Convention Center, which is the largest convention center of its kind in Texas with approximately 1.0 million square feet of total space. There are 96 meeting rooms and over one million square feet of exhibit space. The convention center also boasts the world’s largest column-free exhibit hall and a fully equipped theater along with catering capabilities and a cafeteria. The Center has both open and covered parking and the facilities include a Heliport/Vertiport.

Dallas is recognized as one of the top ten convention destinations in the nation and part of the number one visitor destination region in the state of Texas. Annually, approximately 27.7 million people visit metropolitan Dallas. The Dallas area annually receives $5.2 billion in direct spending from visitors, generating a total impact of $8.8 billion on the metropolitan economy. There are more than 80,000 hotel rooms in Dallas.

On September 15, 2009, City broke ground on the 23-story Omni Dallas Convention Center Hotel. The 1,000 room hotel opened November 11, 2011. The Dallas Convention & Visitors Bureau has received commitments for meetings totaling 400,000 definite room nights for groups committed to Dallas for future years using the Omni Dallas Convention Center hotel.

Source: Dallas Convention Center; VisitDallas.

RECREATION . . . Dallas offers numerous recreational, cultural and entertainment opportunities. Within the City are 397 public parks and open spaces covering 23,464 acres plus 4,658 surface acres of water. There are over 60 lakes and reservoirs within 100 miles of Dallas covering more than 550,000 acres and four state parks within an hour of Dallas. There are 39 private and 34 municipal golf courses in the area, including six owned by the City of Dallas.

The Dallas metropolitan area hosts numerous national annual sporting events and has several large amusement parks. Major golf tournaments include the AT&T Byron Nelson Classic and the Charles Schwab Challenge PGA Tour events. Dallas is one of few metropolitan areas with four professional sports teams, including the Dallas Cowboys football team, the Dallas Mavericks basketball team, the Texas Rangers baseball team and the Dallas Stars hockey team.

Key attractions include the Dallas Museum of Art, Nasher Sculpture Center, Crow Collection of Asian Art, Dallas Black Dance Theater Center, and Morton H Meyerson Symphony Center, home of the Dallas Symphony Orchestra. In October 2009, with the opening of the AT&T Performing Arts Center, three new cultural facilities were added to the Arts District: Winspear Opera House, Wyly Theater, and Sammons Performance Park. The Dallas area has a number of museums, galleries, theaters, orchestras and dance groups.

Sources: City of Dallas, Park and Recreation Department; City of Dallas, Office of Cultural Affairs.

<u>APPENDIX B</u>

REPORT OF THE AIRPORT CONSULTANT

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DALLAS LOVE FIELD

FINANCIAL FEASIBILITY REPORT

Prepared by

UNISON CONSULTING

August 13, 2021

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SECTION 1 | INTRODUCTION

The Love Field Airport Modernization Corporation (LFAMC, or the Corporation) plans to issue the Love Field Airport Modernization Corporation General Airport Revenue Bonds, Series 2021 (the Series 2021 Bonds). The proceeds from the sale of the Series 2021 Bonds, together with other available funds, if necessary, will be used to: refund the Corporation's outstanding Special Facilities Revenue Bonds, Series 2010 (the Series 2010 Bonds) and pay the costs of issuance of the Series 2021 Bonds.

The City of Dallas (the City) created the LFAMC as a local government corporation for the public purpose of acting on behalf of the City in the performance of its governmental functions to promote the City, including the development of the geographic areas of the City in the vicinity of Dallas Love Field (DAL, or the Airport). In addition to the Airport, the City owns and operates a general aviation reliever airport named the Dallas Executive Airport (DEA) and the Dallas Heliport (Heliport). Together, DAL, DEA and the Heliport are referred to as the Dallas Airport System (the Airport System). The Airport System is managed and operated as a City department (the Aviation Department) under the direction of the City's Director of Aviation.

The Corporation has issued two prior series of General Airport Revenue Bonds: (1) the Love Field Airport Modernization Corporation General Airport Revenue Bonds, Series 2015, in the aggregate principal amount of $109,235,000 (the Series 2015 Bonds); and (2) the Love Field Airport Modernization Corporation General Airport Revenue Bonds, Series 2017 (AMT), in the aggregate amount of $116,850,000 (the Series 2017 Bonds) to finance the design and construction costs of an approximate 5,000 space parking garage and related improvements to increase public parking capacity at the Airport.

The Series 2021 Bonds are being issued pursuant to the general laws of the State of Texas, particularly Chapters 22 and 431, Texas Transportation Code, the resolution passed by the Board of Directors of the Corporation (the Board) on June 18, 2021 (the Bond Resolution) and the amended and restated Indenture of Trust between the Corporation and Wells Fargo Bank, National Association, as trustee dated September 1, 2021 (the Indenture). On June 23, 2021, the City Council of the City passed a resolution approving the issuance of the Bonds by the Corporation.

Under the terms of a Project Financing Agreement between the City and the Corporation, executed on June 10, 2015, as amended and restated on June 23, 2021 (the Project Financing Agreement), the City has agreed to make available to the Corporation the "Net Revenues" of the Airport System, in an amount sufficient to pay the principal of and interest on the Series 2021 Bonds, the Series 2017 Bonds, and the Series 2015 Bonds. The Corporation has assigned its rights to the Net Revenues to the Trustee under the terms of the Indenture. The obligation of the City to make payments under the Project Financing Agreement is solely from the Net Revenues of the Airport System. The City is not obligated to make payments under the Project Financing Agreement from monies raised or to be raised from taxation. The Series 2021 Bonds, the Series 2017 Bonds, and the Series 2015 Bonds constitute special obligations of the Corporation payable solely from and secured by a first lien on and pledge of the Pledged Revenues (as defined in the

Indenture), which include the Net Revenues. The Series 2021 Bonds are being issued on a parity with the Series 2015 Bonds and the Series 2017 Bonds.

The Airport

The Airport is a commercial service airport serving the Dallas metropolitan region and the Dallas-Fort Worth metroplex. Encompassing approximately 1,300 acres, the Airport is located within the Dallas city limits, approximately seven miles north of the City's central business district. The Airport is owned and operated by the City through its Aviation Department.

The FAA classifies DAL as a medium hub airport, which is a classification of airports that account for at least 0.25 percent but less than 1 percent of total U.S. enplanements. For calendar year 2020 (CY2020), the Airport ranked 30th in the U.S. in terms of the number of passengers, with approximately 5.1 million enplanements, according to statistics compiled by the Federal Aviation Administration (FAA). As discussed later in this Report, the Coronavirus Disease 2019 (COVID-19) pandemic significantly affected air traffic at airports across the U.S., including DAL. In CY2019, the last full calendar year prior to the COVID-19 pandemic, the Airport accommodated approximately 8.1 million enplanements, ranking 33rd in the U.S. The effects of the pandemic on the local Dallas-Fort Worth economy and on air traffic at DAL are discussed further in Sections 2 and 3 of this Report.

Southwest Airlines Co. (Southwest) is headquartered adjacent to the Airport and has operated at the Airport since Southwest began passenger service in 1971. The Airport is a principal station in the route system of Southwest, which is the dominant airline at the Airport in terms of air traffic activity. During the Airport's Fiscal Year ended September 30, 2020 (FY2020), Southwest accounted for 95 percent of total enplaned passengers at the Airport.

The Wright Amendment

Prior to the opening of Dallas-Fort Worth International Airport (DFW) in 1974, DAL was the principal air carrier airport serving the Dallas metropolitan region. Fort Worth was served by another airport, the Greater Southwest International Airport (GSW). After DFW opened, GSW was closed, sold to a private real estate developer, and eventually developed into a commercial/light industrial park. Southwest, which was not a party to the agreements related to the development of DFW, chose to continue operating its intrastate service (service within the state of Texas) at the Airport after DFW opened. The International Air Transportation Competition Act of 1979, as amended (the IATCA), imposed restrictions on air transportation to and from the Airport, following Southwest's inauguration of interstate service (service to destinations outside the state of Texas) at the Airport. A portion of the IATCA, commonly referred to as the "Wright Amendment," limited nonstop airline service at the Airport to other destinations within Texas and the following four neighboring states: Louisiana, Arkansas, Oklahoma, and New Mexico. The Wright Amendment also prohibited the purchase of a single airline ticket from DAL to any destination not in Texas or the four neighboring states. A person could change planes in a permitted destination, but he or she had to purchase a separate ticket from that destination to his or her final destination. In 1997, the

Wright Amendment was modified by the Shelby Amendment[1] to allow nonstop flights to the following three additional states (for a total of seven states): Alabama, Kansas, and Mississippi. However, "through ticketing" was still prohibited to cities on continuing flights to destinations outside the seven states allowed in the amended Wright Amendment. In 2005, Senator Kit Bond of Missouri attached an amendment to a transportation spending bill to permit nonstop flights to Missouri (the Bond Amendment).

On July 11, 2006, the City, the City of Fort Worth, The Dallas-Fort Worth International Airport Board, Southwest and American Airlines, Inc. entered into an agreement called the "Five Party Agreement," which stipulated, among other things, that the parties agreed to seek to eliminate the Wright Amendment restrictions on domestic air service at the Airport. On October 13, 2006, the "Wright Amendment Reform Act of 2006" was signed into law. It immediately eliminated the restriction on "through ticketing" between the Airport and cities outside the seven states, enabling passengers to purchase a single ticket for one-stop or connecting flights. It also eliminated the Wright Amendment restrictions on non-stop domestic air service at the Airport effective October 13, 2014, and it also stipulated that a new terminal at DAL would be limited to 20 gates.

The Love Field Modernization Program

In the Five Party Agreement, the City and Southwest agreed to the significant redevelopment of portions of the Airport, including the modernization of the existing terminal facilities at the Airport, a program referred to as the Love Field Modernization Program (LFMP). The LFMP consisted of the following major elements: the phased demolition of the then-existing terminal concourses; the phased construction of a new 20-gate T-shaped terminal concourse; the phased reconstruction of the apron and hydrant fuel system to serve the new concourse gates; the redevelopment of ticketing and baggage handling facilities, and the main ticket lobby; the reconfiguration of the existing terminal roadway infrastructure to align with the functional changes in the terminal layout resulting from the LFMP; the relocation of airfield electrical vaults; and other related infrastructure improvements such as the Project, improvements to the central utility plant and construction of central receiving and Dallas Police Department facilities at the Airport.

To facilitate the development of the LFMP, the City created the LFAMC, as described earlier in this section. Subsequently, the City, the LFAMC, and Southwest entered into a program development agreement, dated January 15, 2009 (the Program Development Agreement), which provided that the City and Southwest would undertake the LFMP. It also provided that the LFAMC, at the request of Southwest, would issue bonds to finance major elements of the LFMP.

The LFAMC issued the following bonds in 2010 and 2012:

- Love Field Airport Modernization Corporation Special Facilities Revenue Bonds, Series 2010, in the par amount of $310.0 million (the Series 2010 Bonds); and

[1] A law introduced by Senator Richard Shelby of Alabama.

- Love Field Airport Modernization Corporation Special Facilities Revenue Bonds, Series 2012, in the par amount of $146.26 million (the Series 2012 Bonds).

The City, the LFAMC, and Southwest entered into a Special Facilities Agreement which obligates Southwest to make Facilities Payments to a trustee in an amount sufficient to pay the debt service on the Series 2010 Bonds and the Series 2012 Bonds. The Series 2010 Bonds and the Series 2012 Bonds are payable from and secured by a first lien on and pledge of the Facilities Payments made by Southwest pursuant to the Special Facilities Agreement. The Series 2010 Bonds and the Series 2012 Bonds are not general obligations of the City, the State of Texas, or any other political subdivision, nor are they secured by the Airport System Net Revenues. The debt service obligations for the Series 2010 Bonds and the Series 2012 Bonds are collectively referred to in this Report as the "Obligation for Revenue Credit Agreement."

The City, the LFAMC, and Southwest entered into an Amended and Restated Lease of Terminal Building Premises (the Airport Use and Lease Agreement), which was executed February 13, 2009 and was made effective retroactively as of October 1, 2008. The Airport Use and Lease Agreement governs the operation and use of the Airport by the airlines, and it contains other provisions consistent with the terms of the Five Party Agreement.

The City and Southwest also entered into a revenue credit agreement (the Revenue Credit Agreement), which provides for the crediting back to Southwest of the Facilities Payments made by Southwest under the Special Facilities Agreement. This arrangement is made possible as a result of the rate making provisions of the Airport Use and Lease Agreement, which provide for the annual calculation of airline rates and charges sufficient to recover, among other things, the Obligation for Revenue Credit Agreement. While the crediting back of moneys to Southwest under the Revenue Credit Agreement is done pursuant to a contractual agreement between the City and Southwest, such revenue credits are not pledged to the payment of the Obligation for Revenue Credit Agreement. However, the economic substance of the financing transactions is that revenues generated from airline rates and charges and other Airport System sources are sufficient to reimburse Southwest for the Facilities Payments it makes under the Special Facility Agreement.

The Airport Use and Lease Agreement established priorities for the application of Airport System revenues. Airport System revenues are to be deposited into the Aviation Revenue Fund and applied first to pay O&M Expenses and any required deposits to the O&M Reserve Account; then to pay debt service on outstanding General Airport Revenue Bonds (GARBs) and any required deposits to the GARB Debt Service Reserve Fund. Only after these obligations are met are Airport System Revenues available to be applied to reimburse Southwest for Facilities Payments made by Southwest under the Special Facilities Agreement.

Construction of the new terminal commenced in July 2009. Southwest began operating out of the new terminal building in April 2013.[2] Construction of the new terminal was completed in May 2015. The T-shaped terminal building encompasses approximately 814,000 square feet of enclosed space and contains 20 aircraft gates. Adjacent to the terminal are three covered parking garages containing a total of approximately 12,000 public parking spaces.

The Airport's airfield includes two parallel east-west runways and a third intersecting (crosswind) runway, all served by a system of parallel taxiways. Other facilities at the Airport include an air cargo building; a U.S. Customs and Border Protection facility (formerly the Legend Airlines terminal); and a hydrant fueling system integrated into the fuel tank farm located on the west side of the Airport.

[2] Twelve of the 20 gates became operational effective when Southwest began operating from the new terminal in April 2013. The remaining eight gates became operational effective October 2014, the month in which the Wright Amendment restrictions were lifted.

SECTION 2 | ECONOMIC BASE

Demographic and economic trends drive demand for air travel. Trends within the Airport's air service area determine the area's potential to generate local demand for air travel and draw visitors. National trends determine demand for air travel nationwide; they also influence local air travel demand through effects on the regional economy. This section discusses key demographic and economic trends in the Airport's air service area, and relevant comparisons with trends at the state and national levels.

Going into 2020, the U.S. economy was on pace to continue expanding until the Coronavirus Disease 2019 (COVID-19) pandemic broke out in March. The pandemic prompted many state and local governments in the United States to issue stay-at-home or shelter-in-place orders, limiting movement and business activities to essential functions. These stay-at-home orders and widespread social distancing plunged the U.S. economy into a deep recession.

The Business Cycle Dating Committee of the National Bureau of Economic Research (NBER) has determined that U.S. economic activity peaked in February 2020, ending a 128-month long expansion following the Great Recessions—the longest expansion in the history of U.S. business cycles dating back to 1854. The recession induced by the COVID-19 pandemic reached unprecedented depths in April 2020, with unemployment rising to historic high levels, surpassed only during the Great Depression.

Economic data indicate that the COVID-19 pandemic-induced recession reached a trough in the second quarter of 2020, and a strong recovery ensued in the third quarter of 2020. Recovery slowed in the fourth quarter of 2020 as economic re-openings and gatherings during major holidays sparked a resurgence in COVID-19 cases. COVID-19 vaccination, which started in December 2020, helped move the economic recovery along during the first half of 2021. As of July 2021, U.S. economic output has likely surpassed its pre-pandemic peak, although employment, which typically lags behind output recovery, has yet to return to its pre-pandemic peak.

DAL serves the Dallas-Fort Worth-Arlington, TX, Metropolitan Statistical Area (the DFWA MSA), which was growing strongly before the COVID-19 recession, outperforming national trends in all key economic indicators. In 2020, the DFWA MSA economy followed the U.S. economy in deep recession and subsequent strong recovery. As of the second quarter of 2021, the DFWA MSA economy is expected to have recovered its pre-COVID peak output level, and is projected to recover its pre-COVID employment level by the last quarter of 2021, according to recent independent regional economic forecasts.

The COVID-19 Pandemic

COVID-19 was first identified in Wuhan, Hubei Province, China, in December 2019. The first case of COVID-19 in the United States was diagnosed in mid-January 2020. On January 31, 2020, the World Health Organization (WHO) declared a global health emergency, as human-to-human transmission of the virus spread quickly in various parts of the world, including the United States, prompting restrictions on global air travel. On March 11, 2020 WHO declared COVID-19 a global pandemic.[3]

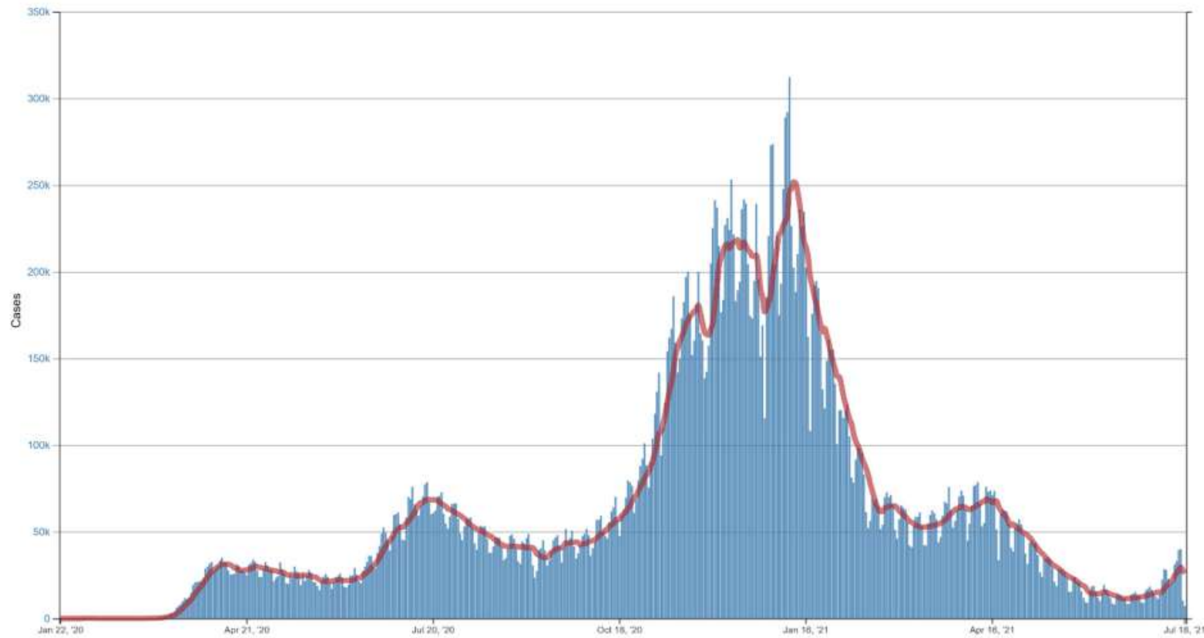
On March 13, 2020, the United States declared COVID-19 a national emergency, prompting nearly all states, including Texas, to issue stay-at-home orders and promote other social distancing measures to help contain the pandemic. Texas was one of the first states to issue disaster declaration over COVID-19 and order social distancing measures. It was also one of the first to relax those social distancing policies and reopen its economy.

Early attempts to reopen economies in various parts of the country were followed by a surge in COVID-19 cases, worsening through each major holiday. For the entire country, the highest number of daily new cases reported to the Center of Disease Control and Prevention (CDC) was 312,331 recorded on January 8, 2021, following the winter holidays, and the highest seven-day moving average (MA) was 251,882 reported on January 10, 2021. Since January 10, 2021, the seven-day moving average of daily new cases decreased 95 percent to 11,457 on June 18, 2021, the lowest level since March 25, 2020. However, that number increased 127 percent back up to a seven-day moving average of 26,011 on July 18, 2021. A total of 33.9 million cases (10,341.3 per 100,000 population) have been reported as of July 18, 2021 (Figure 1).

In Texas, the highest number of daily new cases reported to the CDC was 32,552 recorded on December 29, 2020, and the highest seven-day moving average was 23,043 reported on January 9, 2021. Since January 9, 2021, the seven-day moving average of daily new cases decreased 96 percent to 1,012 on June 20, 2021, the lowest level since May 27, 2020. However, that number increased 209 percent back up to a seven-day moving average of 3,126 on July 18, 2021. A total of 3.03 million cases (10,447.3 per 100,000 population) in Texas have been reported as of July 18, 2021 (Figure 2).

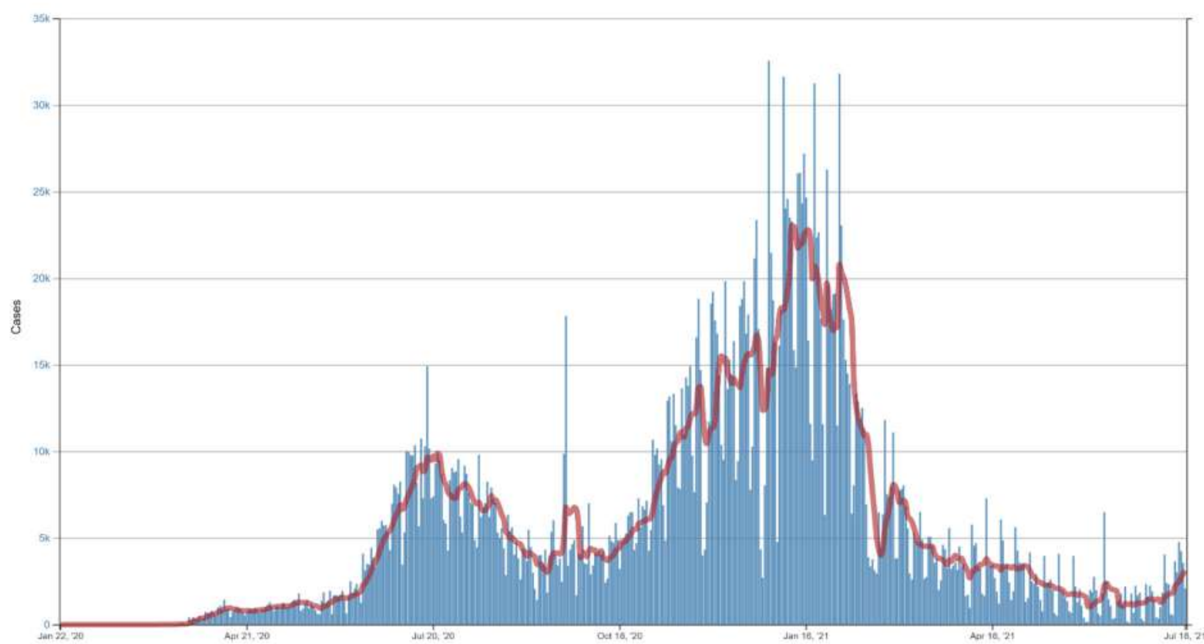
[3] American Journal of Managed Care Staff, *A Timeline of COVID-19 Developments in 2020*, July 3, 2020, accessed on August 26, 2020, <https://www.ajmc.com/view/a-timeline-of-covid19-developments-in-2020>.

Figure 1| Daily Number of COVID-19 Cases in U.S. Reported to CDC, 1/22/2020 – 7/18/2021



Source: CDC COVID Data Tracker, <https://covid.cdc.gov/covid-data-tracker/#trends_dailytrendscases>, accessed on July 20,2021.

Figure 2| Daily Number of COVID-19 Cases in Texas Reported to CDC, 1/22/2020 – 7/18/2021



Source: CDC COVID Data Tracker, <https://covid.cdc.gov/covid-data-tracker/#trends_dailytrendscases>, accessed on July 20,2021.

The U.S. COVID-19 vaccination program, which began on December 14, 2020, helped slow the spread of COVID-19 in the country. Daily vaccination rates ramped up quickly, although they began to slow after reaching a peak in April 2021.[4] As of July 19, 56.2 percent of the total U.S. population have received at least one dose of vaccine, and 48.7 percent have been fully vaccinated. In Texas, 59.7 percent of the total state population have received at least one dose of vaccine, and 51.6 percent have been fully vaccinated.[5]

Air Service Area

DAL serves the DFWA MSA, which covers 11 counties in North Central Texas (Figure 3). The MSA covers more than 9,000 square miles—larger than the states of Rhode Island and Connecticut combined. The MSA is often referred to as the Dallas-Fort Worth Metroplex, although the Metroplex also includes the Sherman-Denison MSA, which is composed of Grayson County, and the counties of Cooke, Erath, Fannin, Navarro, and Palo Pinto. The Metroplex region revolves around the two principal cities of the DFWA MSA: Dallas and Fort Worth. Dallas is the third largest city in Texas. Dallas and Fort Worth are among the nation's fastest growing cities.[6]

The location of the MSA presents the following advantages:

- A central time zone allows optimal access to companies on both the east and west coasts.
- Air travel to either coast takes approximately three to four hours. The MSA is equidistant to the country's three largest business centers: New York, Chicago, and Los Angeles.
- Shipments by truck or rail reach more than 50 million people in North America overnight and 98 percent of the U.S. population within 48 hours.

DAL is the smaller of two major commercial service airports serving the DFWA MSA. The larger major commercial service airport serving the MSA is Dallas-Fort Worth International Airport (DFW).[7] DFW is classified by the FAA as a large hub airport with 35.8 million enplanements in CY2019, ranking fourth largest by CY2019 enplanements among U.S. commercial service airports. By comparison, DAL is classified as a medium hub airport with nearly 8.1 million enplanements in CY 2019, the third largest annual enplanement volume in CY2019 among medium hub airports.[8]

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[4] Center for Disease Control and Prevention, COVID Data Tracker: COVID-19 Vaccinations in the United States, <https://covid.cdc.gov/covid-data-tracker/#vaccinations>, accessed on July 20, 2021.

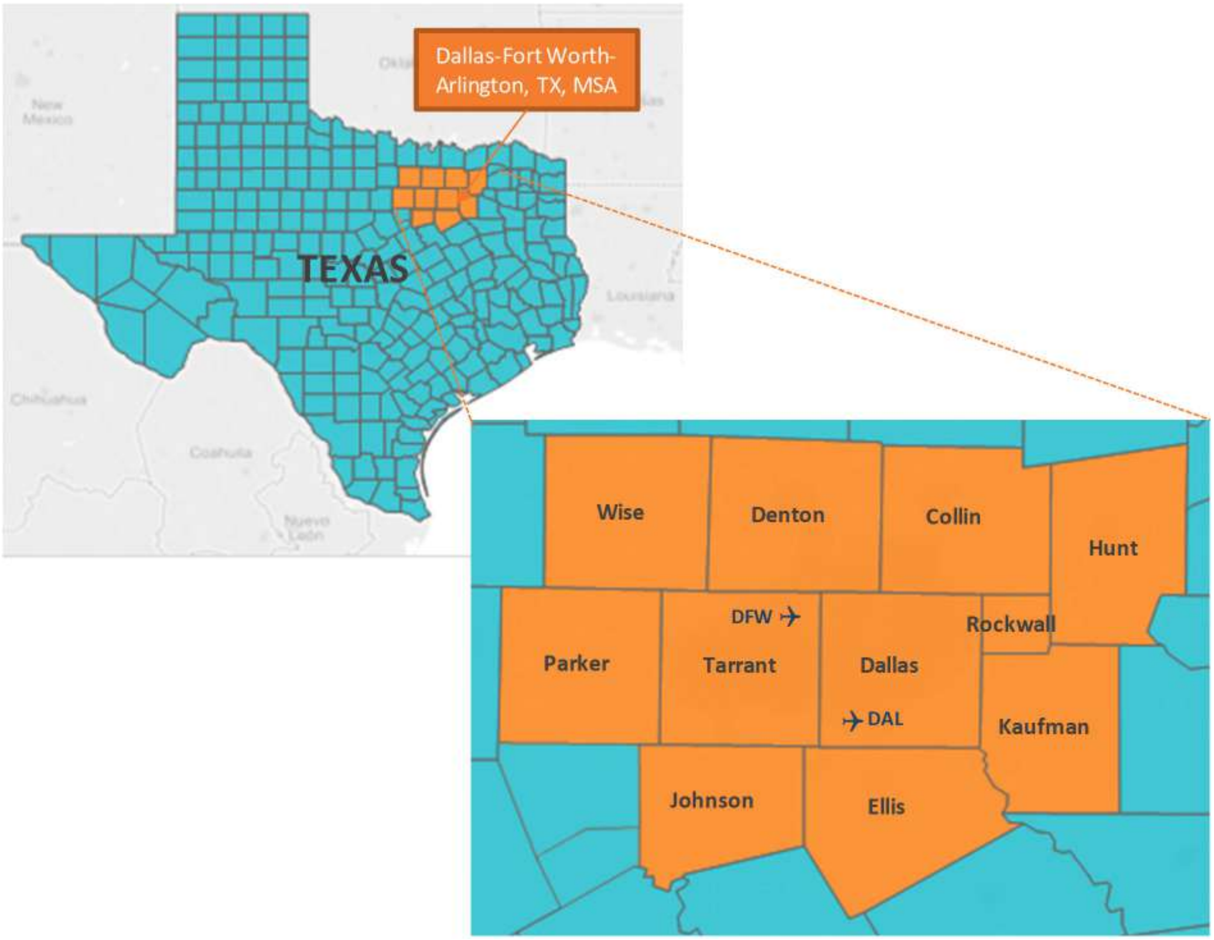
[5] Texas Health and Human Services, COVID-19 Vaccine in Texas (Dashboard), accessed on July 20, 2021.

[6] Texas Comptroller of Public Accounts, *The Metroplex Region 2020 Regional Report*.

[7] The DFWA MSA has a third airport, Dallas Executive Airport, which does not have commercial service.

[8] By FAA classification, a large hub airport handles 1 percent or more of annual U.S. enplanements, and a medium hub airport handles 0.25 percent to 0.99 percent of annual U.S. enplanements. Enplanement figures are from the FAA preliminary data on Enplanements at All Commercial Service Airports for CY2019.

Figure 3| Primary Air Service Area – The DFWA MSA



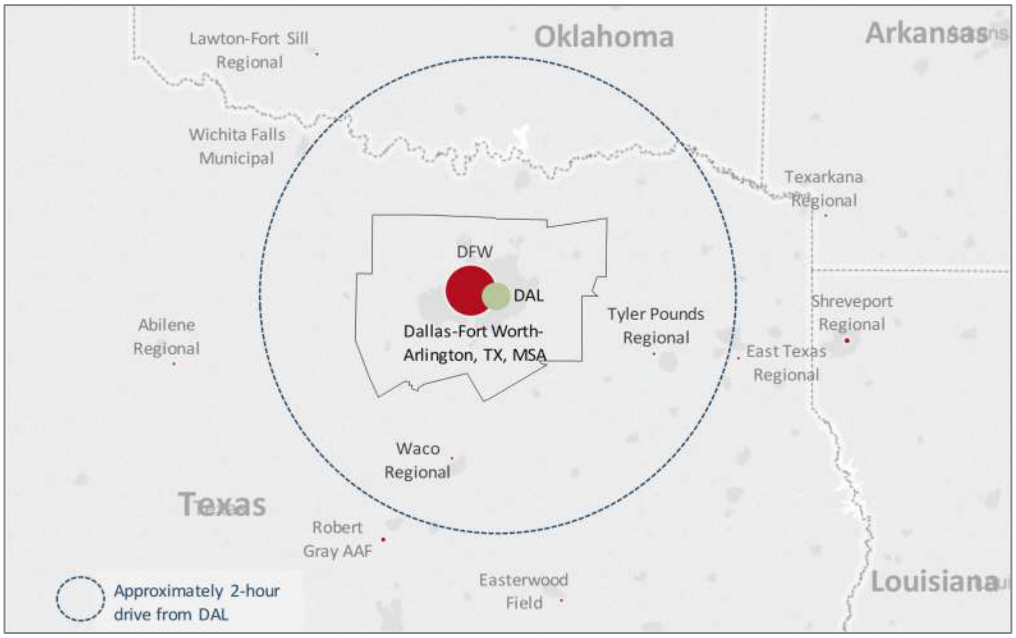
Sources: U.S. Office of Management and Budget MSA Delineations as of March 2020 and Unison Consulting, Inc.

Located in Dallas County, DAL is less than 6 miles from downtown Dallas. DFW is located 16 miles northwest of DAL and more than 20 miles from downtown Dallas, within the city limits of Coppell, Fort Worth, Grapevine, Euless, and Irving, straddling Dallas and Tarrant Counties.

Outside the DFWA MSA, two airports are within a two-hour drive from DAL: Tyler Pounds Regional Airport in Smith County, Texas; and Waco Regional Airport in McLennan County, Texas (Figure 4 and Table 1). These two airports are much smaller non-hub airports, each enplaning less than 100,000 passengers annually.[9]

[9] A nonhub airport handles more than 10,000 annual enplanements but less than 0.05 of annual U.S. enplanements.

Figure 4| Commercial Service Airports Within and Outside the Dallas-Fort Worth-Arlington MSA



The red bubble markers are sized relative to total enplanements.
Sources: Federal Aviation Administration and Google Maps.

Table 1| Enplanement Levels and Drive Distance of Commercial Service Airports Nearest DAL

Airport	CY2019 Enplanements ('000)	City	State	Drive from DAL Miles	Drive from DAL Time
Dallas Love Field (DAL)	8,081	Dallas	TX		
Dallas/Fort Worth International (DFW)	35,779	Fort Worth	TX	16	20 minutes
Tyler Pounds Regional (TYR)	60	Tyler	TX	100	1 hour 40 minutes
Waco Regional (ACT)	63	Waco	TX	104	1 hour 37 minutes

Sources: Federal Aviation Administration and Google Maps.

Beyond a two-hour drive, the closest airport with comparable annual enplanements to DAL is Austin-Bergstrom International Airport (AUS) in Austin, Texas. A medium hub airport like DAL, AUS served 8.5 million enplanements in CY2019. AUS, however, is located 214 miles south of DAL, over a three-hour drive away—too far to attract passengers from DAL's primary service area.

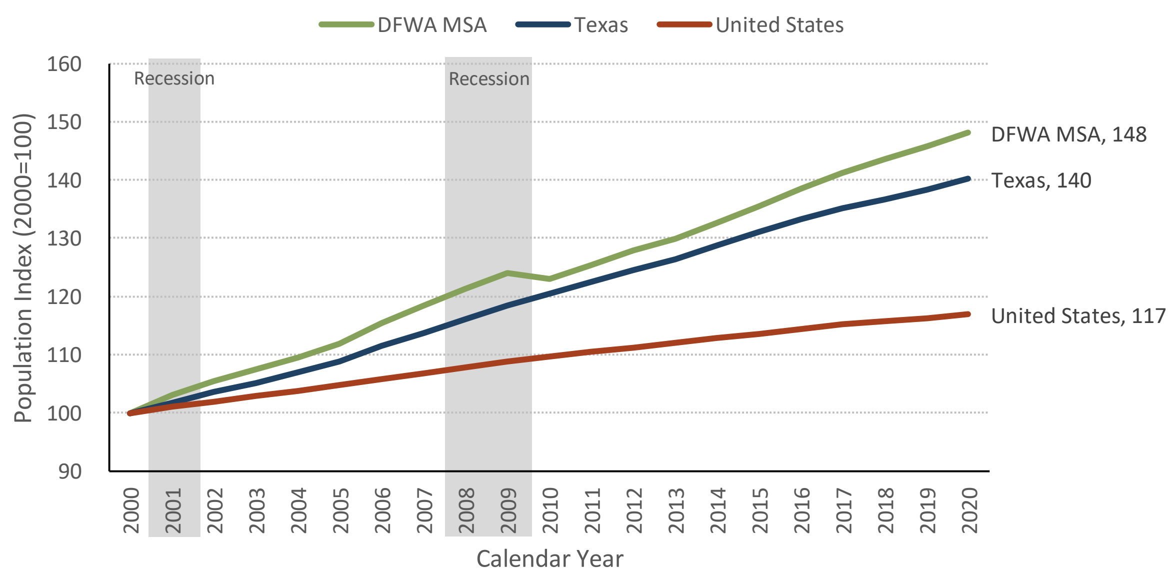
Population

By 2020 population, the DFWA MSA ranks fourth largest among all U.S. MSAs, behind Chicago-Naperville-Elgin, IL-IN-WI, MSA (third); Los Angeles-Long Beach-Anaheim, CA, MSA (second); and

New York-Newark-Jersey City, NY-NJ-PA, MSA (first). The entire DFWA Metroplex, if it were a state, would rank 13th in the nation in population size—comparable to Washington state.[10]

Apart from its size at around 7.7 million in 2020, the DFWA MSA population also offers a fast-growing local market base for air travel. From 2000 through 2020, the DFWA MSA population grew 48 percent (an average of 2 percent a year), nearly triple national population growth of 17 percent (an average of 0.8 percent per year) (Figure 5). The population growth in the DFWA MSA also outpaced Texas' population growth rate of 40 percent (an average of 1.7 percent per year) over the same period.

Figure 5| Population Growth



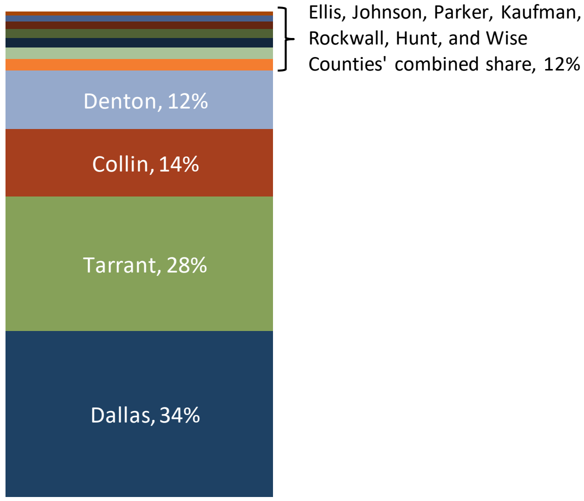
	Compound Annual Growth Rate		
Period	**DFWA MSA**	**Texas**	**United States**
2000-2010	2.1%	1.9%	0.9%
2010-2020	1.9%	1.5%	0.6%
2000-2020	2.0%	1.7%	0.8%

Source: U.S. Census Bureau.

With a population of around 7.7 million, the DFWA MSA accounts for 95 percent of the Metroplex region's population and 26 percent of the Texas state population. Within the DFWA MSA, the largest county is Dallas County with a 34 percent share of the MSA population in 2019 (Figure 6). DAL is located in Dallas County. The second largest county is Tarrant County with a 28 percent share. DFW is located in Tarrant County.

[10] Texas Comptroller of Public Accounts, *The Metroplex Region 2020 Regional Report*.

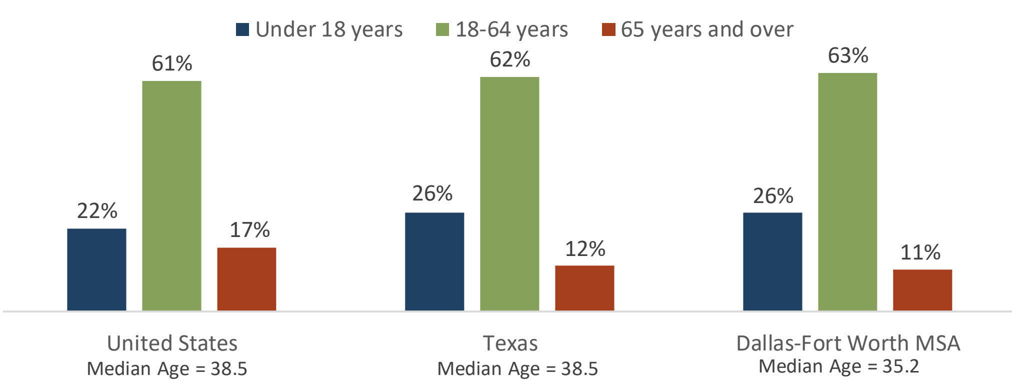
Figure 6| DFWA MSA County Population Shares, 2020



Source: U.S. Census Bureau.

Compared with the U.S. and the Texas state populations, the DFWA MSA's population has lower median age, with a slightly greater proportion of the population falling in the 18-64 age group (Figure 7). People in this age group typically have the highest labor force participation rate—one advantage that will help ensure that the DFWA MSA economy will continue growing faster than the state and national economies.

Figure 7| Population Age Distribution



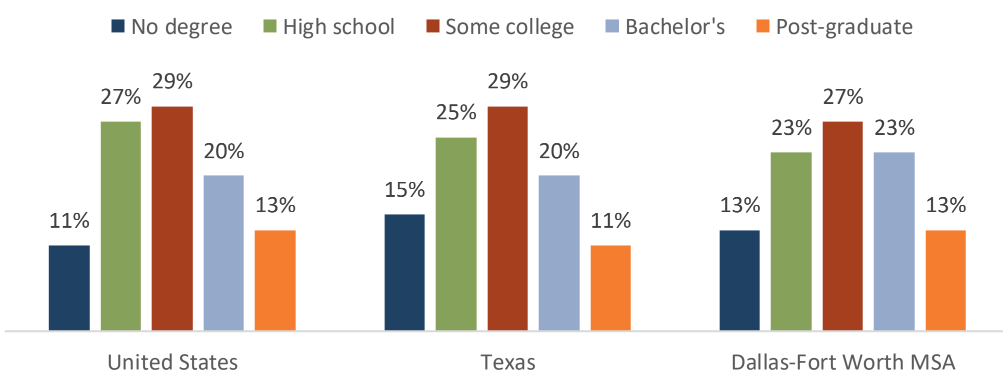
Source: U.S. Census Bureau American Community Survey, 2019.

The DFWA MSA has a smaller proportion of older residents (65 and older), which means that working population faces a relatively smaller burden in supporting an aging population. If the DFWA MSA were a state, it would have the second lowest share of population 65 years and older in the United States.[11] Population aging can slow future economic growth by slowing work force growth and by requiring greater taxation to support increasing government spending on elderly support and health care.

Educational Attainment

Relative to the nation and the state of Texas, the DFWA MSA has a higher share (36 percent) of college and graduate degree holders among residents 25 and older (Figure 8). The entire Metroplex, if it were a state, would have the 13th largest share of population holding a college or graduate degree in the nation.[12]

Figure 8| Educational Attainment of the Population 25 Years and Older



Source: U.S. Census Bureau American Community Survey, 2019.

High educational attainment is important for economic diversification and long-term growth. Education drives innovation and productivity growth.[13] A well-educated workforce adapts better to industries' changing skill requirements and technological advances. Areas with higher educational attainment tend to have higher productivity, higher incomes, and higher employment levels.[14, 15]

Areas with a large pool of well-educated young workers attract knowledge-based industries, as well as start-ups and young firms.[16] The large presence of advanced business sectors in the DFWA MSA,

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[11] Texas Comptroller of Public Accounts, *The Metroplex Region 2020 Regional Report*.

[12] Texas Comptroller of Public Accounts, *The Metroplex Region 2020 Regional Report.*

[13] Enrico Moretti, *The New Geography of Jobs*, Houghton Mifflin Harcourt, 2012.

[14] J.R. Abel and T.M. Gabe, "Human capital and economic activity in urban America," *Regional Studies* 45(8), 2011, page 1079-1090.

[15] L. Wolf-Powers, *Predictors of Employment Growth and Unemployment in US Central Cities*, W.E. Upjohn Institute, 2013, <http://research.upjohn.org/up_workingpapers/199/>.

[16] Joe Cortright, "The Young and the Restless and the Nation's Cities," *City Report*, October 2014, <http://cityobservatory.org/wp-content/uploads/2014/10/YNR-Report-Final.pdf>.

in turn, attract young, highly educated workers. In particular, Dallas and Tarrant counties have above-average to high concentrations of businesses in *biotech & life sciences*, *information & electronics*, *professional services*, *financial services*, *aerospace & aviation*, *industrial manufacturing*, *petroleum & chemical products*, *logistics & transportation*, and *food & beverage processing*.[17] Above-average concentration means that the industry's share of the area's employment is 20 percent to 99 percent more than the industry's national share, and high concentration means having at least double the national share.

Residents of the DFWA MSA and the entire Metroplex region enjoy the widest variety of options for higher education in Texas (Table 2).[18]

Table 2| Institutions of Higher Education in the DFWA Metroplex

Universities	Junior and Community Colleges
Amberton University	Collin County Community College District
Austin College	Dallas County Community College
Dallas Baptist University	Brookhaven College
Paul Quinn College	Cedar Valley College
Southern Methodist University	Eastfield College
Southwestern Adventist University	El Centro College
Southwestern Assemblies of God University	Mountain View College
Southwestern Christian College	North Lake College
Tarleton State University	Richland College
Texas A&M University-Commerce	Grayson College
Texas Christian University	Navarro College
Texas Wesleyan University	North Central Texas College
Texas Woman's University	Parker University
The University of Texas at Arlington	Tarrant County College
The University of Texas at Dallas	Connect Campus
University of Dallas	Northeast Campus
University of North Texas	Northwest Campus
University of North Texas at Dallas	South Campus
UNT Dallas College of Law	Southeast Campus
Health Science Schools	Trinity River Campus
The University of Texas Southwestern Medical Center	Texas State Technical College-North Texas
University of North Texas Health Science Center	Weatherford College

Source: Texas Higher Education Coordinating Board.

17 *Texas Industry Concentrations*, Texas Office of the Governor, Economic Development and Tourism, 2012, <https://texaswideopenforbusiness.com/sites/default/files/02/25/15/concentrations.pdf>.

18 Texas Comptroller of Public Accounts, *The Metroplex Region 2020 Regional Report*.

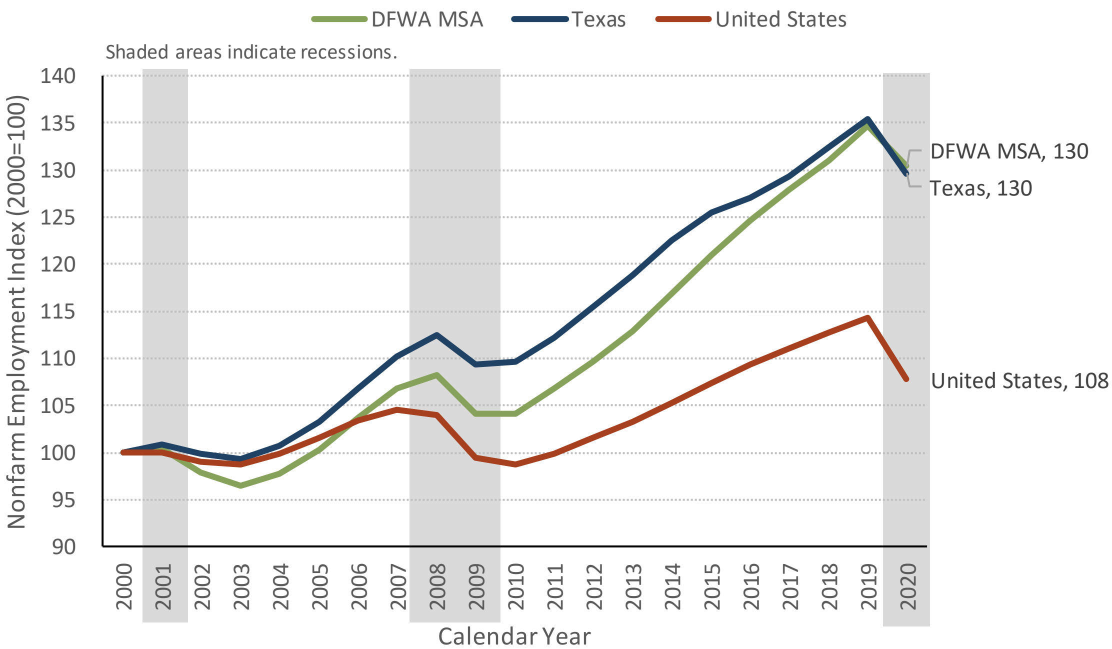
Labor Market

Within the local air service area, trends in the labor market reflect business conditions and overall economic well-being—factors that influence the demand for air travel. Trends in the labor market follow the business cycles. Employment grows and the unemployment rate falls during periods of economic expansion. Employment growth raises living standards, boosts consumer confidence, and increases consumer spending, including spending on air travel. In contrast, employment shrinks and the unemployment rate rises during periods of economic recession, causing consumer spending to fall.

Nonfarm Employment

Nonfarm employment growth in the DFWA MSA outstripped national growth during the decade leading up to 2020. In 2020, the DFWA MSA's labor market suffered relatively fewer job losses from the COVID-19 recession. Nonfarm jobs in the DFWA MSA decreased about 3 percent over the entire year, compared with a 6 percent decrease nationwide. Over 20 years from 2000 to 2020, nonfarm employment in the DFWA MSA grew 130 percent, compared with only 108 percent nationwide (Figure 9).

Figure 9| Nonfarm Employment Growth, 2000-2020



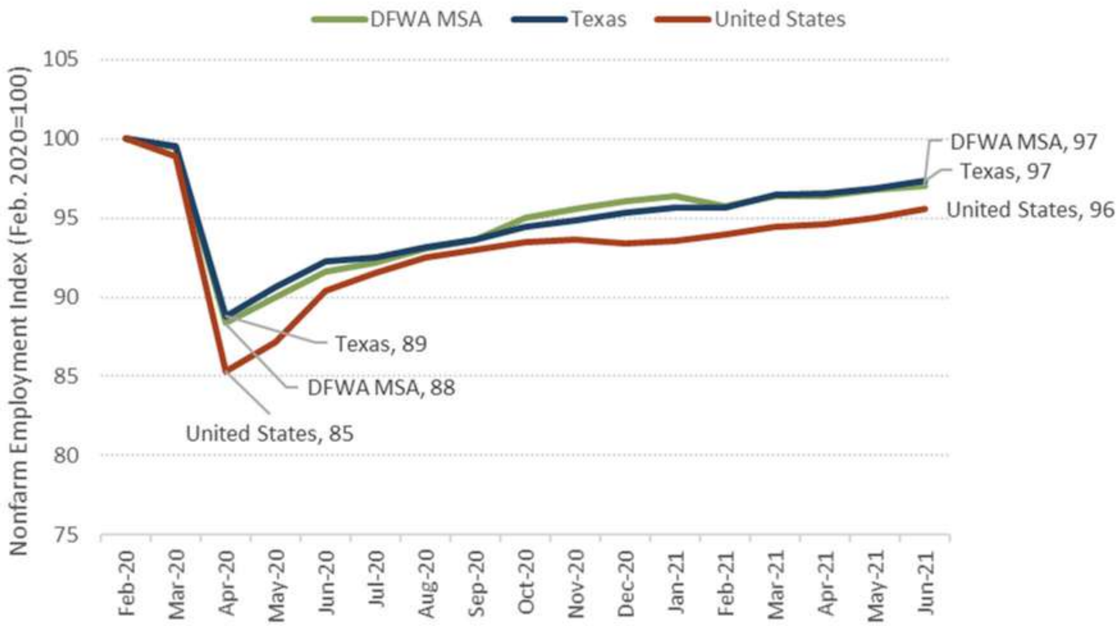
	Compound Annual Growth Rate		
Period	**DFWA MSA**	**Texas**	**United States**
2000-2010	0.4%	0.9%	-0.1%
2010-2020	2.3%	1.7%	0.9%
2000-2020	1.3%	1.3%	0.4%

Source: U.S. Bureau of Labor Statistics.

Annual data masks the extent of job losses caused by the partial economic lockdown caused by the COVID-19 pandemic. Monthly data in Figure 10 shows that nonfarm employment in the DFWA MSA decreased 12 percent (a loss of 450,800 jobs) from the pre-pandemic peak level in February 2020 over the following two months, March and April 2020. Nationwide, nonfarm employment decreased 15 percent (a loss of 22.36 million jobs) over those two months. Nonfarm employment began to recover in May 2020, as various parts of the country began to reopen. By June 2021, the DFWA MSA had gained back 336,000 jobs or 74 percent of total job losses in the MSA, with total nonfarm employment in the MSA returning to 97 percent of the February 2020 level. By comparison, the U.S. had gained back 15.6 million jobs or 70 percent of total U.S. job losses, returning to 96 percent of the U.S. nonfarm employment level in February 2020.[19]

[19] The calculations are based on seasonally adjusted nonfarm employment data from the U.S. Bureau of Labor Statistics.

Figure 10| Monthly Nonfarm Employment Change from February 2020



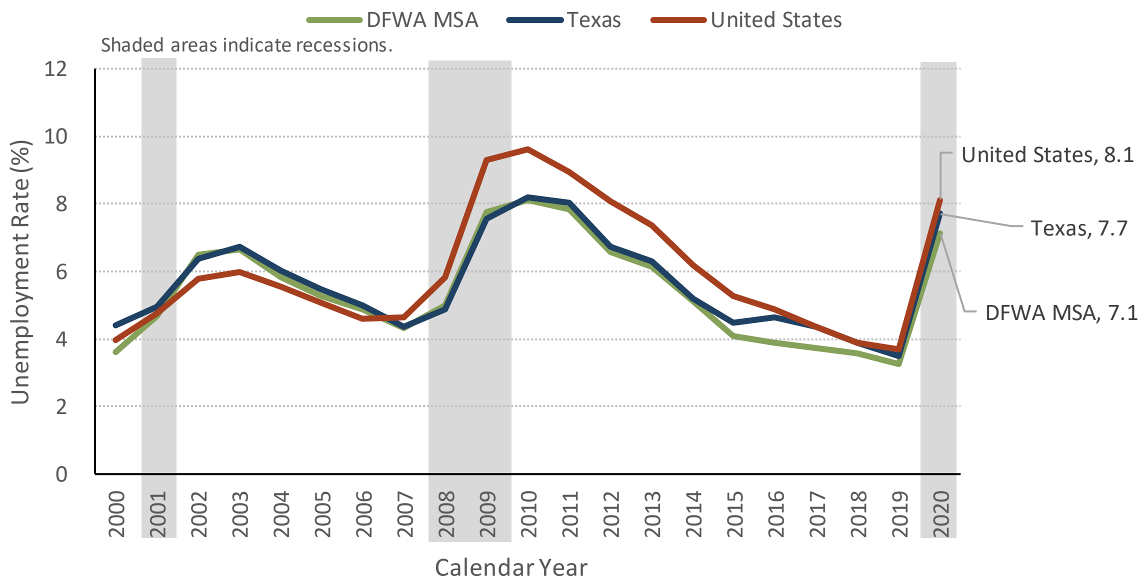
Source: U.S. Bureau of Labor Statistics, seasonally adjusted nonfarm employment data.

Unemployment Rate

The unemployment rate is a countercyclical economic indicator. It rises during recession periods, and falls during expansion periods.

Before the COVID-19 pandemic, unemployment rates throughout the country had fallen to record low levels. In 2019, unemployment rates averaged 3.3 percent in the DFWA MSA, 3.5 percent in Texas, and 3.7 percent in the United States. In the DFWA MSA, the annual average unemployment rate has only been lower in one year (1999) since MSA unemployment rate records began in 1990. In Texas, the 2019 average unemployment rate has been the lowest since state records began in 1976. For the United States, the annual average unemployment rate has been lower than the 2019 level in only five years since records began in 1948. In 2020, the year the pandemic began, unemployment rates rose throughout the country. They averaged 7.1 percent in DFWA MSA, 7.7 percent in Texas, and 8.1 percent in the United States (see Figure 11).

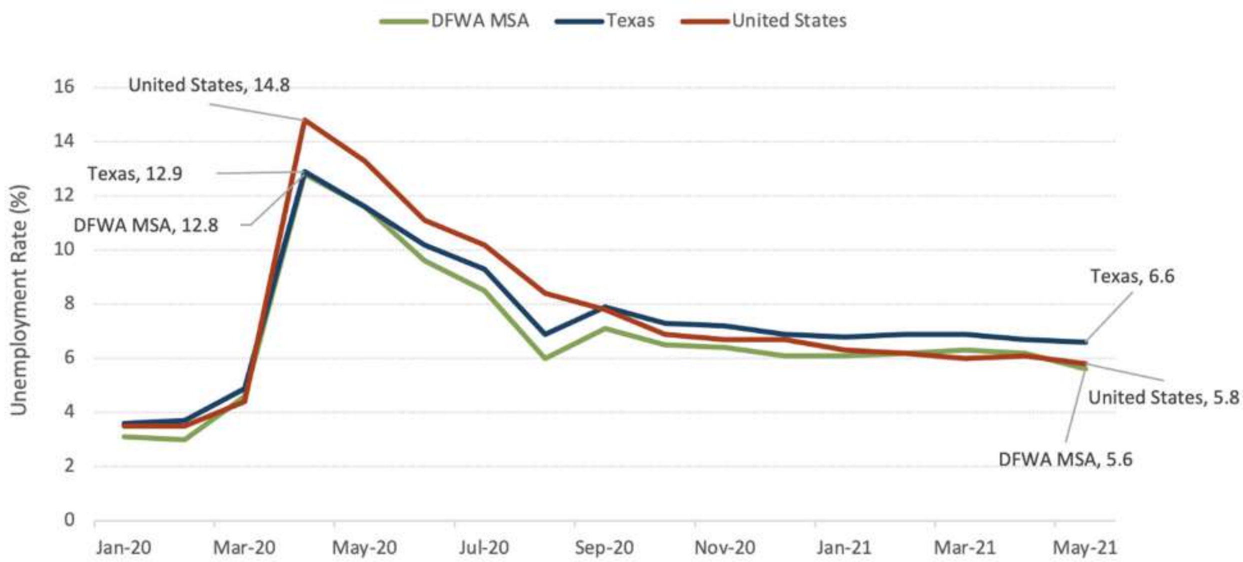
Figure 11| Annual Average Unemployment Rates, 2000-2020



Source: U.S. Bureau of Labor Statistics.

The magnitudes of the increase in unemployment rates were substantial. In April 2020, unemployment rates rose to levels not seen since the Great Depression: 13.2 percent in the DFWA MSA, 13.5 percent in Texas, and 14.7 percent in the United States (Figure 12). Since April 2020, unemployment rates have fallen steadily (Figure 12), as businesses have been allowed to reopen and customers have slowly returned. In May 2021, the unemployment rate was 5.6 percent in the DFWA MSA, 5.8 percent in Texas, and 6.6 percent in the United States—approximately half of what they were a year before and much closer to historical averages.

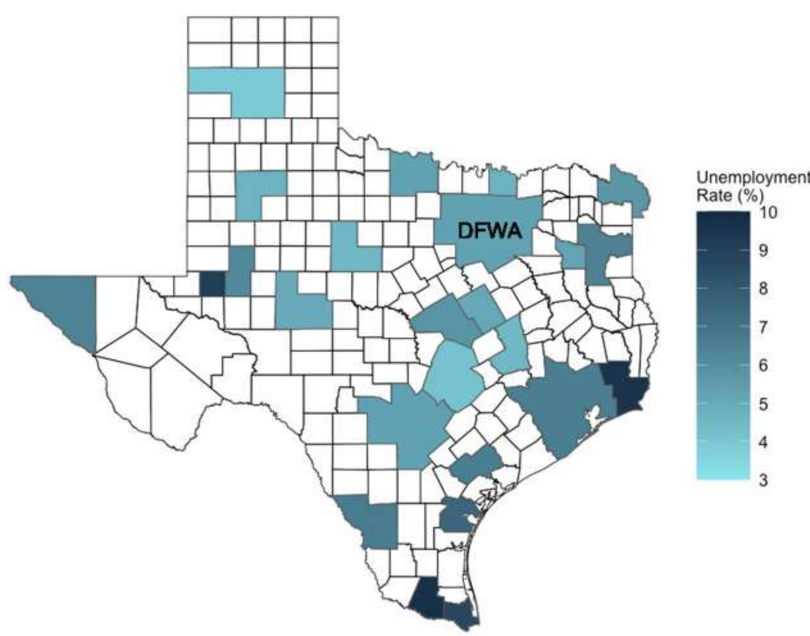
Figure 12| Monthly Unemployment Rates, 2020-2021



Source: U.S. Bureau of Labor Statistics, seasonally adjusted unemployment rates.

While the adverse economic impact of the COVID-19 pandemic has been widespread, different parts of the country have been affected in different degrees. To some extent, this is reflected in differences in unemployment rates. Figure 13 shows the June 2021 metropolitan area unemployment rates within Texas. The DFWA MSA's unemployment rate falls in the middle of the range.

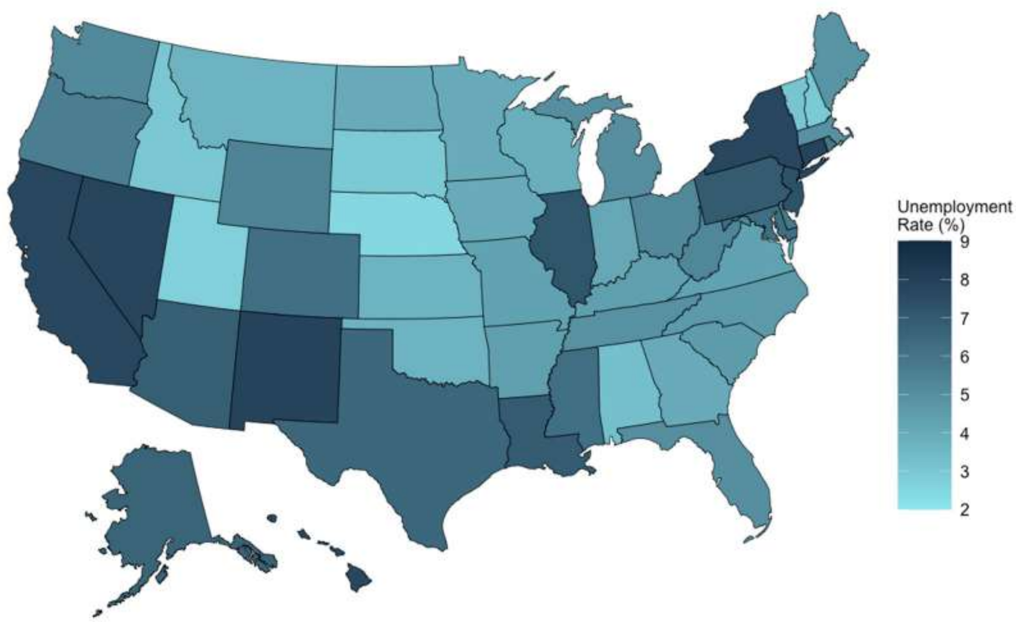
Figure 13| Texas Metro Area Unemployment Rate Map, June 2021



Source: U.S. Bureau of Labor Statistics, seasonally adjusted unemployment rates.

The unemployment rates are uneven across the United States. Figure 14 shows that California, Connecticut, New Mexico, New York, and Nevada have the highest unemployment rates in the country as of June 2021. With the exception of Illinois, the Midwestern states generally have low unemployment rates. The unemployment rate of Texas falls in the middle among all U.S. states.

Figure 14| U.S. State Unemployment Rate Map, June 2021



Source: U.S. Bureau of Labor Statistics, seasonally adjusted unemployment rates.

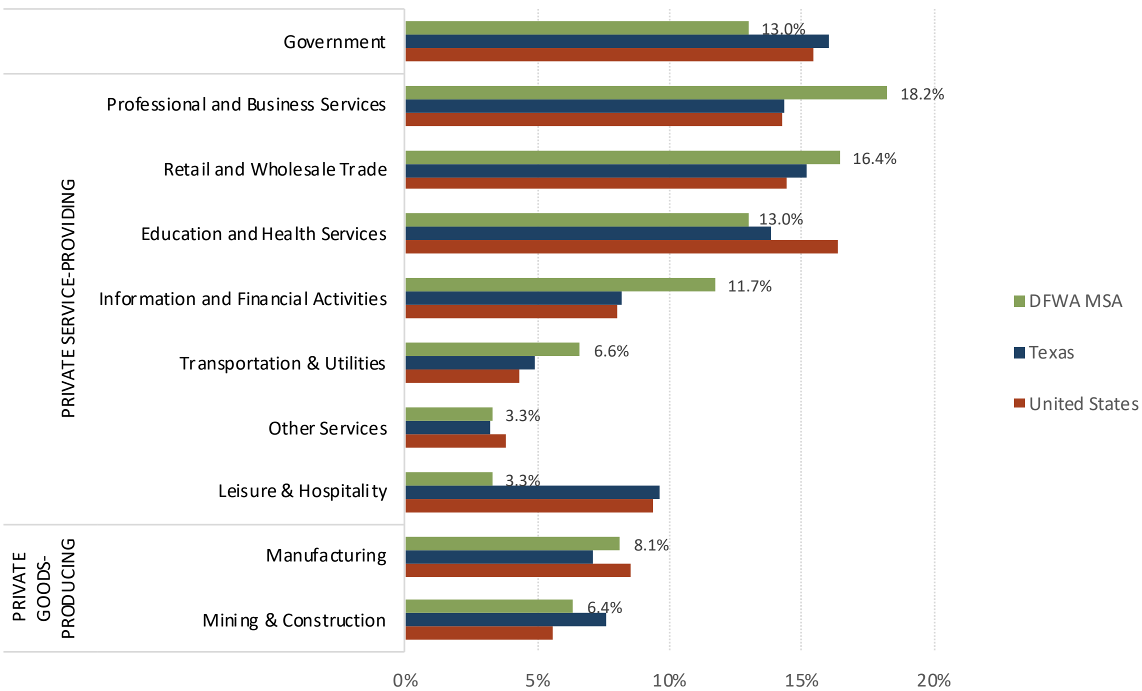
Employment by Industry

The DFWA MSA has a diversified employment base. In 2020, its largest industry sector, *professional and business services,* accounted for only 18.2 percent of nonfarm employment (see Figure 15). The DFWA MSA's second largest industry sector, *retail and wholesale trade*, accounted for 16.4 percent, followed by the *government* and *education and health services* industry sectors, each accounting for 13 percent. Altogether, these four industry sectors accounted for over 60 percent of nonfarm employment in the DFWA MSA, which is similar to their combined share of U.S. nonfarm employment.

Compared to the national economy and the entire Texas state economy, the DFWA MSA economy has much larger employment concentrations in *professional and business services* and *information and financial activities*, and much smaller employment concentrations in *government* and *education and health services*. Compared to the Texas state economy, the DFWA MSA has less exposure to the oil drilling industry, as reflected in a smaller employment concentration in *mining and construction*, which includes oil drilling.

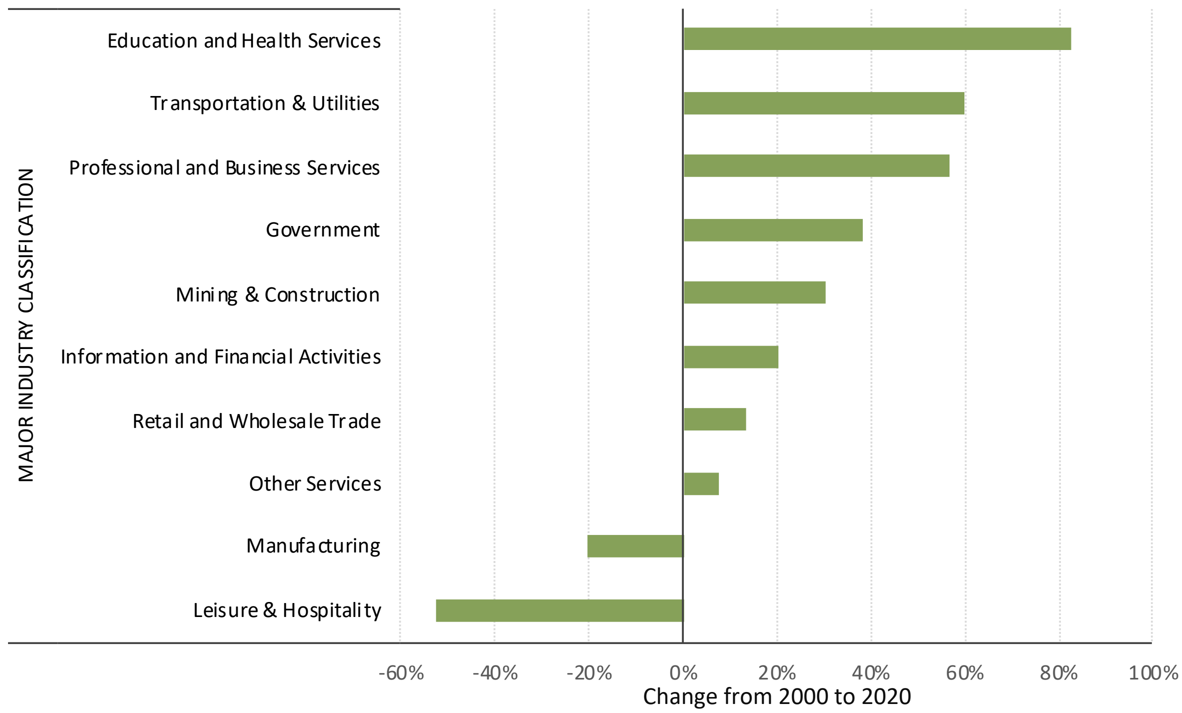
Since 2000, the three fastest growing industry sectors in the DFWA MSA have been *education and health services*, *transportation and utilities*, and *professional and business services* (Figure 16). All industry sectors, except *manufacturing* and *leisure and hospitality*, show overall employment growth. The net decrease in manufacturing jobs is a national trend that began shortly after the North American Free Trade Agreement (NAFTA) of 1994 and has continued with global trade liberalization. Manufacturing jobs have increasingly moved to other countries where labor and other business costs are lower. The job loss in *leisure and hospitality* is a recent phenomenon and likely a result of the decline in travel and leisure during the COVID-19 pandemic.

Figure 15| 2020 Industry Distribution of Nonfarm Jobs



Source: U.S Bureau of Labor Statistics, Current Employment Statistics Survey.

Figure 16| Change in Nonfarm Employment by Industry in the DFWA MSA, 2000-2020



Source: U.S. Bureau of Labor Statistics, Current Employment Statistics Survey.

In 2020, from February through April, the DFWA MSA economy contracted at an unprecedented pace due the economic distress caused by the COVID-19 pandemic.[20] The entire MSA lost a total of 425,400 jobs from February to April, based on not seasonally adjusted nonfarm employment figures (Table 3). Since then, the MSA economy has slowly recovered. The DFWA MSA regained 372,400 jobs between April 2020 and June 2021, leaving a net loss of 53,000 jobs from February.

The *leisure and hospitality* industry sector recorded the largest number of jobs lost—a loss of 159,700 from February to April. As of June 2021, the *leisure and hospitality* industry sector restored 139,500, still 20,200 jobs below the February 2020 level. The *education and health services* industry sector, which contains many of the top employers in the DFWA MSA, was also adversely affected by the COVID-19 pandemic. Since February 2020, the industry sector incurred a net loss of 24,200 jobs. The *trade, transportation, and utilities* industry sector saw large gains over the same period, with a net gain of 22,900 jobs since February 2020.

[20] Dallas-Fort Worth Economic Indicators, May 29, 2020

Table 3| COVID-19 Pandemic Impact: Change in the Number of Nonfarm Employees in the DFWA MSA from February to June 2021

	Change in Number of Employees		
	Feb 2020-Apr 2020	Apr 2020-June 2021	Feb 2020-June 2021
Total nonfarm employees	-425,400	372,400	-53,000
By industry sector:			
Education and Health Services	-55,900	31,700	-24,200
Leisure and Hospitality	-159,700	139,500	-20,200
Government	-13,200	600	-12,600
Mining, Logging, and Construction	-8,900	-300	-9,200
Manufacturing	-19,400	10,400	-9,000
Other Services	-34,600	27,600	-7,000
Information	15,200	-17,200	-3,300
Financial Activities	-5,900	2,600	4,700
Professional and Business Services	-7,200	11,900	4,900
Trade, Transportation, and Utilities	-62,700	85,600	22,900
Wholesale and Retail Trade	-6,400	21,600	-2,000
Transportation and Utilities	-57,900	62,800	4,900

Source: U.S. Bureau of Labor Statistics, Current Employment Statistics Survey, not seasonally adjusted nonfarm employment data.

Table 4 lists the 25 largest employers in the DFWA MSA, ranked by how many employees they have locally. Many of them are in the *education and health care services* sector.

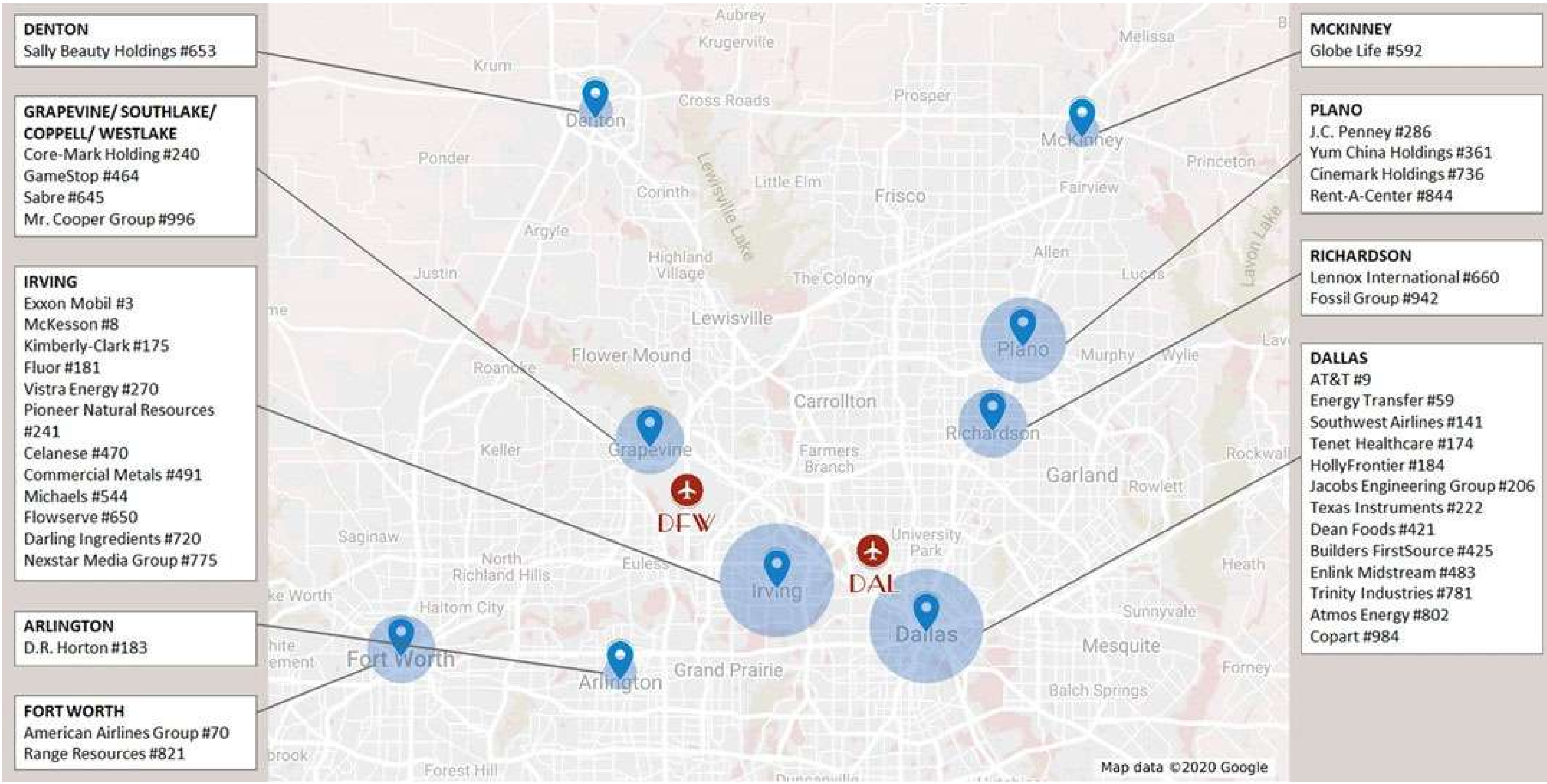
Table 4 | The DFWA MSA's 25 Largest Employers, 2021

Rank	Company Name	Industry
1	Wal-Mart Stores, Inc.	Retail trade
2	American Airlines Group, Inc.	Transportation
3	Dallas Independent School District	Educational services
4	Texas Health Resources, Inc.	Health care
5	Baylor Scott & White	Health care
6	Bank of America Corp.	Financial services
7	Lockheed Martin Aeronautics Co.	Manufacturing
8	City of Dallas	Local government
9	Texas Instruments Inc.	Manufacturing
10	JP Morgan Chase & Co.	Financial services
11	UT-Southwestern Medical Center	Health care
12	HCA North Texas	Health care
13	Fort Worth Independent School District	Educational services
14	Parkland Health and Hospital	Health care
15	Southwest Airlines	Transportation
16	Target Corp.	Retail trade
17	Verizon Communications	Communication services
18	Raytheon Company	Manufacturing
19	Garland Independent School District	Educational services
20	Plano Independent School District	Educational services
21	City of Fort Worth	Local government
22	Dallas County	Local government
23	Alcon Laboratories Inc.	Health care
24	Cook Children's Health Care System	Health care
25	Kroger Co.	Retail trade

Source: Destination DFW, at https/www.Largest Employers in the Dallas Fort Worth Area - Destination DFW - Dallas Fort Worth Relocation Guide as of August 2, 2021.

Figure 17 shows forty 2020 Fortune 1000 companies with headquarters in the DFWA metroplex. The company ranking is indicated next to the company name. The size of the bubble on the map is relative to the number of Fortune 1000 companies in that location. Of the 40 Fortune 1000 companies, 24 are ranked among the 2020 Fortune 500.

Figure 17| Fortune 1000 Headquarters in the DFWA Metroplex, 2020



Source: Fortune Rankings, 2020. The company ranking is indicated next to the company name. The size of the bubble on the map is relative to the number of Fortune 1000 companies in that location.

Tourism

Tourism not only drives demand for air transportation but also contributes to economic growth.

North Texas is one of the most desirable places to visit in the United States. Dallas is the No. 1 visitor destination in Texas and currently ranks No. 5 on Cvent's list of the Top 50 cities for meetings and events in the United States. Typically, more than 27 million people visit Dallas every year. These visitors support many businesses in the area, including hotels, attractions, restaurants, and transportation services.[21]

In 2019, 27.7 million people visited Dallas. They spent $5.2 billion on goods and services from local businesses, supporting more than 65,000 jobs and contributing a total economic impact of $8.8 billion. Of the 27.7 million visitors, 47 percent came to visit friends and family, 28 percent came for vacation, 20 percent came for business, and 5 percent came for both business and leisure. Eighty-three percent were return visitors.[22]

In 2020 visitor travel decreased significantly across the country due to the COVID-19 pandemic. The current year, 2021, promises a strong rebound with the progress in vaccination, the sharp decline in new COVID-19 cases, and the reopening of Texas businesses. All Texas businesses have been allowed to reopen at 100 percent capacity beginning March 10, 2021.[23]

Dallas offers a variety of things to do. The top 5 visitor activities are shopping, enjoying the nightlife, enjoying local culinary offerings, and visiting museums and historic sites. Dallas' tourist attractions include the following:

- numerous museums, libraries, and art displays
- entertainment venues such as the Grapevine Opry and the Improv Comedy Club in Arlington
- outdoor recreation
- sports such as golf, horse racing, baseball, football, rodeos, recreational shooting, and car racing
- amusement parks such as the Dallas Zoo, the Fort Worth Zoo, Six Flags Over Texas, and the Dallas World Aquarium

Downtown Dallas' Kay Bailey Hutchison Convention Center, one of the largest in the nation, has been recognized as "The Best-Run Convention Center in America." It is the site of major national and international conventions, meetings, concerts, antique and auto shows, and other special events.

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[21] VisitDallas, *2019 Annual Report*.

[22] *Ibid*.

[23] VisitDallas, *Media Room*, < https://www.visitdallas.com/about/media-room/statements/covid-19/resources.html>, accessed on July 25, 2021.

Oil Industry

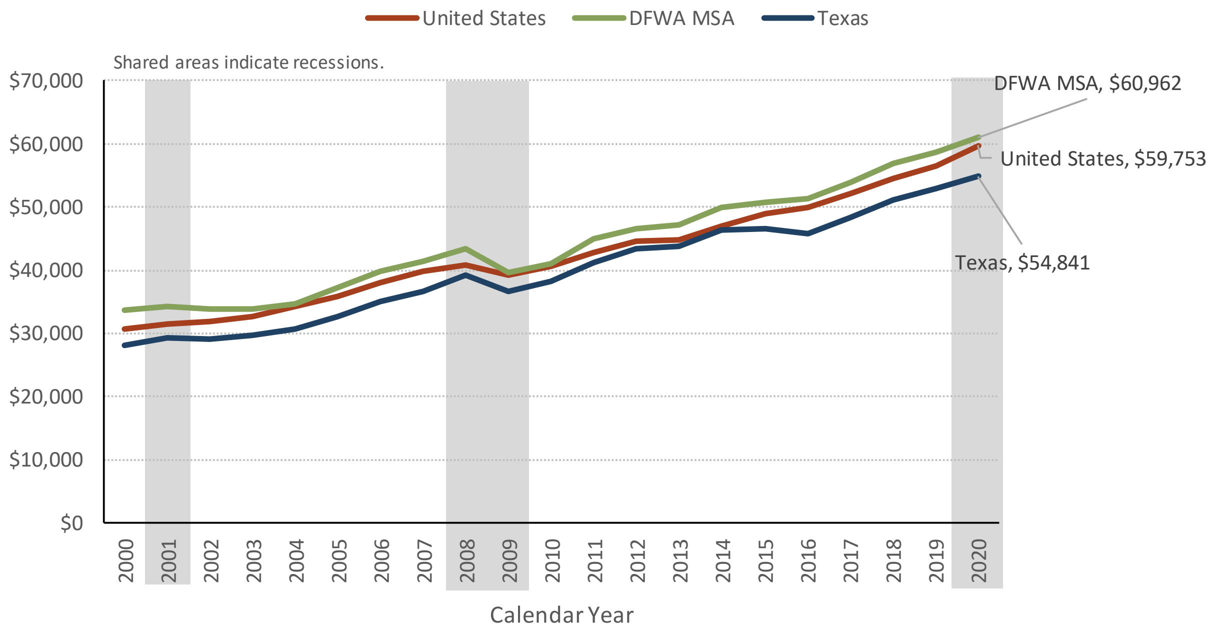
As the nation's largest producer of crude oil, Texas has been adversely affected by the fall in oil prices as high production rates have led to oversupplies. In 2019, Texas saw a significant decline in the active number of oil rigs, and service companies cut thousands of jobs. The effects of the downturn in Texas' oil industry on the DFWA MSA have been tempered by the diversity of its economic base. The trends in oil prices are discussed in Section 3 (Forecast Uncertainty and Risk Factors).

Personal Income

Personal income measures the income people receive from all sources, including employment, proprietorship, government transfers, rental properties, and other assets. Consumers' ability to spend and build wealth depends on their personal income. Per capita personal income is a measure of the average personal income per resident, calculated by dividing total personal income by population. Residents of the DFWA MSA enjoy relatively high per capita personal income, compared with the average U.S. or Texas resident (Figure 18). In 2020, the per capita personal income in the DFWA MSA was $60,962, compared with $59,753 nationwide and $54,841 in the entire state of Texas.

Growth in personal income boosts demand for air travel. Conversely, a decline in personal income dampens the demand for air travel. A component of GDP, personal income is pro-cyclical: it increases during economic expansion and decreases during economic recession. Data on personal income for 2020 reveal that per-capita personal income of the DFWA MSA grew during the pandemic, though at a slower rate than the national average but faster than the state average. Rising unemployment and per-capita income growth in 2020 indicate pandemic-induced changes in workforce composition toward college-educated workers, who are more likely to be able to work from home and less susceptible to layoffs related to COVID-19 than non-college-educated workers.

Figure 18| Per Capita Personal Income (In Current Dollars)



	Average Annual Growth Rate*		
Period	DFWA MSA	Texas	United States
2000-2010	2.0%	3.1%	2.8%
2010-2020	4.0%	3.7%	4.0%
2000-2020	3.0%	3.4%	3.4%

*Includes inflation.

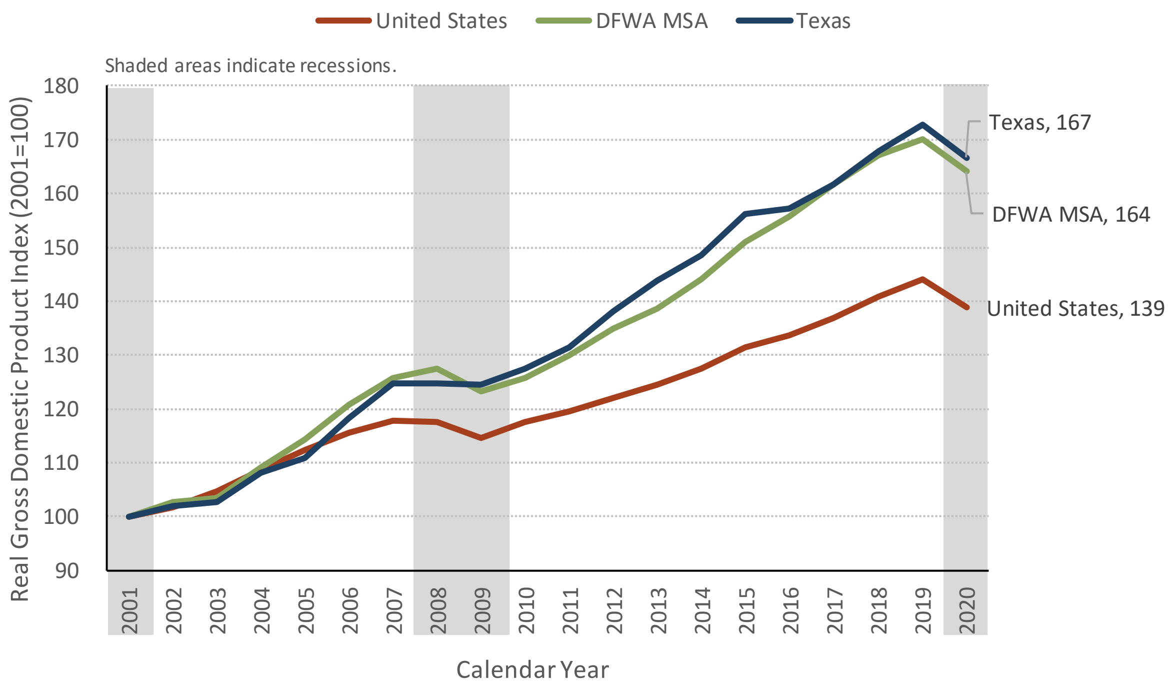
Source: U.S. Bureau of Economic Analysis.

Economic Output

Gross domestic product (GDP) measures the value of all goods and services produced within a geographic area. Growth in GDP indicates economic expansion, and a decline in GDP indicates economic recession. Trends in airport passenger traffic are highly correlated with trends in GDP, as demonstrated by the analysis of historical passenger traffic trends and confirmed by statistical analyses performed to develop the forecast of passenger traffic.

Before the COVID-19 pandemic, the nation was enjoying the longest U.S. economic expansion on record. During that expansion, the DFWA MSA and Texas economies performed better than the U.S. economy as a whole. The DFWA MSA experienced a solid economic recovery from the Great Recession despite a slowdown caused by the oil industry-induced statewide economic slowdown in Texas. The economies of the DFWA MSA, Texas, and the United States all suffered during 2020, contracting by at least 3 percent annually. From 2001 through 2020, the DFWA MSA posted overall real GDP growth of 64 percent, compared with an overall growth of 30 percent in the U.S. real GDP (Figure 19).

Figure 19| Real Gross Domestic Product



	Average Annual Growth Rate		
Period	**DFWA MSA**	**Texas**	**United States**
2001-2010	2.6%	2.7%	1.8%
2010-2020	2.7%	2.7%	1.7%
2001-2020	2.6%	2.7%	1.7%

Source: U.S. Bureau of Economic Analysis.

The COVID-19 pandemic ended the long-running economic expansion following the 2008-2009 Great Recession (Figure 20). In 2020, the U.S. real GDP contracted by 5 percent (annual rate) in the first quarter and by 31.4 percent (annual rate) in the second quarter. The magnitude of these output contractions put the U.S. economy into a deep recession surpassed only by the Great Depression. Unlike past recessions, however, the 2020 recession was the result of deliberate measures by state and local governments to shut down certain economic activities to contain the rapid spread of the COVID-19. The recession affected nearly all industries. In its news release on the 2020 second quarter GDP estimate, the U.S. Bureau of Economic Analysis reports that 20 of 22 industry groups contributed to the 2020 second-quarter decline in real GDP.[24] The recession spread across the nation, including Texas and the DFWA MSA.

As state and local government shutdown eased and businesses re-opened, the U.S. real GDP embarked on a path of rapid recovery. At an annual rate, the real U.S. GDP grew by 33.4 percent in

[24] U.S. Bureau of Economic Analysis, "Gross Domestic Product (Third Estimate), Corporate Profits (Revised), and GDP by Industry (Annual Update), Second Quarter 2020," *BEA News*, September 30, 2020.

the third quarter of 2020, 4.3 percent in fourth quarter of 2020, and 6.4 percent in first quarter of 2021. However, even at these rates, the U.S. economy had not recovered to pre-COVID-19 levels as of the first quarter of 2021.

Figure 20| U.S. Real GDP, Quarterly, Annualized Percent Change from Previous Period

Source: U.S. Bureau of Economic Analysis.

Economic Outlook

The NBER Business Cycle Dating Committee has determined that U.S. economic activity reached a trough in April 2020.[25] Economic recovery ensued and a new business cycle began in May 2020, as shelter-at-home orders were relaxed and businesses began to reopen in many parts of the country. The U.S. economy rebounded strongly in the third quarter of 2020 and has continued to grow.

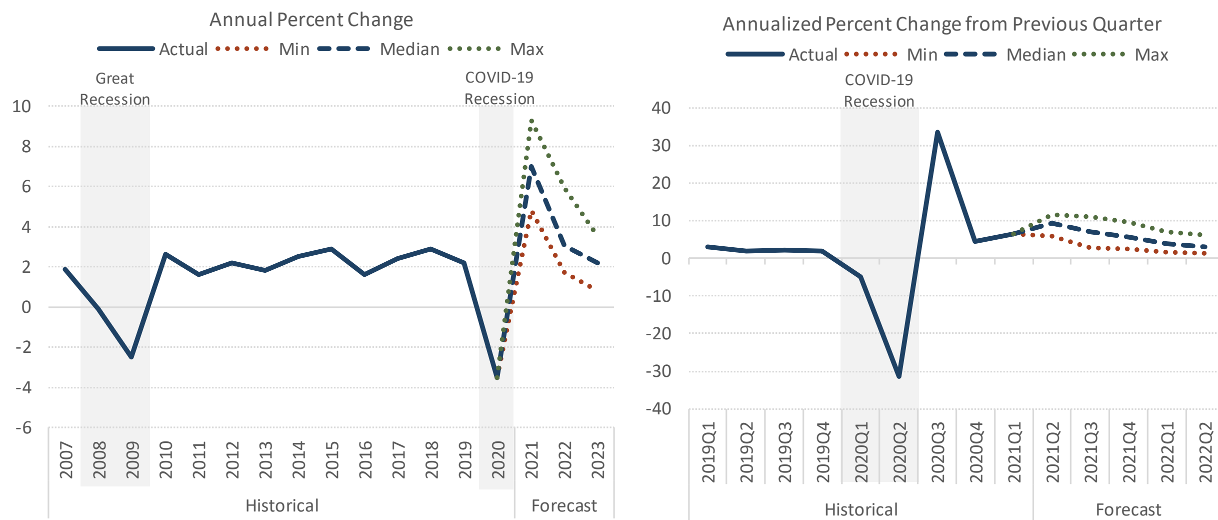
After growing at a 6.4 percent seasonally adjusted annual rate in the first quarter of 2021, the U.S. real GDP is estimated to have grown at a 9.2 percent seasonally adjusted annual rate in the second quarter, based on the median estimate in the Wall Street Journal's July 2021 economic forecasting survey.[26] At these growth rates, the second quarter U.S. real GDP would have likely surpassed the $19.2 trillion level reached in the fourth quarter of 2019—the last quarter before COVID-19 spread into a pandemic and pushed the U.S. economy and large parts of the global economy into a deep recession.

[25] NBER Business Cycle Dating Committee, *Determination of the April 2020 Trough in US Economic Activity*, July 19, 2021.

[26] See *The Wall Street Journal Economic Forecasting Survey*, July 2021. The Wall Street Journal conducts a monthly survey of more than 60 economists in both business and academia.

The U.S. economy is poised to continue its current expansion. The median forecasts for annualized growth rates in U.S. real GDP in the Wall Street Journal's July 2021 economic forecasting survey are: 7.1 percent for the third quarter of 2021, 5.6 percent for the fourth quarter of 2021, 3.8 percent for the first quarter of 2022, and 3 percent for the second quarter of 2022. The U.S. real GDP is projected to grow 7 percent for the entire year in 2021, 3 percent in 2022, and 2.2 percent in 2023, based on the median forecasts.[27]

Figure 21| Historical and Forecast Percent Change in U.S. Real GDP



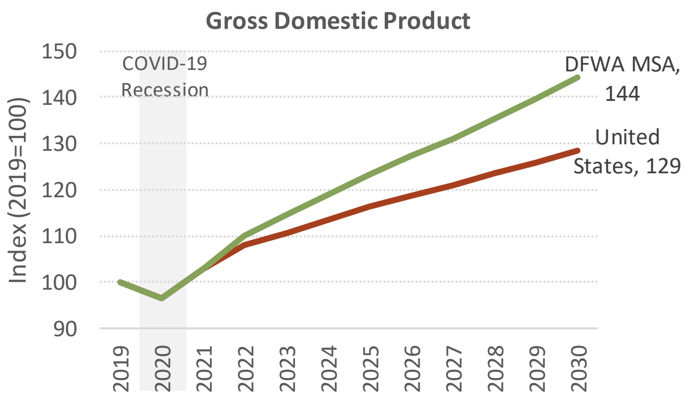
Sources: U.S. Bureau of Economic Analysis and WSJ Economic Forecasting Survey, July 2020.

As of the second quarter of 2021, the DFWA MSA economy is also expected to have recovered its pre-COVID peak output level in the second quarter of 2021, and is projected to recover its pre-COVID employment level by the last quarter of 2021, according to independent forecasts by Moody's Analytics as of July 2021. For the entire year in 2021, the DFWA MSA's real GDP is projected to grow 6.5 percent, and its nonfarm employment level is projected to rise 3.4 percent.

Over the next 10 years, the DFWA MSA is expected to outperform national trends in real GDP growth and nonfarm employment growth, according to independent economic forecasts by Moody's Analytics. The DFWA MSA's economic output is projected to grow 44 percent from the pre-COVID level in 2019 to 2030, compared with growth of 29 percent for the United States over the same period (Figure 22). Nonfarm employment in the DFWA MSA is projected to increase 17 percent from 2019 to 2030, compared with a 6 percent increase nationwide (Figure 23).

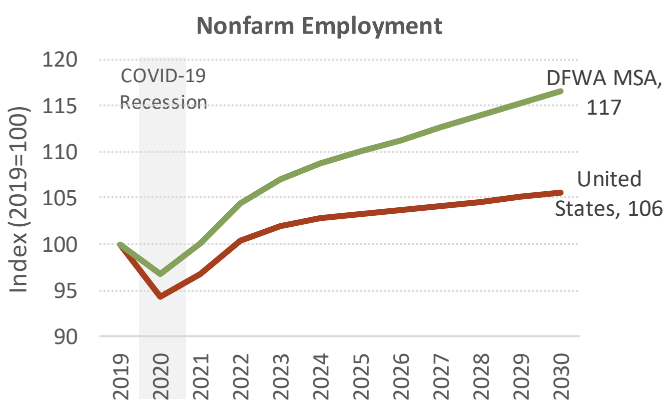
[27] *Ibid.*

Figure 22| Forecast Growth in Real Gross Domestic Product for DFWA MSA and U.S.



Sources: U.S. Bureau of Economic Analysis and Moody's Analytics, July 2020.

Figure 23| Forecast Growth in Nonfarm Employment for the DFWA MSA and the United States



Sources: U.S. Bureau of Economic Analysis and Moody's Analytics, July 2020.

COVID-19 continues to threaten the U.S. economy, especially with the spread of the new Delta variant of the coronavirus. The robust economic recovery on the demand side is putting pressure on the supply side. The strong economic recovery is also raising concerns about inflation. The federal aid provided to individuals and businesses to alleviate the recession impacts of COVID-19 added substantially to an already high level of federal debt. In addition, the U.S. economy continues to face risks from slowing population growth, population aging, international trade tensions and geopolitical conflicts.

SECTION 3 | AVIATION ACTIVITY

DAL is the 33rd largest out of 558 U.S. commercial service airports based on calendar year (CY) 2019 enplanements. It is the 3rd largest among the 32 airports classified as medium hubs by the FAA—airports accounting for at least 0.25 percent but less than 1 percent of annual U.S. enplanements. In CY2020, all airports, including DAL, recorded a significant decrease in enplanements due to the COVID-19 pandemic. DAL moved up in ranking to 30th largest by total enplanements among U.S. commercial service airports and the largest among medium hub airports.[28]

This section reviews the historical trends in commercial aviation activity at the Airport and underlying drivers. Annual data are presented mostly on the Airport's fiscal year ending on September 30, unless specified to be on calendar year. Forecasts of key measures of commercial aviation activity (enplanements, aircraft departures or arrivals, and landed weight) are presented for the 10-year period ending in FY2030, along with a discussion of the forecast methodology and assumptions. These forecasts serve as input to the financial analysis in Section 4. This section also discusses the broad factors affecting the aviation industry and the Airport that can bring risk and uncertainty into the forecasts.

Historical Commercial Aviation Activity

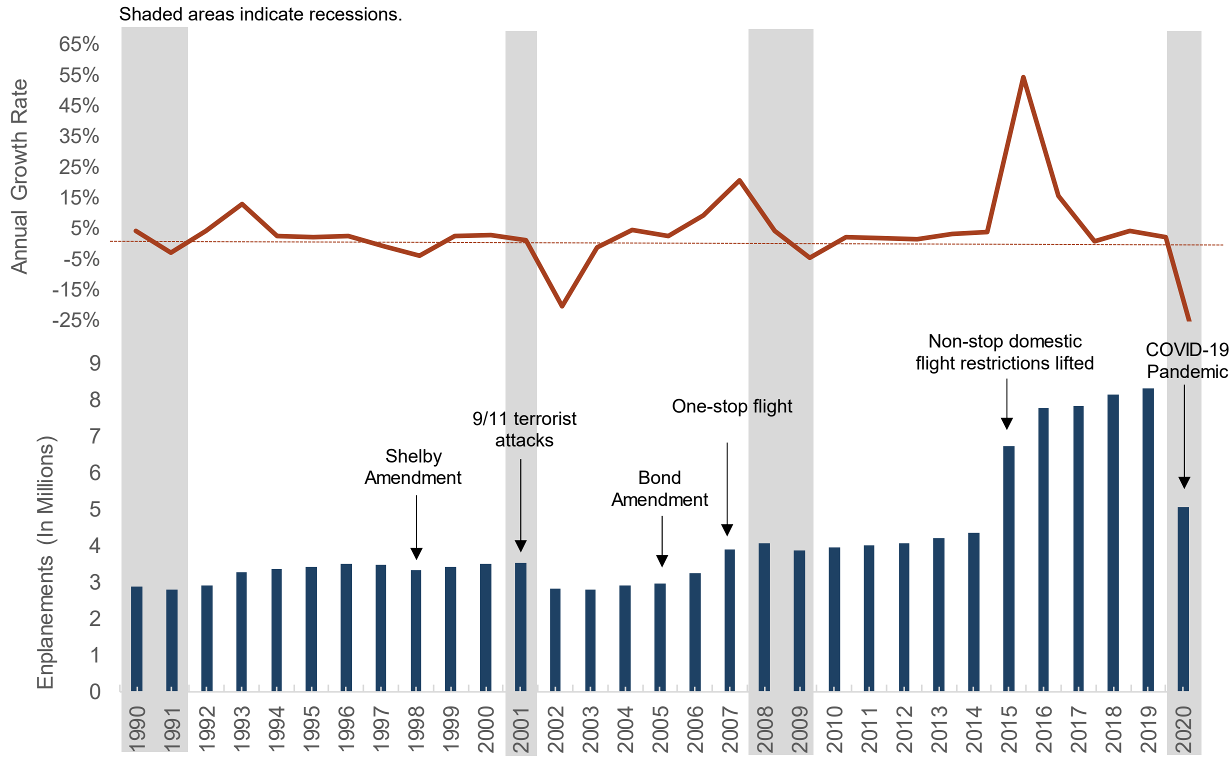
In CY2019, DAL's 8.1 million enplanements accounted for approximately 0.9 percent of total U.S. system enplanements. Three U.S. passenger carriers provide scheduled service at DAL: Southwest Airlines, Alaska Airlines, and Delta Air Lines. Two regional airlines also operate at DAL as affiliates of Alaska Airlines: SkyWest Airlines and Horizon Air. These carriers provided nonstop service from DAL to 66 airport destinations in 2019, the year before the COVID-19 pandemic.

Long-Term Enplanement Trends

Historically, DAL's passenger traffic grew and declined with the U.S. economy, within the limits placed by the Wright Amendment restrictions (Figure 24). These restrictions were relaxed by amendments in 1997 and 2005, and repealed completely—in phases—by the Wright Amendment Reform Act of 2006. DAL's traffic grew sharply following major milestones in the implementation of the 2006 law—the lifting of "through-ticketing" restrictions in October 2006 and the lifting of restrictions on nonstop domestic service in October 2014. One of the key conditions for the repeal of the Wright Amendment restrictions, however, was the reduction of the Airport's terminal gates from 32 to 20.

[28] Federal Aviation Administration, Passenger Boarding (Enplanement) and all-Cargo Data for U.S. Airports, < https://www.faa.gov/airports/planning_capacity/passenger_allcargo_stats/passenger/>, accessed on July 27, 2021.

Figure 24 | DAL Annual Enplanement Trends, FY1990-2020



Source: Airport records.

The 1990s began with a U.S. economic recession that lasted from June 1990 to March 1991. The Airport weathered the recession with only a 3 percent decrease in enplanements in FY1991. The recession was followed by a long economic expansion through March 2001—the second longest economic expansion in U.S. history. The Airport's enplanements recovered quickly and increased every year through FY1996, as Southwest continued expanding service from DAL within the limits placed by the Wright Amendment. A law introduced by Senator Richard Shelby of Alabama, passed in October 1997, modified the Wright Amendment to permit nonstop flights to Alabama, Kansas, and Mississippi (the Shelby Amendment). Litigation delayed new service resulting from the Shelby Amendment, and enplanements did not increase until FY1999 and FY2000. From FY1990 to FY2000, enplanements increased 21.6 percent (2 percent per year on average).

The 2000s was an eventful decade for the aviation industry, prompting lasting changes in consumer air travel behavior and airline business practices. A recession, lasting from March to November 2001, ended a 10-year period of U.S. economic expansion and growth in the U.S. aviation industry. On September 11, 2001, while the U.S. economy was in recession, terrorists attacked U.S. aviation, resulting in a three-day shutdown of the U.S. aviation system. Following the shutdown of the U.S. aviation system after the terrorist attacks, passenger traffic was slow to recover. Stringent airport security measures after the 2001 terrorist attacks resulted in longer wait for passenger security screening, prompting some demand substitution from air to ground travel for short-haul trips.

Meanwhile, jet fuel prices rose to record high levels. Jet fuel cost per gallon quadrupled from 2000 to 2008, and remained at record high levels through 2014. Amid record fuel prices, the U.S. economy went into a recession from December 2007 to June 2009—the Great Recession, so called because it was then the longest and deepest recession since the Great Depression. The recession weakened demand for airline services, as airlines contended with high fuel costs.

The series of major shocks to the U.S. aviation industry set in motion significant structural changes. Mounting financial difficulties led to airline bankruptcies and mergers that left the U.S. airline industry with four major airlines controlling 80 percent of the U.S. domestic passenger traffic. These four major airlines are American Airlines, Delta Air Lines, Southwest Airlines, and United Airlines. Surviving airlines embarked on major business restructuring and network consolidations. The U.S. airline industry cut domestic seat capacity to increase load factors, retrofitted existing aircraft with additional seats to increase capacity on each flight, changed route networks, retired high maintenance and fuel inefficient older aircraft, implemented various other cost-cutting measures, and unbundled services and changed pricing to create new revenue sources.

Bad weather, natural disasters, disease outbreaks, and geopolitical conflicts presented additional challenges to airlines. They disrupted airline operations, decreasing traffic, and hampering economic recovery.

At the Airport, following the September 2001 terrorist attacks, American Airlines suspended all service through FY2005. Enplanements decreased more than 21 percent from FY2001 to FY2003. After FY2003, the Airport enjoyed five consecutive years of growth through FY2008, the onset of the Great Recession. Over that period, the Wright Amendment restrictions were relaxed further to permit nonstop flights to Missouri beginning in 2005 (the Bond amendment). In October 2006, the Wright Amendment Reform Act was passed to lift all remaining restrictions, allowing one-stop and connecting flights to any U.S. destination effective immediately and allowing nonstop flights to any U.S. destination effective October 13, 2014. Air service expanded quickly. Enplanements increased more than 25 percent over two years from FY2006 to FY2008, surpassing their FY2001 level in FY2007.

Weak demand and airline capacity cuts during the Great Recession weighed on the Airport in FY2019. That year, enplanements decreased almost 5 percent. After FY2009, enplanements increased every year through FY2019, as Southwest increased nonstop service from DAL. The lifting of all remaining Wright Amendment restrictions effective October 13, 2014, provided a big boost to enplanement growth at DAL. Over two years from FY2014 to FY2016, DAL's enplanements increased 78 percent. Enplanements continued to grow each year at modest rates through FY2019.

From FY2000 to FY2019, DAL's enplanements increased 137 percent (8.6 percent per year on average)—with large increases immediately following the lifting of all restrictions on one-stop and connecting flights to U.S. destinations in October 2006 and the lifting of restrictions on nonstop flights to any U.S. destination in October 2014.

While the growth in DAL's enplanements had begun to taper, as operations approach the practical capacity limit of the 20-gate terminal, enplanements in FY2020 through February were on pace to exceed total enplanements for the same period in FY2019 by 3 percent, before the COVID-19 pandemic developed into a national emergency in March 2020. The pandemic caused one of the hardest hits on passenger air travel, due to the travel restrictions and stay-at-home orders imposed to contain the pandemic, as well as the economic crisis that unfolded from the pandemic and the containment measures.

Nationwide passenger traffic fell at unprecedented rates beginning in March 2020. The worst traffic declines occurred in April 2020: U.S. system enplanements for the month decreased more than 94 percent year over year, and DAL enplanements decreased 95 percent. Passenger traffic recovered from April's record low levels, but it remained severely depressed through the remainder of the fiscal year. For the entire FY2020, U.S. enplanements fell 46 percent, and DAL enplanements fell 39 percent from the previous fiscal year. For the first nine months of FY2021 (October 2020 through June 2021), enplanements were down 40 percent compared with the first nine months of FY2019 (October 2018 through June 2019). However, DAL's enplanements have recovered significantly in recent months. In March, April, May, and June 2021, enplanements were down only 36 percent, 26 percent, 16 percent, and 10.3 percent, respectively, compared with the same months in 2019.

Airport and U.S. System Enplanements

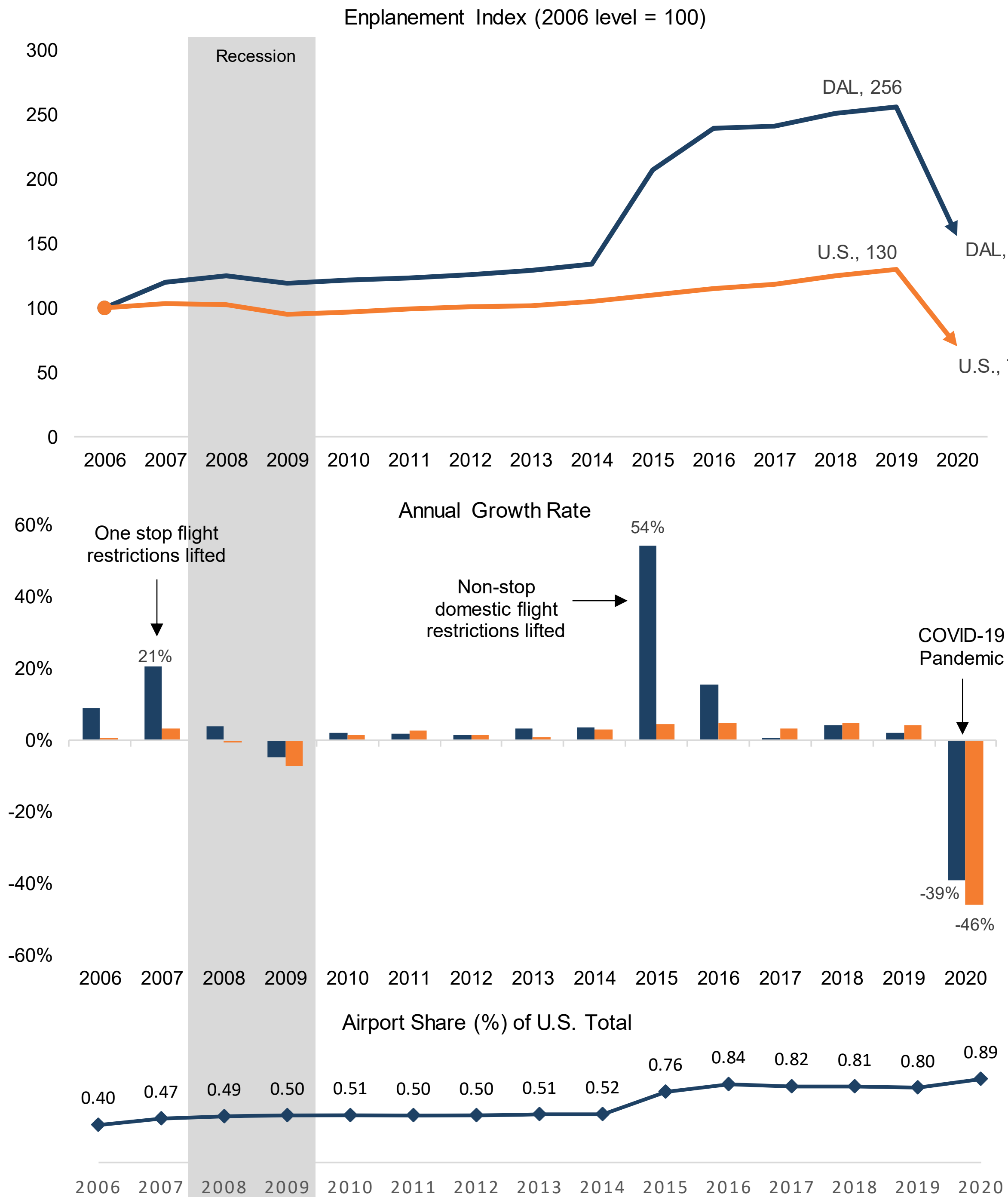
Boosted by air service expansion following the lifting of all one-stop service restrictions in October 2006 and non-stop service restrictions in October 2014, DAL's enplanements increased far more sharply than U.S. total enplanements from FY2006 to FY2019 (Table 5 and Figure 25). DAL's enplanements increased 156 percent (7.5 percent per year on average), while U.S. system enplanements increased only 30 percent (2 percent per year on average). As a result, DAL's share of U.S. total enplanements doubled from 0.4 percent in FY2006 to 0.8 percent in FY2019.

Table 5| DAL and U.S. System Enplanements (In Thousands), FY2006-2020

Year	DAL Enplanements[1]	U.S. Enplanements[2]	DAL's Market Share
2006	3,244	803,303	0.40%
2007	3,911	830,029	0.47%
2008	4,068	826,301	0.49%
2009	3,872	768,108	0.50%
2010	3,949	779,028	0.51%
2011	4,018	800,667	0.50%
2012	4,074	812,313	0.50%
2013	4,205	819,839	0.51%
2014	4,358	844,049	0.52%
2015	6,720	882,422	0.76%
2016	7,766	924,992	0.84%
2017	7,815	955,034	0.82%
2018	8,137	1,002,382	0.81%
2019	8,310	1,043,356	0.80%
2020	5,062	566,078	0.89%
Average Annual Growth Rate			
2006-2019	7.5%	2.0%	-
2019-2020	-39.1%	-45.7%	-
2006-2020	3.2%	-2.5%	-

Sources: Airport records and U.S. Bureau of Transportation Statistics.

Figure 25| DAL and System Enplanement Growth Trends, FY2006-2020



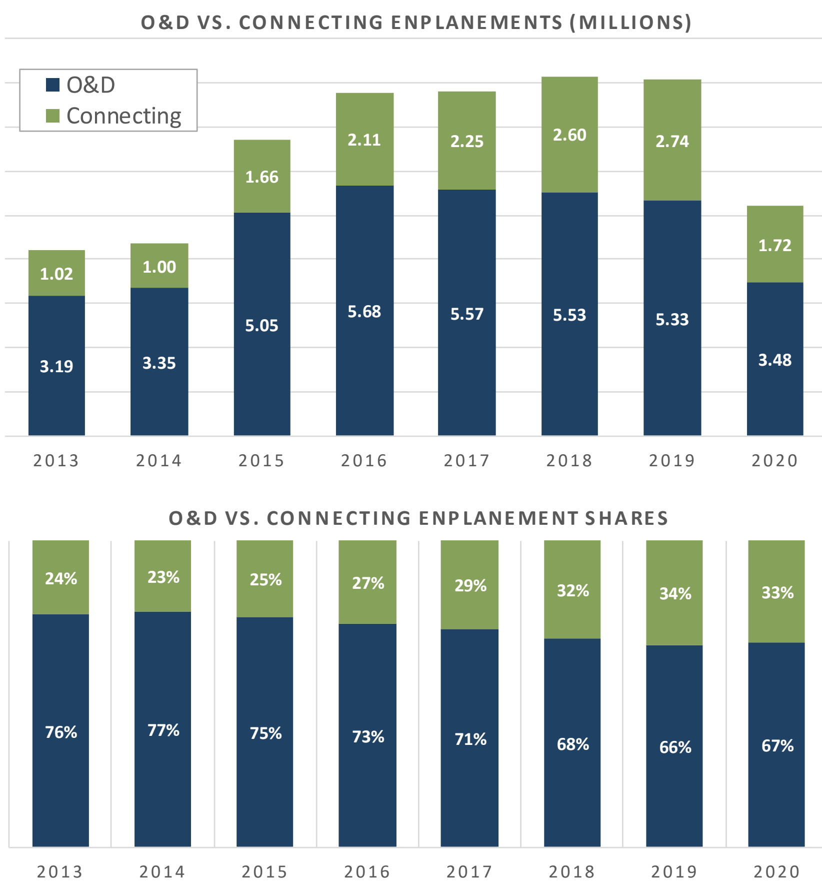
Sources: Airport records and U.S. Bureau of Transportation Statistics.

In FY2020, the fall in enplanements at DAL resulting from the COVID-19 crisis was initially as deep as the fall in passenger traffic nationwide. But enplanements at DAL recovered faster, with September 2020 enplanements down 56 percent year-over-year compared with a year-over-year decline of more than 68 percent nationwide. For the entire FY2020, DAL's enplanements decreased 39.1 percent, while U.S. system enplanements decreased 45.7 percent.

Origin and Destination (O&D) and Connecting Traffic

DAL's passenger traffic consists entirely of domestic passengers. The mix between O&D and connecting traffic has changed over the years. O&D traffic continues to account for the larger share, but its share decreased from 76 percent in FY2013 to 66 percent in FY2019 (Figure 26). Connecting traffic grew faster than O&D traffic, increasing in share from 24 percent in FY2013 to 34 percent in FY2019, all carried by Southwest. Southwest has been increasing connections through its large focus cities, and DAL's central location presents a natural advantage for routing connections. The share of O&D passengers increased slightly in FY2020, growing from 66 percent to 67 percent.

Figure 26| DAL O&D and Connecting Traffic, FY2013-2020



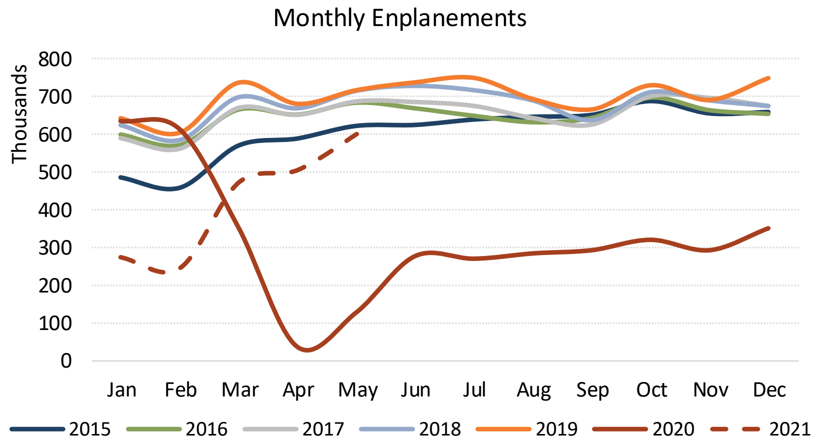
Source: Airport records.

Seasonality in Enplanements

A seasonal pattern in enplanements is typical of most airports. At DAL, however, enplanement levels do not vary much from month-to-month, except in January and February when they are lowest (Figure 27). In FY2020, the monthly distribution of enplanements changed due to the impacts of the COVID-19 pandemic on enplanements.

Figure 27| DAL Monthly Enplanements

Month	2015-2019 Avg. Share of CY Total	2020 Avg. Share of CY Total
January	7.4%	16.5%
February	7.0%	15.9%
March	8.5%	9.2%
April	8.2%	1.0%
May	8.7%	3.3%
June	8.7%	7.2%
July	8.7%	7.0%
August	8.4%	7.4%
September	8.2%	7.6%
October	8.9%	8.3%
November	8.6%	7.6%
December	8.6%	9.1%



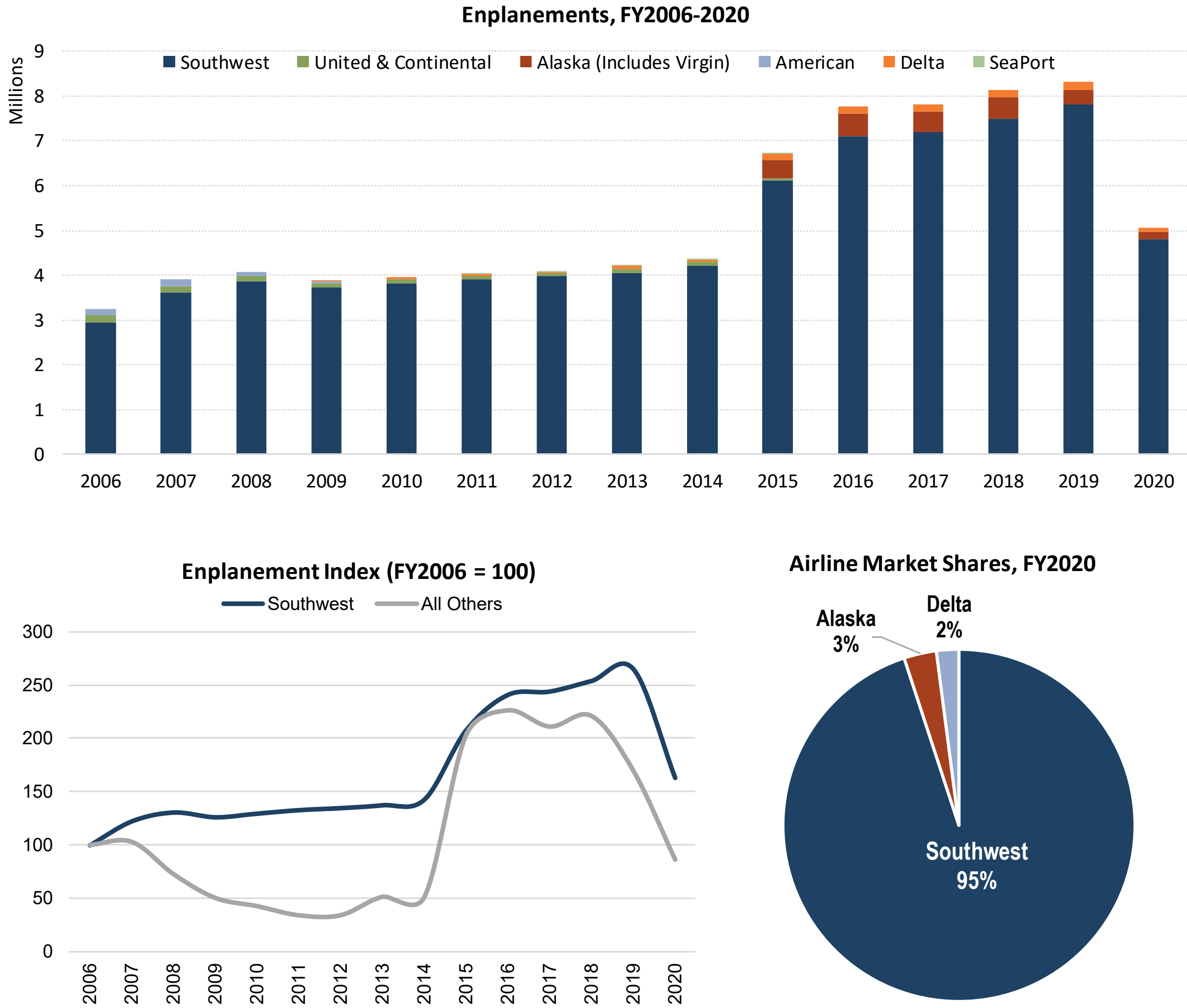
Source: Airport records.

Airline Market Shares

Southwest accounted for 94 and 95 percent of enplanements at the Airport in FYs 2019 and 2020, respectively (Figure 28 and Table 6). Southwest's share approached 98 percent in FYs 2011 and 2012. Southwest has accounted for more than 90 percent of DAL's enplanements since 1974, when all other airlines moved operations from DAL to the new DFW.

Southwest began service at DAL on June 18, 1971—just three years before DFW opened. Southwest operated a schedule of 6 round-trip flights between DAL and San Antonio International Airport, and 12 round-trip flights between DAL and then Houston Intercontinental Airport (now George Bush Intercontinental Airport). In CY2019, Southwest operated approximately 188 flights each day from DAL to destinations across the country. In CY2020, despite the COVID-19 pandemic, Southwest maintained 137 daily flights from DAL.

Figure 28| DAL Enplanements by Published Carrier, FY2006-2020



Each published airline's traffic includes enplanements on mainline service and on regional service operated by affiliates, if any. Southwest's traffic includes AirTran Airways' enplanements before their merger. Alaska's traffic includes Virgin America's enplanements before the merger and Delta's traffic includes Northwest Airlines' enplanements before their merger.
Source: Airport records.

Table 6| DAL Enplanements by Airline, FY2006-2020

	Fiscal Year														
Airline	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Southwest	2,948,678	3,606,129	3,853,325	3,722,812	3,823,138	3,916,851	3,973,171	4,052,521	4,206,949	6,119,879	7,097,708	7,191,042	7,483,996	7,809,220	4,807,395
United & Continental	156,108	151,160	135,146	102,828	90,891	61,905	68,715	93,341	82,829	39,688	52	0	0	0	0
Alaska (Includes Virgin)										409,511	507,443	455,821	477,783	315,010	151,069
American	139,588	153,258	79,797	36,385											
Delta				9,662	35,093	38,365	29,442	55,725	66,005	148,599	161,248	167,911	175,465	186,221	104,006
SeaPort						552	2,839	3,064	2,103	2,414	0	0	0	0	0
Total	3,244,374	3,910,547	4,068,268	3,871,687	3,949,122	4,017,673	4,074,167	4,204,651	4,357,886	6,720,091	7,766,451	7,814,774	8,137,244	8,310,451	5,062,470

Source: Airport records.

Top O&D Markets

O&D traffic accounts for two-thirds of DAL's enplanements. Table 7 and Figure 29 show the Airport's top 25 O&D markets, ranked by share of O&D enplanements in CY2019. Table 7 shows the airports served in each market, the number of daily nonstop departures to each market and the airlines serving each market from DAL. The top 25 markets include 18 of the 25 largest metropolitan statistical areas in the United States based on 2019 population estimates. Four are in Texas, and the other 21 are spread across the country.

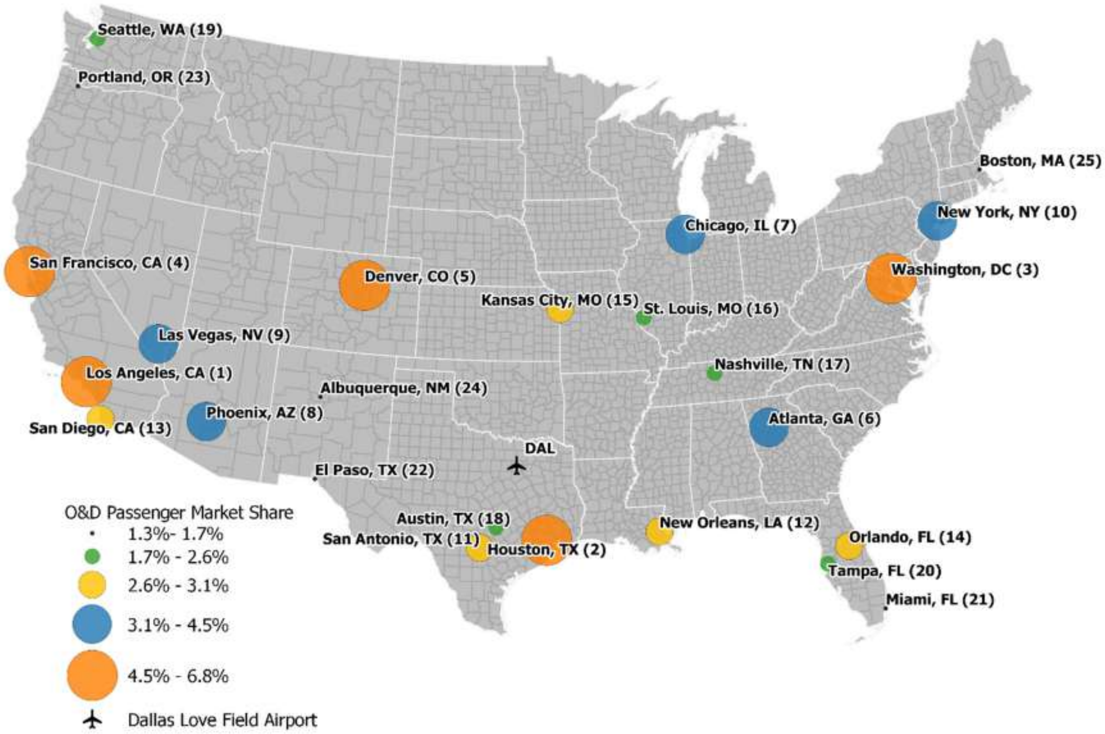
Together these 25 markets account for approximately 79 percent of DAL's O&D traffic and 146 of the total scheduled 205 flights per day from DAL in CY2019. The top five markets are Los Angeles, Houston, Washington, D.C., San Francisco, and Denver.

Table 7| DAL's Top 25 O&D Markets in CY2019

2019 Ranking[1]	Metropolitan Area (Popoulation Ranking)	Airports	O&D Market Share	Daily Nonstop Departures[2]	Airlines Serving the Market from DAL*
1	Los Angeles, CA (2)	LAX, BUR, ONT, SNA, LGB	6.8%	8	Southwest, Spirit
2	Houston, TX (5)	HOU	5.4%	18	Southwest
3	Washington, DC (6)	BWI, DCA, IAD	5.3%	5	Southwest
4	San Francisco, CA (12)	SFO, SJC, OAK	5.3%	4	Southwest, Spirit
5	Denver, CO (19)	DEN	5.0%	7	Southwest
6	Atlanta, GA (9)	ATL	4.4%	10	Southwest, Delta
7	Chicago, IL (3)	MDW, ORD	4.3%	7	Southwest
8	Phoenix, AZ (10)	PHX	3.4%	6	Southwest
9	Las Vegas, NV (25)	LAS	3.3%	5	Southwest
10	New York City, NY (1)	LGA, EWR, ISP, HPN, JFK	3.2%	5	Southwest
11	San Antonio, TX (24)	SAN	3.0%	9	Southwest
12	New Orleans, LA (45)	MSY	3.0%	7	Southwest
13	San Diego, CA (17)	SAN	2.8%	5	Southwest
14	Orlando, FL (23)	MCO	2.7%	5	Southwest
15	Kansas City, MO (31)	MCI	2.7%	6	Southwest
16	St. Louis, MO (20)	STL	2.5%	6	Southwest
17	Nashville, TN (36)	BNA	2.5%	5	Southwest
18	Austin, TX (29)	AUS	2.3%	9	Southwest
19	Seattle, WA (15)	SEA	1.8%	3	Southwest, Horizon Air
20	Tampa, FL (18)	TPA	1.8%	3	Southwest
21	Miami, FL (7)	FLL, MIA	1.6%	0	Southwest
22	El Paso, TX (69)	ELP	1.5%	4	Southwest
23	Portland, OR (25)	PDX	1.5%	3	Southwest, Spirit
24	Albuquerque, NM (61)	ABQ	1.4%	5	Southwest
25	Boston, MA (11)	BOS, PVD, MHT	1.3%	1	Southwest
	Top 25 Destinations		**78.6%**	**146**	
	Other Destinations		**21.4%**	**59**	
	Total		**100.0%**	**205**	

[1] Ranking is based on share of O&D passenger enplanements in CY2019.
[2] The number of daily nonstop departures equals the year's total departures divided by 365.
[3] Noted carriers accounted for at least 0.5 percent of O&D passenger traffic in CY2019.
Sources: U.S. Census Bureau population estimates, U.S. Department of Transportation 10%-sample airline ticket survey, and OAG Schedules Analyzer.

Figure 29| DAL's Top 25 O&D Markets in CY2019



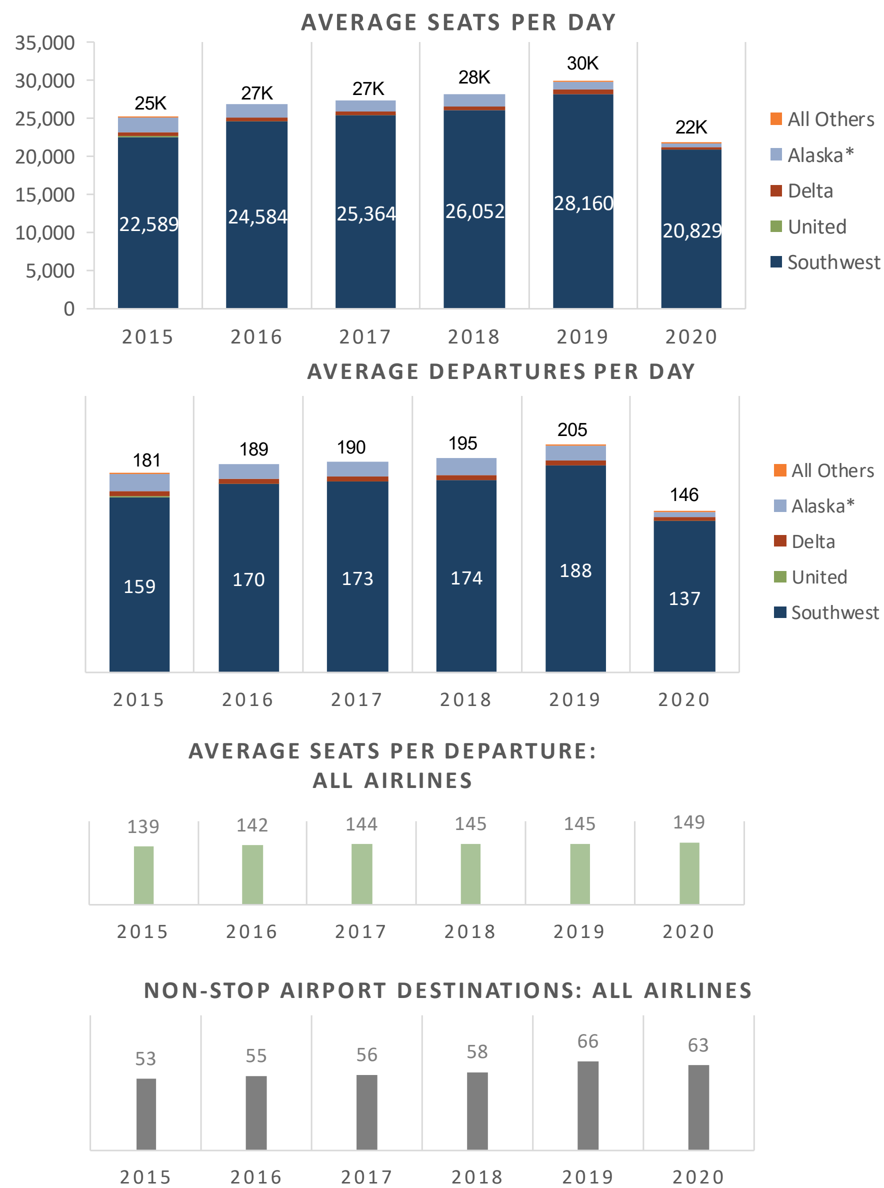
Source: U.S. Department of Transportation 10%-sample airline ticket survey.

Scheduled Nonstop Passenger Airline Service

Figure 30 presents the trends in scheduled passenger service at the Airport from CY2015 through CY2020. Before the restrictions on domestic nonstop flights were lifted on October 13, 2014, air service at DAL was fairly steady. Once the restrictions were lifted, scheduled airline service increased significantly.

The number of seats per day—the most important measure of service capacity—increased to 28,160 in CY2019, from an average of 22,589 in CY2015. The number of departures per day increased to 205 over the same period, from an average of 181 in CY2015. With only 20 gates, each gate averaged 10.25 turns per day in CY2019—exceeding the maximum 10 turns per day typically targeted by Southwest. The number of seats per flight increased from an average of 139 to 145 in the five-year period, with the addition of the 175-seat 737-800 aircraft in Southwest's fleet at DAL and the addition of new mainline service from Delta. In CY2020, reflecting the impacts of the COVID-19 pandemic, the number of seats per day fell to 20,829 while the number of departures per day dropped to 137.

Figure 30| DAL Trends in Scheduled Air Service, CY2015-2020



* Alaska Airlines includes Virgin America's scheduled service.
Source: OAG Schedules Analyzer.

In CY2020, airlines responded to the sharp decrease in passenger air travel by cutting scheduled capacity, scaling back their networks, parking and retiring aircraft, and reducing their work force. The cuts in scheduled flights and seats, however, were proportionally smaller than the declines in passenger traffic. Airlines were unable to cut capacity in proportion with the decrease in passenger traffic because many aspects of their fleets, networks and operations are fixed and complex. They had to operate flights with less than 20 percent load to transport emergency medical personnel and supplies, and others who absolutely need to travel. Airlines also needed to meet service requirements to access federal aid under the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

In CY2021, progress in vaccination has improved the outlook for passenger traffic recovery. Airlines have begun increasing their scheduled capacities, restoring their networks, and expanding to outdoor leisure destinations sought during the pandemic. Airlines have also started hiring back furloughed employees.

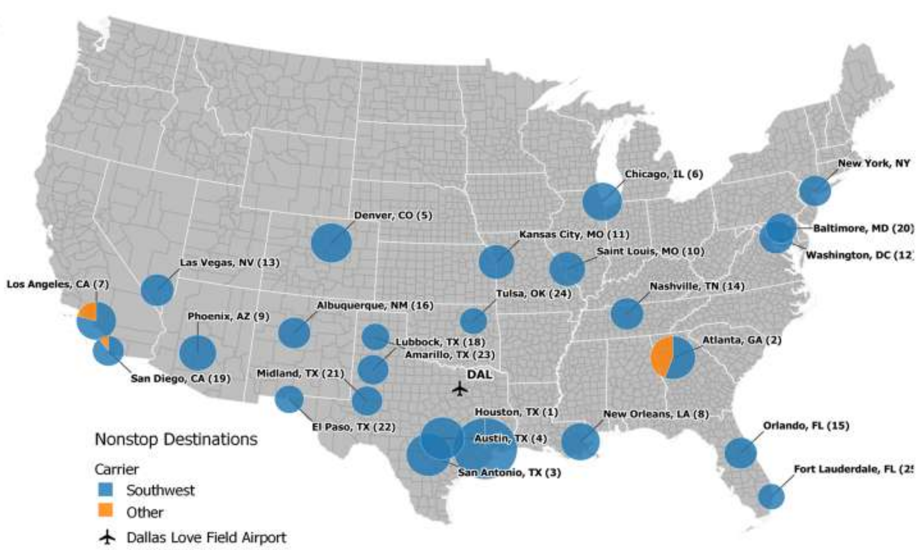
Before the COVID-19 pandemic in CY2019, Southwest accounted for 95 percent of scheduled seats and 92 percent of scheduled aircraft departures. It operated an average of 181 flight departures per day out of 18 gates (including one gate shared with Delta). Alaska accounted for 3 percent of scheduled seats and 6 percent of scheduled flight departures, averaging more than 12 flight departures per day on two gates. Delta accounted for the remaining 2 percent of scheduled seats and 2 percent of scheduled flight departures, averaging 5 flight departures per day on one gate shared with Southwest.[29]

The number of nonstop destinations from DAL increased from 53 CY2015 to 66 in CY2019. Figure 31 shows DAL's top 25 nonstop markets based on scheduled seats in CY2019. The markers show the mix of service by Southwest and other carriers.

Figure 31| DAL's Top 25 Nonstop Markets in CY2019

Nonstop Destination Market Shares (CY2019)

Rank	City	Seats	Share
1	Houston	979,261	9.0%
2	Atlanta	489,256	4.5%
3	San Antonio	478,895	4.4%
4	Austin (US) TX	472,004	4.3%
5	Denver	410,716	3.8%
6	Chicago	382,450	3.5%
7	Los Angeles	381,868	3.5%
8	New Orleans	366,294	3.4%
9	Phoenix	335,520	3.1%
10	St Louis	314,689	2.9%
11	Kansas City	312,174	2.9%
12	Washington (US) DC	280,096	2.6%
13	Las Vegas (US) NV	269,742	2.5%
14	Nashville	265,619	2.4%
15	Orlando	257,305	2.4%
16	Albuquerque	256,837	2.4%
17	New York	248,238	2.3%
18	Lubbock	237,183	2.2%
19	San Diego	236,526	2.2%
20	Baltimore	236,509	2.2%
21	Midland	230,429	2.1%
22	El Paso	204,272	1.9%
23	Amarillo	193,257	1.8%
24	Tulsa	183,991	1.7%
25	Fort Lauderdale	174,408	1.6%



Source: Unison Consulting, Inc. Schedules data obtained from OAG Schedules Analyzer. Ranking is based on seats on scheduled nonstop flights from DAL.

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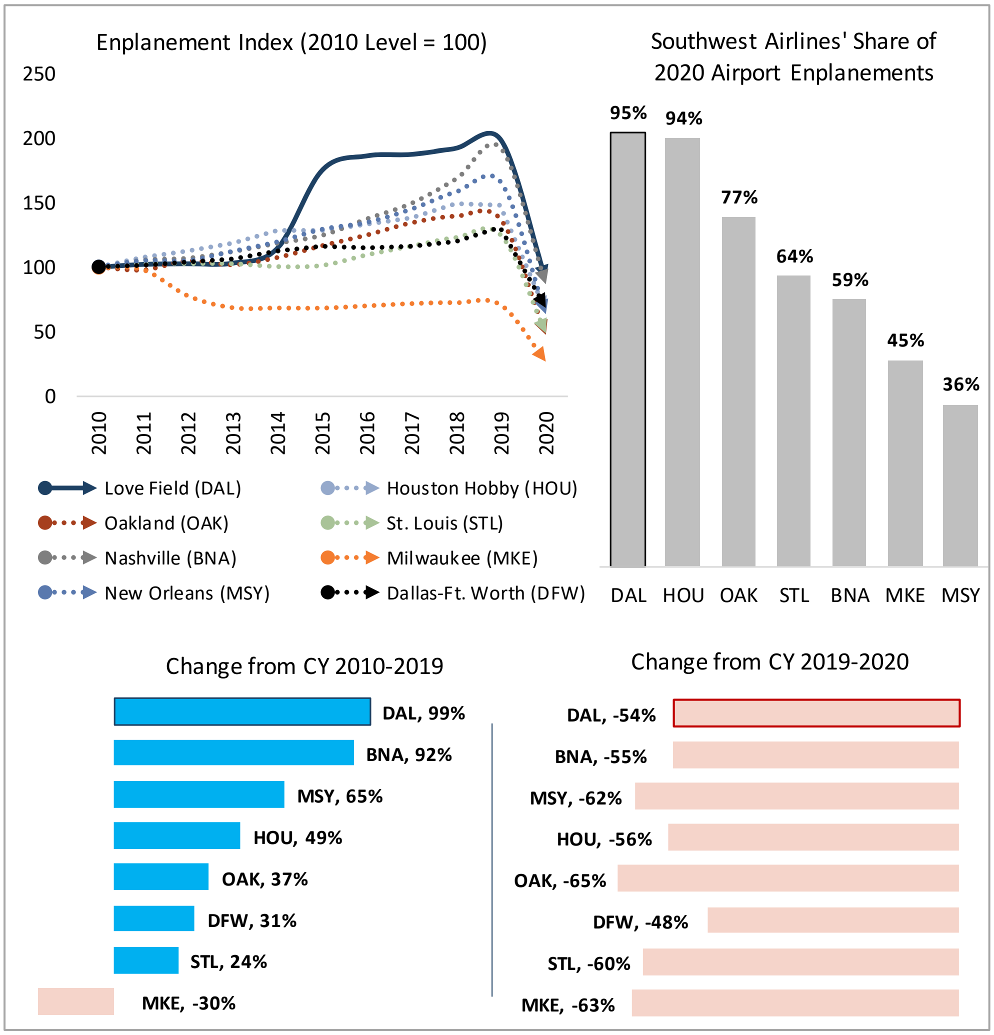
29 Facing sharply reduced demand, Southwest reduced its service at DAL from just under 170 daily flights to 158 in April 2020 and 79 in May 2020. Southwest's daily flights were back to 144 in August 2020.

Comparison of Enplanement Trends at DAL, DFW and Selected Medium Hub Airports in Southwest's Focus Cities

Figure 32 compares the trends in enplaned passengers at DAL, DFW, and six other medium hub airports in Southwest's focus cities from CY2010 through 2020. Before CY2015, the flat enplanement trend at DAL compared most closely to the trend at Lambert-St. Louis International Airport (STL) and Oakland International Airport (OAK). In CY2015 the sharp increase in enplanements at DAL put the Airport ahead of the other seven medium and large hub airports, including DFW, in passenger traffic growth. Following national trends, each hub lost significant traffic in CY2020 due to the pandemic. DAL's enplanements, however, did not decline as sharply in comparison to the selected medium hubs (Figure 32).

Figure 32| Enplanement Trends at DAL, DFW, and Selected Southwest Airlines Medium Hub Airports, CY2010-2020

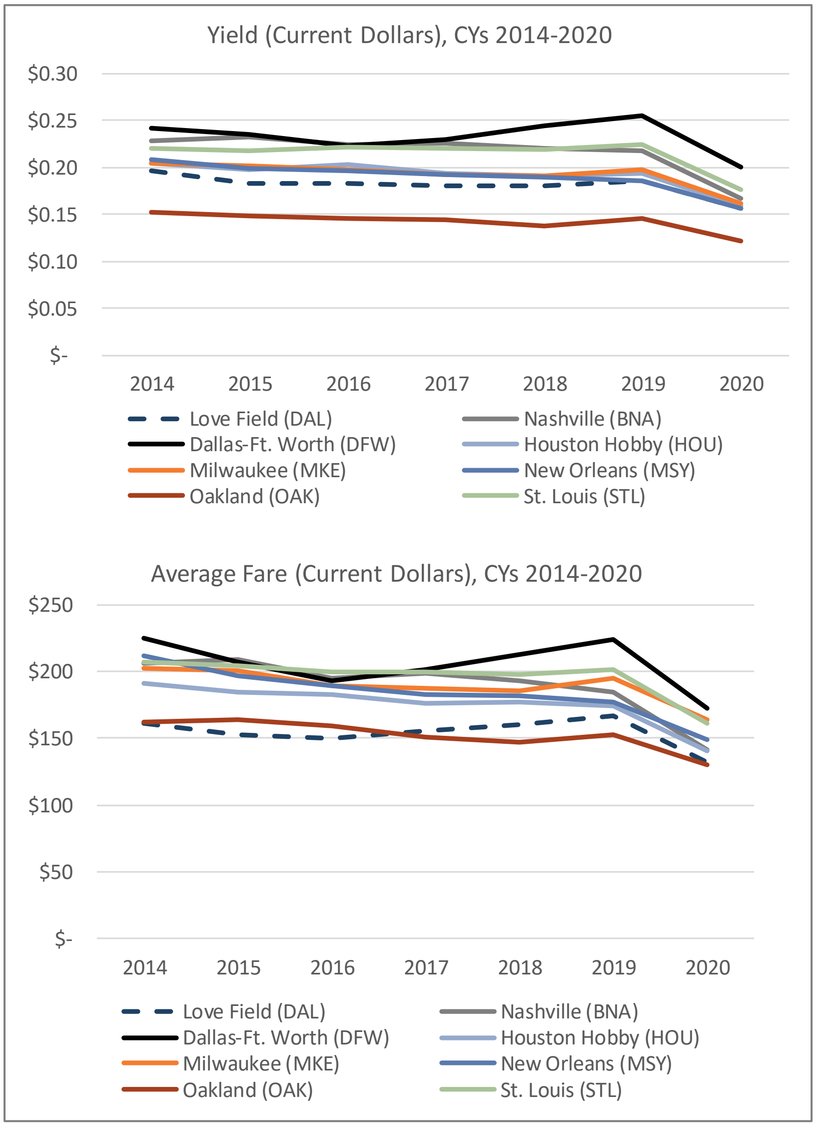


Source: U.S. Bureau of Transportation Statistics T-100 Segment data.

Passenger Yield

Lower airfares attract passengers. A common measure of airfares that controls for distance (stage length) is passenger yield—the average airline revenue per revenue passenger mile. Figure 33 shows the domestic passenger average fares and yields at DAL and select medium hub airports served by Southwest Airlines, from CY2014 to CY2020. Among the other medium hubs with Southwest service and the closest large hub (DFW), DAL's average domestic passenger yield falls in the bottom of the range, close to Oakland International's (OAK) average domestic passenger yield. Between CY2014 and CY2016, DAL's average fare was also the lowest compared with the average fare at the six other medium hubs. Since CY2017, OAK has provided the lowest average fares among the comparison medium hubs.

Figure 33| Domestic Passenger Yield at DAL, DFW and Select Medium Hub Airports



Source: U.S. Department of Transportation 10%-sample airline ticket survey.
Note: One-way equivalent airline yields for trips beginning at DAL and listed airports (no exclusions applied).

For the first time since 2009, U.S. domestic yields decreased in CY2015—by 1.5 percent from the previous year. They decreased another 2.4 percent in CY2016 and 0.1 percent in CY2017, likely due to low oil prices and the rapid growth of ultra-low-cost airlines. Yields at DAL also decreased 6.8 percent in CY2015, remained flat in CY2016, and decreased 1.6 percent in CY2017.[30] Although U.S. domestic yields recovered slightly in CY2018 (up 0.5 percent), they continued to decline at DAL (down 0.4 percent). DAL's yields increased 3 percent in CY2019. However, they fell 15 percent the following year due to the effects of the pandemic on air travel demand.

Commercial Aircraft Landings and Landed Weight

Table 8 and Table 9 present annual commercial aircraft landings and landed weight, respectively, by carrier from FY2014. DAL's landings grew 52 percent between FY2014 and FY2019, while landed weight increased by 76 percent over the six-year period. The faster growth in landed weight indicates an increase in the average aircraft gauge at DAL. Landings and landed weight fell 21 and 20 percent, respectively in FY2020, reflecting the effects of the COVID-19 pandemic on air travel at DAL. Southwest continued to dominate activity at DAL, accounting for more than 86 percent of the Airport's landings since FY2014. The carrier's share of landings has increased in recent years while its share landed weight decreased initially in FY2015 and has gradually recovered since then.

[30] DAL's average air fare and average yield decreased with the expansion of service and the addition of longer-haul destinations in CY2015.

Table 8| Commercial Aircraft Landings at DAL FY2014-2020

	Landings							Share						
	Fiscal Year							Fiscal Year						
Airline	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Scheduled Passenger														
Southwest	41,410	54,011	61,316	62,144	62,565	64,861	52,572	87.9%	85.7%	88.4%	89.4%	87.7%	90.4%	92.9%
Alaska*		4,844	5,300	4,614	5,838	4,660	2,696		7.7%	7.6%	6.6%	8.2%	6.5%	4.8%
Delta	1,529	1,615	1,662	1,692	1,672	1,674	1,317	3.2%	2.6%	2.4%	2.4%	2.3%	2.3%	2.3%
American	5	3						0.0%	0.0%					
United	1,997	1,006	1					4.2%	1.6%	0.0%	0.0%	0.0%	0.0%	0.0%
SeaPort	1,035	475						2.2%	0.8%					
Subtotal	**45,976**	**61,954**	**68,279**	**68,450**	**70,075**	**71,195**	**56,585**	**97.6%**	**98.3%**	**98.4%**	**98.5%**	**98.2%**	**99.2%**	**100.0%**
Nonscheduled/Cargo	1,130	1,088	1,121	1,032	1,258	590	8	2.4%	1.7%	1.6%	1.5%	1.8%	0.8%	0.0%
Total	**47,106**	**63,042**	**69,400**	**69,482**	**71,333**	**71,785**	**56,593**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Annual Change	-2.2%	33.8%	10.1%	0.1%	2.7%	0.6%	-21.2%							

*Alaska Airlines includes Virgin America's landings.
Source: Airport records.

Table 9| Commercial Aircraft Landed Weight at DAL FY2014-2020

	Landed Weight (Thousand Pounds)							Share						
	Fiscal Year							Fiscal Year						
Airline	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Scheduled Passenger														
Southwest	4,993,832	6,685,024	7,678,958	7,867,524	8,219,196	8,547,269	6,955,440	95.9%	87.7%	88.7%	90.0%	90.5%	93.4%	95.0%
Alaska		672,687	736,341	629,194	604,972	369,641	208,380		8.8%	8.5%	7.2%	6.7%	4.0%	2.8%
Delta	71,863	168,760	182,363	192,267	197,934	206,839	159,623	1.4%	2.2%	2.1%	2.2%	2.2%	2.3%	2.2%
American	728	418						0.0%	0.0%					
United	85,287	42,828	72					1.6%	0.6%	0.0%	0.0%	0.0%	0.0%	0.0%
SeaPort	4,454	4,037						0.1%	0.1%					
Subtotal	**5,156,164**	**7,573,754**	**8,597,734**	**8,688,985**	**9,022,102**	**9,123,750**	**7,323,443**	**99.1%**	**99.4%**	**99.4%**	**99.4%**	**99.3%**	**99.7%**	**100.0%**
Nonscheduled/Cargo	49,133	48,942	55,076	49,175	61,311	23,194	1,170	0.9%	0.6%	0.6%	0.6%	0.7%	0.3%	0.0%
Total	**5,205,298**	**7,622,696**	**8,652,810**	**8,738,161**	**9,083,413**	**9,146,944**	**7,324,613**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Annual Change	-1.6%	46.4%	13.5%	1.0%	4.0%	0.7%	-19.9%							

*Alaska Airlines includes Virgin America's landings.
Source: Airport records.

Forecast Commercial Aircraft Activity

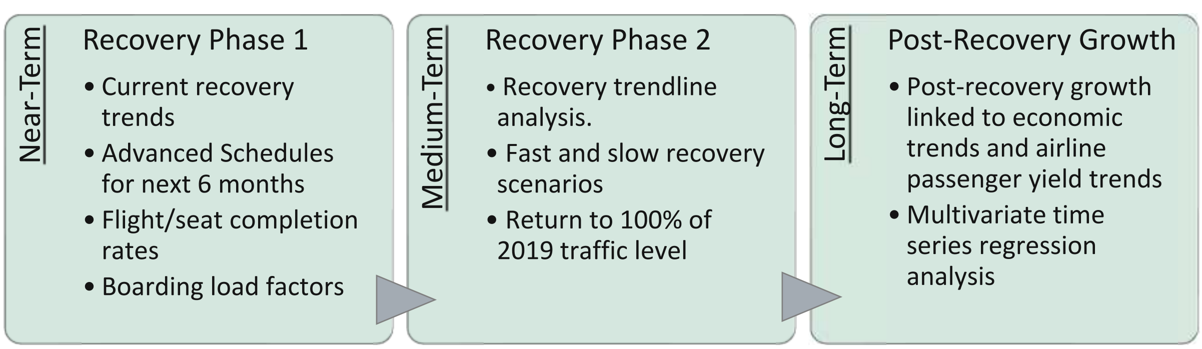
Forecasts are presented for three key measures of commercial aviation activity: enplanements, aircraft landings, and landed weight. In the near-term, forecast enplanements and landed weight are derived from advance airline schedules, along with projections of seat completion rates and boarding load factors. Beyond the near-term, forecast enplanement levels are driven by recovery patterns and market drivers. Forecast enplanements determine the number of aircraft operations and corresponding landed weight, considering trends in boarding load factors and aircraft seat capacity.

The forecasts presented in this report are based on information available at the time of forecast development, amid the high level of uncertainty brought by the COVID-19 pandemic in the aviation industry and the economic environment. The COVID-19 pandemic has changed the business environment drastically on both the supply and demand side, and those changes are still developing. Actual traffic could differ substantially from forecasts, if any of the assumptions based on information available at the time of forecast development does not hold. One important assumption concerns the timing of full recovery to pre-COVID traffic level.

Hybrid Forecasting Framework

Forecast development follows a hybrid modeling framework that combines different methods and data sources. It employs both traditional and nontraditional high-frequency data such as TSA airport screening throughput. The forecast period is divided into three phases: near-term recovery phase, medium-term recovery phase, and post-recovery growth phase, with different forecasting methods and different data sources used for each phase (Figure 34). Given the fluidity of traffic recovery trends and the uncertainty in the timing of full recovery, which depend largely upon the course of the COVID-19 pandemic and the progress of vaccination, two forecast scenarios are presented, differentiated by the time it takes to return to pre-COVID traffic levels.

Figure 34: Forecast Development by Phase



The forecast assumptions are based on information available at the time of forecast development. These assumptions may not hold in the future. Actual traffic trends may deviate significantly from the resulting forecasts, especially if the COVID-19 pandemic continues over an extended period and stalls the nascent economic and passenger traffic recovery in progress as of July 2021. Traffic recovery could take much longer than assumed. The pandemic has prompted significant structural changes in both demand and supply in the aviation industry. These changes could usher in “a new normal” in consumer behavior, social interactions, and ways of conducting business that would permanently alter travel propensities and preferences. Many factors could slow U.S. airlines’ ability to quickly restore service to pre-COVID levels. The resulting supply constraint could restrain traffic recovery and growth, as seen during the airline industry capacity rationalization in the first half of the past decade. On the upside, the adoption of no-touch technologies could speed up security screening and other passenger services, restore passenger confidence in the safety of air travel, and accelerate traffic recovery. Stronger than expected economic rebound could accelerate traffic recovery and post-recovery growth.

The forecasts are presented in annual frequency based on the Airport’s fiscal year ending on September 30.

Near-Term Recovery Phase

For the near-term recovery phase, forecast enplanements and landed weight are derived from advance airline schedules, with adjustments for potential cuts in the final schedules and assumptions for boarding load factors.

Even before the COVID-19 pandemic, advance schedules were typically subject to adjustments until the date of operation. Since the unexpected fall in traffic in April 2020 amid the COVID-19 pandemic, the adjustments, mainly downward, have become more significant as airlines could no longer rely on stable demand patterns and advance flight bookings. In 2021, progress in vaccinations and the resulting decrease in new COVID-19 cases have increased passenger demand for air travel and accelerated passenger traffic recovery. But passengers now tend to book flights close to trip dates, and airlines continue to adjust their advanced schedules downward to match final flight bookings more closely. To project seat completion rates, we compared advance schedules against final schedules in recent months. We accounted for improving trends—the differences between advance and final schedules decreasing with improving demand outlook.

We assessed trends in boarding load factors, noting improvements over time. DAL’s May 2021 boarding load factors have recovered to their pre-pandemic levels. The improving trend continued in June and July, as indicated by the trend in the ratio of TSA passenger screenings to scheduled seats.

Table 10 and Table 11 below summarize our projections of seat completion rates, final seats, and boarding load factors to estimate enplanements under two scenarios: Scenario 1 (Low) and Scenario 2 (Base).

Table 10: Forecast Schedule Completion Rates by Forecast Scenario

	Seat Completion Rate		Projected Seats	
	Scenario 1	Scenario 2	Scenario 1	Scenario 2
May-21	100.0%	100.0%	745,129	745,129
Jun-21	100.0%	100.0%	815,290	815,290
Jul-21	100.0%	100.0%	852,027	852,027
Aug-21	100.0%	100.0%	851,814	851,814
Sep-21	88.2%	95.7%	795,599	863,246
Oct-21	85.7%	93.2%	812,091	883,189
Nov-21	84.8%	92.3%	761,994	829,376
Dec-21	84.8%	92.3%	784,291	853,644
2021 Total			**8,674,748**	**8,950,227**

Table 11: Projected Boarding Load Factors (BLF) by Forecast Scenario

	Projected BLF	
	Scenario 1	Scenario 2
May-21	80.7%	82.7%
Jun-21	84.6%	86.6%
Jul-21	84.2%	86.2%
Aug-21	78.5%	80.5%
Sep-21	78.1%	80.1%
Oct-21	81.7%	83.7%
Nov-21	80.5%	82.5%
Dec-21	83.4%	85.4%
2021 Total	**71.4%**	**73.4%**

Medium-Term Recovery Phase

The recent traffic trends guide our assumptions regarding the shape—slope and duration—of passenger traffic recovery, recognizing that the COVID-19 pandemic and its far-reaching impacts are unprecedented. Based on actual and projected monthly enplanement recovery trends from April 2020 through December 2021, we evaluated linear and logarithmic functional forms to represent the recovery trendline. The logarithmic functional form was chosen to project the growth trajectory to full recovery to pre-COVID levels. The logarithmic functional form results in a deceleration of the rate of growth over time, predicting the return of DAL enplanements to pre-COVID-19 level as follows:

- Scenario 1 (Low) – in FY2023, within three years from the trough in FY2020.
- Scenario 2 (Base) – in FY2022, within two years from the trough in FY2020.

Both scenarios assume no “double-dip” traffic downturns. Recovery will continue to progress, but at varying pace. Both Scenarios 1 and 2 project a faster recovery for DAL enplanements, compared with A4A’s forecast for the entire U.S. airline industry. These scenarios are also consistent with

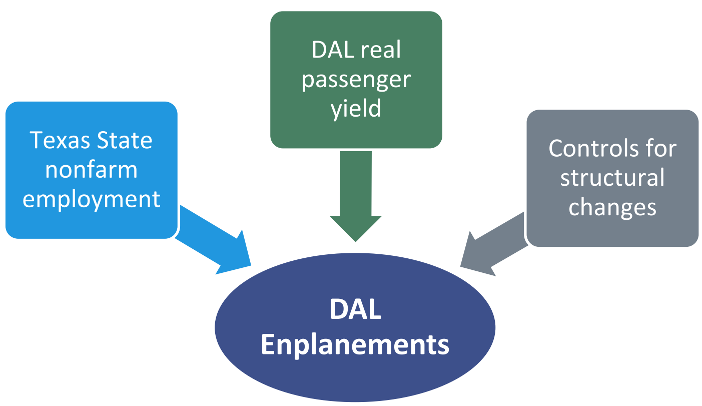
DAL's shorter recovery period following the Great Recession, and DAL's above-industry average performance in the current recovery from the COVID-19 passenger traffic declines.

Post-Recovery Growth Phase

The post-recovery growth phase begins upon full recovery to pre-COVID-19 monthly levels—in FY2023 under Scenario 1 and in FY2022 under Scenario 2. From this point, the growth in passenger traffic at DAL is driven by the economics of air travel demand, subject to the capacity constraint of DAL's 20-gate terminal. Annual growth rates in DAL enplanements eventually taper at rates below 1 percent.

Multivariate time series regression analysis links enplanement growth to trends in market demand drivers for passenger traffic at DAL (Figure 35). This method provides a quantitative framework for measuring the contributions of multiple explanatory variables to aviation activity using historical data, while accounting for structural changes, time-dependent trends, and serial correlation often found in time series data. The model estimation process produces regression coefficients measuring the contributions of explanatory variables, which are then used to generate forecasts of enplanements given projected trends for the explanatory variables. Model estimation uses the least squares method, designed to minimize forecast errors. The regression model treats DAL enplanements as the dependent variable.

Figure 35| Key Drivers of Enplanement Growth

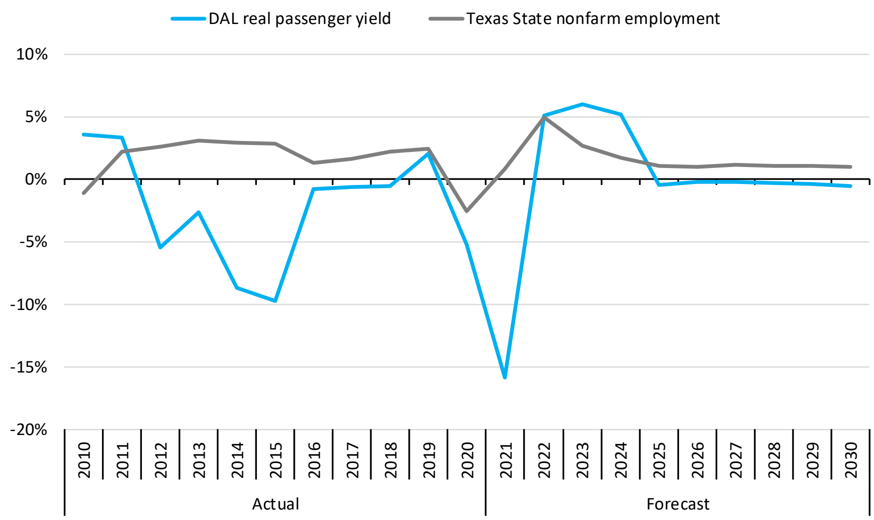


The regression model specification is based on the underlying theory of consumer demand and the dynamics of traffic growth at the Airport. The model explanatory variables selected for DAL enplanements are as follows:

- Texas State nonfarm employment (an indicator of local economic trends)
- DAL average real passenger yield (an indicator of the price of air travel)

These two explanatory variables proved the best in explaining enplanement trends at DAL, based on statistical evaluation metrics. Figure 36 shows the trends in the two market demand drivers underlying historical and forecast trends in enplanements.

Figure 36| Historical and Forecast Annual Growth Trends in the Key Explanatory Variables



Sources: Moody's Analytics, U.S. Department of Transportation 10-sample airline ticket survey, and Federal Aviation Administration.

Texas State Nonfarm Employment

Texas nonfarm employment indicates regional economic trends. It grew at an average annual rate of 2.4 percent over the past 10 years through FY2019. Due to the impacts of the ongoing global pandemic, Texas nonfarm employment fell 2.5 percent in FY2020. According to Moody's Analytics' long-term forecast as of July 2021, it is projected to grow 0.9 percent in 2021 and continue increasing, initially at above-historical average rate of 3.8 percent per year in FY2022 and FY2023, recovering to pre-pandemic levels by FY2022. From FY2024, it is projected to grow at an average annual rate of 1.2 percent through FY2030, based on Moody's Analytics' long-term forecast as of July 2021. Growth in Texas nonfarm employment contributes to growth in enplanements.

DAL Average Real Passenger Yield

Consumer demand, including the demand for air travel, is inversely related to price. Demand increases when price decreases, and demand decreases when price increases, if all other things are equal. Average real passenger yield indicates the price of air travel. The average real passenger yield at DAL mostly decreased over the past decade. It declined faster than the national trend particularly during the years that the Wright Amendment restrictions on air service at DAL were lifted. Although the average real passenger yield increased slightly in FY2019 and through three months of FY2020, it declined 5.2 percent over the full FY2020, reflecting the effects of the COVID-19 pandemic on air travel demand. We assume that the future trend in average real passenger yield at DAL will follow industry trends for domestic yields projected in the 2021 FAA Aerospace Forecasts—decreasing by 0.8 percent per year on average through FY2030, compared with FY2019 levels. The projected decreases in DAL's real passenger yield, although small, promote growth in enplanements at DAL.

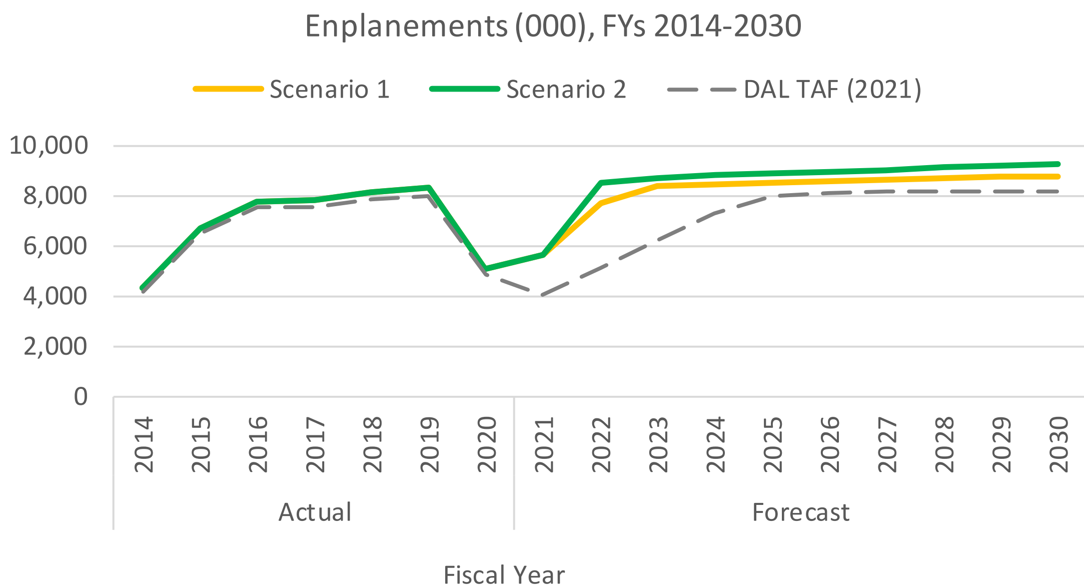
The regression model includes variables to control for the effects of structural changes:

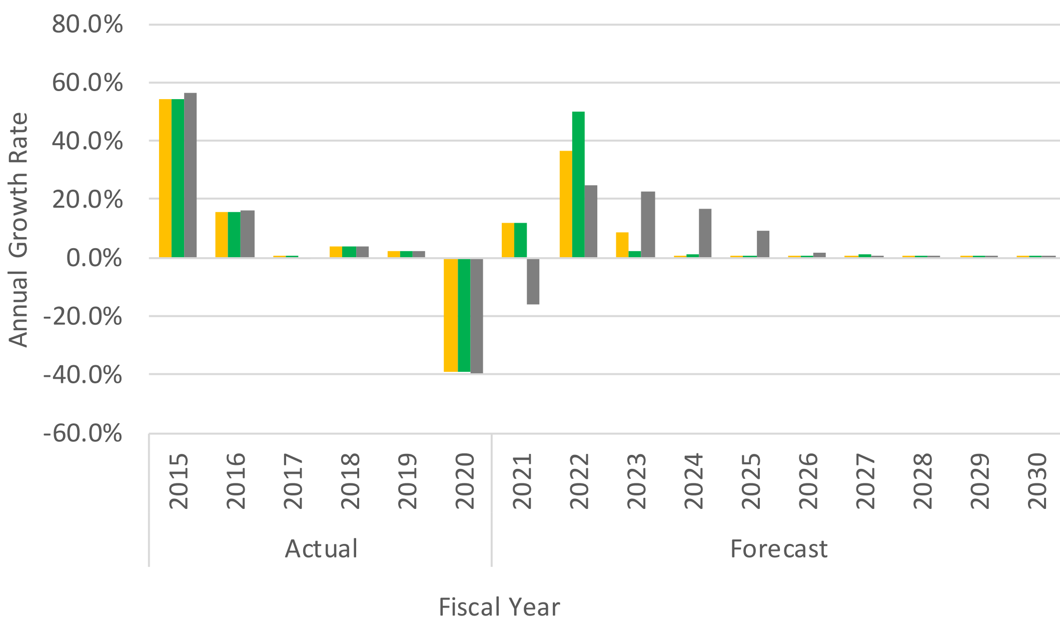
- The positive effect of the lifting of all Wright Amendment restrictions on air service at DAL
- The negative effects of the September 11, 2001 terrorist attacks

The regression model also controls for serial correlation inherent in the time series data used for model estimation.

The projected trends for key explanatory variables described above produce the post-recovery growth rates for DAL enplanements. Figure 37 and Table 12 show the forecast annual enplanements at DAL under each forecast scenario. They also show the latest FAA Terminal Area Forecasts (TAF) for DAL, the first publication since the COVID-19 pandemic in May 2021. The TAF are based on the Airport's historical enplanements through 2019 and estimated enplanements for 2020. The latest TAF accounts for the decline in traffic due to COVID-19 but projects very little growth in DAL enplanements annually.

Figure 37 | DAL Enplanement Forecasts





Sources: Airport records for actual data, Unison Consulting, Inc., for the DAL forecasts, and Federal Aviation Administration for the Terminal Area Forecast (2021).

Table 12| DAL Enplanement Forecasts

		Enplanements (000) Scenario 1	Share of 2019 Level	Enplanements (000) Scenario2	Share of 2019 Level	Enplanements (000) DAL TAF (2021)	Share of 2019 Level
Actual	2014	4,358		4,358		4,157	
	2015	6,720		6,720		6,496	
	2016	7,766		7,766		7,542	
	2017	7,815		7,815		7,537	
	2018	8,137		8,137		7,823	
	2019	8,310		8,310		7,985	
	2020	5,062		5,062		4,841	
Forecast	2021	5,666	68%	5,666	68%	4,079	51%
	2022	7,725	93%	8,495	102%	5,091	64%
	2023	8,390	101%	8,676	104%	6,244	78%
	2024	8,464	102%	8,791	106%	7,284	91%
	2025	8,515	102%	8,871	107%	7,967	100%
	2026	8,565	103%	8,949	108%	8,109	102%
	2027	8,620	104%	9,034	109%	8,133	102%
	2028	8,673	104%	9,118	110%	8,147	102%
	2029	8,727	105%	9,204	111%	8,161	102%
	2030	8,778	106%	9,285	112%	8,175	102%
Annual Growth Rate							
Actual	2015	54.2%		54.2%		56.3%	
	2016	15.6%		15.6%		16.1%	
	2017	0.6%		0.6%		-0.1%	
	2018	4.1%		4.1%		3.8%	
	2019	2.1%		2.1%		2.1%	
	2020	-39.1%		-39.1%		-39.4%	
Forecast	2021	11.9%		11.9%		-15.7%	
	2022	36.3%		49.9%		24.8%	
	2023	8.6%		2.1%		22.6%	
	2024	0.9%		1.3%		16.7%	
	2025	0.6%		0.9%		9.4%	
	2026	0.6%		0.9%		1.8%	
	2027	0.6%		1.0%		0.3%	
	2028	0.6%		0.9%		0.2%	
	2029	0.6%		0.9%		0.2%	
	2030	0.6%		0.9%		0.2%	
Compound Annual Growth Rate							
	2019-2030	0.5%		1.0%		0.2%	
	2020-2030	5.7%		6.3%		5.4%	

Sources: Airport records for actual data, Unison Consulting, Inc., for the DAL forecasts, and Federal Aviation Administration for the Terminal Area Forecast (2021).

The forecast trends in annual enplanement levels are summarized below:

- Under Scenario 1 (Low), annual enplanements grow 11.9 percent in FY2021, from a low of 5.06 million in FY2020. They grow 36.3 percent in FY2022 and 8.6 percent in FY2023 to recover to pre-pandemic levels. Thereafter, annual enplanements grow steadily to reach 8.78 million by FY2030.

- Under Scenario 2 (Base), annual enplanements also grow 11.9 percent in FY2021, from a low of 5.06 million in FY2020. They grow 49.9 percent in FY2022 to reach 8.50 million, surpassing their pre-pandemic record of 8.31 enplanements. Thereafter, annual enplanements grow steadily to reach 9.29 million by FY2030.

Table 12 also shows the latest DAL enplanement projections from the FAA TAF. Based on the TAF, annual enplanements reach only 8.18 million in FY2030, lower than actual enplanements in FY2019 of 8.31 million.

Table 13 shows a summary of forecast enplanements, aircraft arrivals (departures), and landed weight under Scenario 1 (Low):

- Annual enplanements at DAL recover from 5.06 million in FY2020 to pre-pandemic levels by FY2023, and gradually grow to 8.78 million by FY2030. The average annual growth rate through FY2030 is projected to be 0.6 percent after recovering to pre-pandemic levels.
- Annual aircraft landings (or departures) are derived from annual enplanements, along with projections for trends in boarding load factors and average aircraft gauge (seats per aircraft). Annual aircraft landings decreased from approximately 71,900 in FY2019 to 58,200 in FY2020, and are projected to decline 7.8 percent in FY2021, before increasing to 72,400 in FY2030. The average annual growth rate from FY2019 through FY2030 is 0.1 percent. Relative to enplanements, flights grow slower due to projected increases in aircraft gauge and load factors.
- Annual aircraft landed weights are derived from annual aircraft landings, along with projections for trends in average aircraft landed weight. Total landed weight decreased from 9.15 billion pounds in FY2019 to 7.33 billion pounds in FY2020, and it is projected to decline to 6.89 billion pounds in FY2021. It is then projected to grow to 9.72 billion pounds by FY2030. The average annual growth rate from FY2019 through FY2030 is 0.6 percent.

Table 14 shows a summary of forecast enplanements, aircraft arrivals (departures), and landed weight under Scenario 2 (Base):

- Annual enplanements at DAL recover from 5.06 million in FY2020 to pre-pandemic levels in FY2022, and then grow steadily to 9.29 million in FY2030. The average annual growth rate in enplanements between FY2019 and FY2030 is projected to be 1.0 percent.
- Annual aircraft arrivals (or departures) are projected to dip to 52,200 in FY2021, and then increase to 76,500 by FY2030.
- Annual aircraft landed weight is projected to decrease to 6.89 billion pounds in FY2021, and then increase steadily to 10.29 billion pounds by FY2030. Landed weight increases at an average annual rate of 1.1 percent between FY2019 and FY2030.

Table 13| Scenario 1 (Low) Forecast of Commercial Aviation Activity at DAL

	Actual		COVID-19 Recovery			Post-COVID-19 Period							Avg. Annual
	Fiscal Year												Growth Rate
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2019-2030
Enplanements (000)													
Southwest	7,809	4,807	5,418	7,353	7,985	8,056	8,104	8,152	8,204	8,254	8,306	8,355	0.6%
Other Scheduled	501	255	248	373	405	408	411	413	416	418	421	423	-1.5%
Total	**8,310**	**5,062**	**5,666**	**7,725**	**8,390**	**8,464**	**8,515**	**8,565**	**8,620**	**8,673**	**8,727**	**8,778**	**0.5%**
Annual percent change	2.1%	-39.1%	11.9%	36.3%	8.6%	0.9%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	
Aircract Departures (Landings)													
Southwest (Total)	64,900	52,600	48,800	60,900	66,700	66,400	66,600	66,800	66,900	67,100	67,200	67,300	0.3%
Other Scheduled	6,400	4,000	3,400	4,000	4,400	4,400	4,400	4,400	4,400	4,400	4,400	4,500	-3.2%
Other Nonscheduled	600	0	0	300	600	600	600	600	600	600	600	600	0.0%
Total	**71,900**	**56,600**	**52,200**	**65,200**	**71,700**	**71,400**	**71,600**	**71,800**	**71,900**	**72,100**	**72,200**	**72,400**	**0.1%**
Annual Percent Change	0.7%	-21.3%	-7.8%	24.9%	10.0%	-0.4%	0.3%	0.3%	0.1%	0.3%	0.1%	0.3%	
Avg. turns per gate per day	9.8	7.8	7.2	8.9	9.8	9.8	9.8	9.8	9.8	9.9	9.9	9.9	
Landed Weight (Million lbs.)													
Southwest	8,547	6,955	6,506	8,119	8,794	8,870	8,931	8,987	9,031	9,086	9,132	9,183	0.7%
Other Scheduled	577	368	379	452	491	496	499	502	505	508	510	513	-1.1%
Other Nonscheduled	23	1	0	12	23	24	24	24	24	25	25	25	0.6%
Total	**9,147**	**7,325**	**6,885**	**8,583**	**9,308**	**9,390**	**9,454**	**9,513**	**9,560**	**9,618**	**9,667**	**9,721**	**0.6%**
Annual Percent Change	0.7%	-19.9%	-6.0%	24.7%	8.4%	0.9%	0.7%	0.6%	0.5%	0.6%	0.5%	0.6%	

Sources: Airport records for actual data and Unison Consulting, Inc., for forecasts.

Table 14| Scenario 2 (Base) Forecast of Commercial Aviation Activity at DAL

	Actual		COVID-19 Recovery		Post-COVID-19 Period								Avg. Annual Growth Rate
	Fiscal Year												
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	FY2019-2030
Enplanements (000)													
Southwest	7,809	4,807	5,418	8,086	8,258	8,368	8,444	8,518	8,600	8,679	8,761	8,838	1.1%
Other Scheduled	501	255	248	409	418	423	427	431	435	439	443	447	-1.0%
Total	**8,310**	**5,062**	**5,666**	**8,495**	**8,676**	**8,791**	**8,871**	**8,949**	**9,034**	**9,118**	**9,204**	**9,285**	**1.0%**
Annual percent change	2.1%	-39.1%	11.9%	49.9%	2.1%	1.3%	0.9%	0.9%	1.0%	0.9%	0.9%	0.9%	
Departures / Landings													
Southwest (Total)	64,900	52,600	48,800	67,000	69,000	69,000	69,400	69,800	70,100	70,500	70,900	71,200	0.8%
Other Scheduled	6,400	4,000	3,400	4,400	4,600	4,600	4,600	4,600	4,600	4,700	4,700	4,700	-2.8%
Other Nonscheduled	600	0	0	300	600	600	600	600	600	600	600	600	0.0%
Total	**71,900**	**56,600**	**52,200**	**71,700**	**74,200**	**74,200**	**74,600**	**75,000**	**75,300**	**75,800**	**76,200**	**76,500**	**0.6%**
Annual Percent Change	0.7%	-21.3%	-7.8%	37.4%	3.5%	0.0%	0.5%	0.5%	0.4%	0.7%	0.5%	0.4%	
Avg. turns per gate per day	9.8	7.8	7.2	9.8	10.2	10.2	10.2	10.3	10.3	10.4	10.4	10.5	
Landed Weight (Million lbs.)													
Southwest	8,547	6,955	6,506	8,933	9,098	9,218	9,309	9,394	9,471	9,558	9,636	9,718	1.2%
Other Scheduled	577	368	379	497	507	514	519	524	528	533	537	542	-0.6%
Other Nonscheduled	23	1	0	12	23	24	24	24	24	25	25	25	0.6%
Total	**9,147**	**7,325**	**6,885**	**9,441**	**9,629**	**9,756**	**9,852**	**9,942**	**10,023**	**10,115**	**10,198**	**10,285**	**1.1%**
Annual Percent Change	0.7%	-19.9%	-6.0%	37.1%	2.0%	1.3%	1.0%	0.9%	0.8%	0.9%	0.8%	0.9%	

Sources: Airport records for actual data and Unison Consulting, Inc., for forecasts.

Forecast Uncertainty and Risk Factors

The forecasts are based on information available at the time of the study, measurable factors that drive air traffic, and assumptions about their future trends. Actual results could differ materially from the forecasts if any of the assumptions do not hold or if unexpected events cause traffic to decrease or increase significantly. The Airport operates in a dynamic business environment where a variety of factors are at play. Many of these factors, often intertwined, are subject to volatility and uncertainty, introducing risk—both downside and upside—to forecast activity levels.

Disease Outbreaks

Passenger air travel demand is sensitive to disease outbreaks. In 2020, the COVID-19 pandemic has developed to become the greatest threat to the entire aviation industry. It will remain a threat until the spread of the disease is successful contained. Widespread vaccination is key to containing the spread of the disease, restoring people's confidence in the public health safety of air travel, making people comfortable again in being close to other people.

Economic Conditions

The aviation industry is a pro-cyclical industry. Aviation traffic grows during periods of economic expansion, as consumer and business incomes grow, increasing overall demand, including for air travel. Conversely, aviation traffic declines during periods of economic recession, as consumer and business incomes fall, causing overall demand and the demand for air travel to fall.

Various factors can trigger an economic recession. In 2020, the COVID-19 pandemic and the extreme mitigation measures triggered a global economic recession. As of July 2021, the U.S. economy has likely returned to pre-COVID output level. However, the ongoing economic expansion faces threats from flare-ups of COVID-19 cases and new virus variants that could prompt another wave of widespread economic lockdowns. In addition, the U.S. economy faces other sources of economic risks, including inflationary pressures, supply constraints, slowing of population growth, population aging, international trade tensions, continuing geo-political tensions, weakness in certain parts of the global economy, financial market volatility, and the high level of U.S. government and private debt. The federal aid recently provided to individuals and businesses to alleviate the recession impacts of COVID-19 added substantially to an already high level of federal debt.

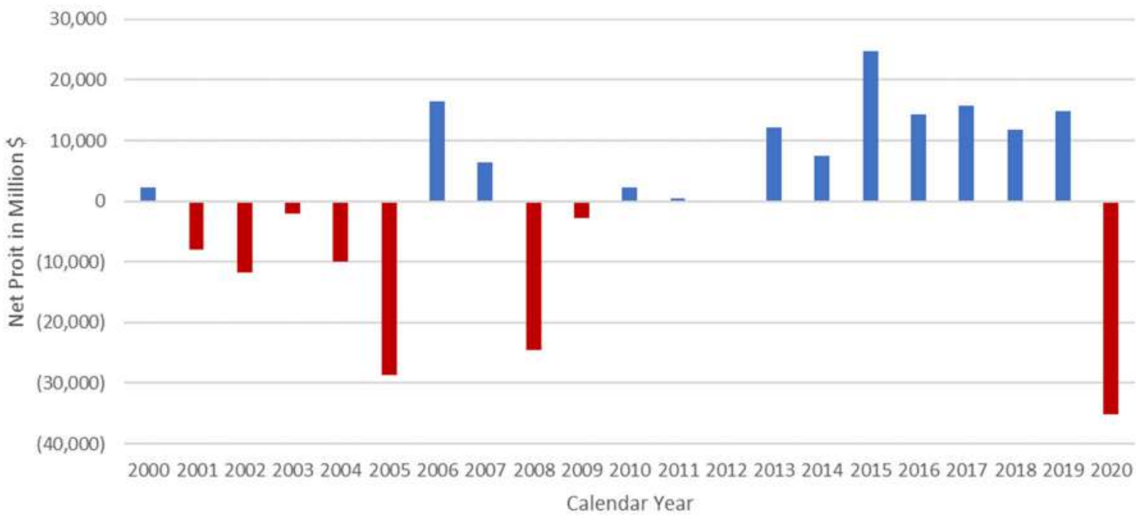
U.S. Airline Industry Volatility

The U.S. airline industry is extremely volatile. It is vulnerable to many exogenous factors such as economic downturns, sharp increases in oil prices, adverse weather, disease outbreaks, travel restrictions, terrorism threats, and geo-political tensions.

In 21 years from 2000 through 2020, the U.S. airline industry incurred annual net losses in eight years and annual net profits in 13 years, netting a profit of $5.816 billion over the entire 21 year-period (Figure 38). After persistent losses during most of the 2000s, the U.S. airline industry realized net profits in every year during the 2010s. The U.S. airline industry thrived amid the long economic expansion during the 2010s and the sharp decrease in fuel price, reaping the benefits of business restructuring, capacity restraint, cost-cutting measures, and productivity improvements implemented since the Great Recession. Markedly improved financial performance enabled U.S. airlines to renew their fleets and increase scheduled flights and seats, while maintaining capacity discipline.

In 2020, the U.S. airline industry outlook took a dramatic downturn with the advent of COVID-19. Passenger air travel came to a near halt in April 2020 and has yet to recover to pre-COVID-19 level. In 2020, U.S. passenger airlines incurred a net loss of more than $35 billion, the largest annual loss on record since 1977.

Figure 38| U.S. Passenger Airlines' Annual Net Profit



Source: U.S. Bureau of Transportation Statistics F41 Schedule P12 data.

To alleviate the negative financial impact of the COVID-19 pandemic on U.S. airlines' finances, the U.S. federal government has provided financial relief to the U.S. airlines in three federal aid packages: the Coronavirus Aid, Relief, and Economic Security Act (CARES Act); the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA); and the American Rescue Plan Act of 2021 (ARPA).

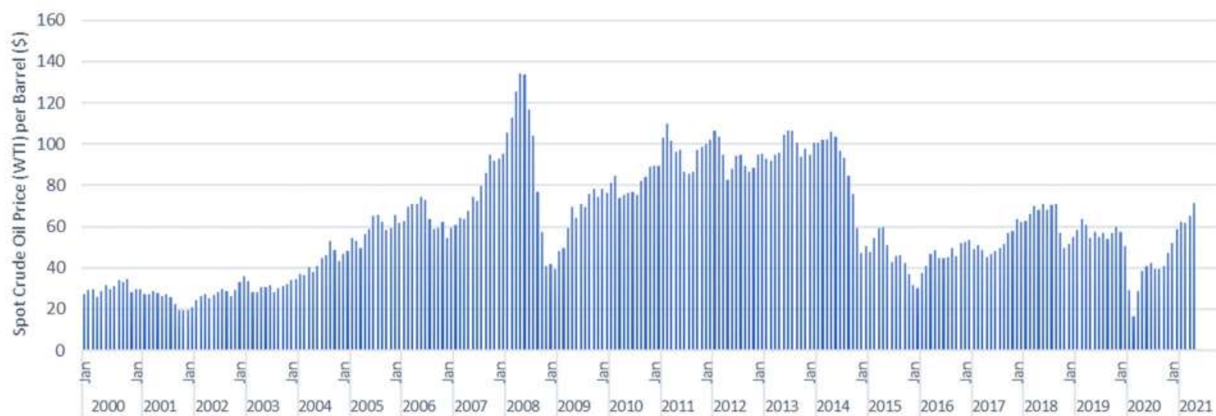
Volatility of Oil Prices and Implications for Aviation Fuel Cost

Volatility in oil prices have direct implications for aviation fuel cost, a major component of airlines' operating costs. Oil price increases translate directly into higher airline fuel costs. In the 2000s, record oil price increases raised fuel costs and put tremendous pressure on airline finances, contributing to net losses incurred by of U.S. airline industry during that decade (see Figure 38). Oil prices have come down from their mid-2000 peak levels due to increased oil production amid a slowing global economy. The resulting decrease in aviation fuel price contributed to sustained profitability in the U.S. airline industry in the 2010s.

Figure 39 shows the trends in oil prices. In 2020, the global economic recession and the oil supply glut kept oil prices low. Airlines enjoy low aviation fuel prices, which provide some cost relief during the pandemic crisis. In 2021, global economy recovery has begun to push oil prices up. Prospectively, oil prices will continue to be affected by geopolitical factors including high production of oil in Russia, uncertainty in the pricing of oil in the Middle East, and unpredictability of actions taken by the Organization of the Petroleum Exporting Countries (OPEC).

Figure 40 shows the trends in aviation fuel cost per gallon, which follow the trends in oil prices.

Figure 39| Spot Crude Oil Price: West Texas Intermediate, $/Barrel, Not Seasonally Adjusted



Source: Federal Reserve Bank of St. Louis, Spot Crude Oil Price: West Texas Intermediate (WTI) [WTISPLC], retrieved from FRED, Federal Reserve Bank of St. Louis, <https://fred.stlouisfed.org/series/WTISPLC>, July 27, 2021.

Figure 40| Aviation Fuel Cost per Gallon, Monthly Average

Source: U.S. Department of Transportation Form 41.

Southwest Airlines' Dominance at the Airport

Southwest Airlines is the dominant carrier at the Airport. Southwest controls 18 of the 20 gates at DAL and accounts for predominant shares of DAL's passenger traffic and aircraft landed weight. Any significant financial or operational difficulties experienced by Southwest Airlines can have an adverse effect on the Airport. If Southwest Airlines were to leave the Airport, no other airline may be able to fully replace Southwest Airlines' service, especially with all the major airlines already operating from DFW.

Among U.S. airlines, Southwest Airlines had the strongest financial position coming into the pandemic. In 2019, the airlines' financial performance was strong even with the grounding of its Boeing 737 MAX aircraft—at the time of the grounding, Southwest Airlines had 24 MAX 8 aircraft in its fleet. That year Southwest Airlines enjoyed its 47th consecutive year of profitability—a record unmatched by any commercial airline—and ended the year with exceptionally strong liquidity of $5.1 billion.[31]

The COVID-19 pandemic and the resulting economic shock hit all airlines hard. Southwest Airlines reacted by taking the following actions:

- Enhanced aircraft cleaning procedures
- Reduced the compensations of executive officers and board directors
- Suspended all hiring and non-contract salary increases
- Implemented cost-saving initiatives
- Suspended share repurchases
- Cancelled or deferred capital projects
- Reduced flight schedules to better align the supply of seats with depressed passenger demand
- Eliminated or deferred non-essential operating costs
- Obtained billions of additional cash

Southwest Airlines also enjoyed cost relief from lower fuel prices.[32]

Like other U.S. passenger airlines, Southwest Airlines incurred losses through the pandemic. But compared with its peers, Southwest Airlines has maintained relatively strong liquidity.

[31] Southwest Airlines Co., *2019 Annual Report to Shareholders*.

[32] Southwest Airlines Co., *2019 Annual Report to Shareholders*.

Competition from DFW Airport

DAL and DFW both serve the Dallas-Fort Worth-Arlington MSA. The two airports have coexisted for decades and have complemented each other in providing a full array of choices in air service. Still, significant changes to air service at DFW—good or bad—can affect traffic at DAL.

DFW is the larger airport, offering wider choices of airlines, flights, and destinations. The dominant carrier at DFW is American Airlines. DFW serves as a primary hub in American Airlines' global route system.

Compared with DFW, DAL has the advantage of being closer to downtown Dallas. It also offers lower airfares from Southwest Airlines.

Structural Changes in Demand and Supply

In the past, major crises prompted lasting structural changes on both demand and supply side in the aviation industry. For example, the 2001 terrorist attacks prompted more stringent airport security measures. More thorough passenger security screening resulted in longer wait times that required passengers to arrive at the airport much earlier than scheduled flight departure times. This eliminated the time advantage of air travel to ground transportation and decreased the demand for air travel for short-haul trips. The COVID-19 pandemic is also expected to result in lasting structural changes.

On the demand side, COVID-19 could usher in "a new normal" in consumer behavior, social interactions, and ways of conducting business that would permanently alter travel propensities and preferences. Public health safety concerns could cause consumers to favor ground transportation even for longer distances for which they previously preferred traveling by air. For vacation travel, consumers are adapting to the COVID-19 environment by favoring destinations accessible by ground transportation. The accelerated adoption of technology for virtual meetings and conferences could result in a permanent downshift in business travel demand. Such permanent shifts in air travel demand could delay recovery to pre-COVID traffic levels for many years beyond the recovery periods assumed in the recovery scenarios and slow post-recovery traffic growth.

On the supply side, U.S. airlines have taken steps to become smaller—accelerating retirement of old aircraft, deferring new aircraft orders, and cutting workforces. U.S. airlines could take many years to recover from the major financial setback from COVID-19 and to restore service to pre-COVID levels. The aviation industry could see another wave of airline capacity rationalization continuing long after traffic recovery as airlines take measures, including possibly raising fares, to return to profitability, slowing post-recovery traffic growth.

One favorable trend is the accelerated adoption of no-touch technologies by airlines, airports, and the TSA. These new technologies would not only help allay public health safety concerns, but could also speed up passenger processing. By saving passengers time and anxiety waiting in lines, these technologies could help restore the competitiveness of air travel against ground transportation modes and help stimulate traffic recovery and growth.

Airline Mergers

Responding to competition, cost and regulatory pressures, the airline industry has been consolidating. Airline mergers affect service and traffic at airports, when they consolidate facilities, optimize route networks, and route connecting traffic through other hubs. The impact on affected airports usually plays out within a few years—sometimes immediately—following the merger. The impact can be significant or trivial, depending upon whether the merging airlines have a large market share at an airport and whether they carry significant connecting traffic through the airport.

The merger of Southwest and AirTran in 2011 expanded Southwest's resources and enabled the airline to expand its route network, benefitting DAL. The Alaska-Virgin America merger in 2016 decreased the combined airlines' DAL service.

Geopolitical Conflicts and Threat of Terrorism

Geopolitical conflicts and acts of terrorism can disrupt air transportation. The terrorist attacks of September 11, 2001, serve as a constant reminder of the serious threat of such acts to the aviation industry. Elevated threat warnings also elevate airport security measures, resulting in more meticulous passenger screening and longer waits at security screening lines. They can result in travel advisories that discourage air travel altogether.

SECTION 4 | FINANCIAL ANALYSIS

This section presents a discussion of the framework for the financial operation of the Airport System, the components of Operation and Maintenance (O&M) Expenses, the sources of Revenues, forecasts of O&M Expenses and Revenues, and the application of Revenues to certain funds and accounts.

Framework for Airport System Financial Operations

The framework for the issuance of the General Airport Revenue Bonds and the financial operation of the Airport System is provided by the following documents:

- Project Financing Agreement
- Indenture
- Bond Resolution
- Airport Use and Lease Agreement

Each of these documents is discussed below.

Project Financing Agreement

The City and the LFAMC have negotiated and executed a Project Financing Agreement, dated as of July 1, 2015, pursuant to which the LFAMC and the City have agreed to cooperate and coordinate for the financing, design, and construction of capital projects funded by bonds. Under the provisions of the Project Financing Agreement, the LFAMC has the authority to issue bonds (referred to collectively as "Bonds" in the Project Financing Agreement) to finance capital improvements. The LFAMC and the City have agreed to certain duties and responsibilities pursuant to the Project Financing Agreement, including the following:

- LFAMC
    - Issue Bonds in the amounts necessary to finance the design and construction, and related costs, of capital improvements;
    - Deposit funds received from the City pursuant to the Project Financing Agreement into the Pledged Revenue Fund (as defined in the Indenture described later in this Section); and
    - Pay debt service on the Bonds issued to finance capital improvements (and any related reserve fund deposits, fees and expenses, and any other related costs), from payments made to the LFAMC by the City pursuant to the Project Financing Agreement.

- The City
  - Throughout the term of the Bonds, own and operate the Airport System and to charge and collect rates, fees, and revenues for the use and operation of the Airport System, in amounts sufficient to maintain the Airport;
  - Make deposits to the GARB Debt Service Fund and the GARB Debt Service Reserve Fund (pursuant to the requirements of the Indenture and the Airport Use and Lease Agreement); and
  - Pay to the LFAMC, on a monthly basis, all monies then on deposit in the GARB Debt Service Fund.

The source of funds to meet the City's obligation under the terms of the Project Financing Agreement to make payments to the LFAMC shall be limited to the Airport System Net Revenues. Such financial obligations of the City to the LFAMC shall not be payable from moneys raised or to be raised by taxation.

Indenture

Under the provisions of the "Indenture of Trust By and Between Love Field Airport Modernization Corporation and Wells Fargo Bank, National Association as Trustee," dated as of July 1, 2015 (the Indenture), the LFAMC has pledged to the Trustee the payments the LFAMC will receive from the City under the terms of the Project Financing Agreement, for the purpose of paying the debt service on bonds issued to fund capital improvements.

The Indenture establishes certain funds, and the order of priority for the application of moneys received by the LFAMC from the City into those funds[33]. Immediately upon receipt by the LFAMC of moneys from the City received under terms of the Project Financing Agreement, the LFAMC shall deposit such moneys into the Pledged Revenue Fund. Moneys in the Pledged Revenue Fund shall be held in trust by the Trustee and applied in the following order of priority:

- First, to the Debt Service Fund the amounts necessary to make the balance therein equal to the interest and principal payments due on the GARBs in the then current Fiscal Year;
- Second, to the Reserve Fund the amounts required to attain or maintain the Reserve Requirement;
- Third, to the payment of the fees and expenses of the Trustee and Paying Agent/Registrar due and owing in the then current Fiscal Year;
- Fourth, to any fund or account created for the benefit of any Subordinate Lien Obligation, under certain conditions; and

[33] All capitalized terms used in this sub-section are defined terms in the Indenture.

- Fifth, as directed by the LFAMC, to the Project Fund to pay for any services, improvements, or other Project costs agreed to by the City and the LFAMC, under certain conditions.

Bond Resolution

On June 18, 2021, the Board of Directors of the Corporation (the Board) approved a resolution (the Bond Resolution) authorizing the issuance of the Series 2021 Bonds, in an aggregate principal amount not to exceed $350.0 million. The Bond Resolution also approved the execution of a bond purchase contract and other contract documents related to the Series 2021 Bonds.

Airport Use and Lease Agreement

The Airport Use and Lease Agreement (1) governs ongoing airline operations and use of the Airport both during and after the implementation of the LFMP, (2) defines and allocates Airport gates, (3) establishes a new rates and charges methodology, (4) develops terms for the use of the Airport, (5) develops guidelines for future capital improvements at the Airport, and (6) provides other provisions that are consistent with accomplishing the terms of the Five Party Agreement. The Airport Use and Lease Agreement became effective on October 1, 2008, with a 20-year term that will expire on September 30, 2028. Three airlines are signatories to the Airport Use and Lease Agreement: Southwest, American, and United. However, as of the date of this Report, American and United no longer operate at the Airport. Delta and Alaska operate under the provisions of the Airport Use and Lease Agreement via subleases with American (Alaska) and United (Delta).

At the beginning of the term of the Airport Use and Lease Agreement, the airlines were obligated to pay fixed, negotiated terminal building rental rates and landing fee rates for their use of the then-existing facilities prior to the completion of the first major phase of the LFMP. The new rate-making methodology of the Airport Use and Lease Agreement became effective as the date of beneficial occupancy of the initial phase – completion of the first 12 gates of the new concourse – which occurred in April 2013. The new rate-making methodology established under the Airport Use and Lease Agreement is a “cost center residual cost” rate methodology, in which certain non-airline revenues are credited to the airline rate base, as described below.

The rate methodology defines the following primary cost centers:

- Airfield
- Apron Area
- Terminal Building
- Other Building and Areas
- Parking and Ground Transportation Area
- Terminal Roadways

The Airfield, Apron Area, and Terminal Building cost centers are considered the airline cost centers for the purposes of calculating and assessing airline rates and charges.

The following costs allocable to these cost centers are:

- Direct and indirect O&M Expenses
- Debt service on the Bonds and any general airport revenue bonds the City may issue in the future
- Amortization of the net cost of each capital project placed in service in the Terminal Building on or after October 1, 2008
- Additional deposits to, or replenishment of, certain reserve funds

In calculating the *Annual Terminal Building Requirement,* the following amounts are credited against the Terminal Building Cost:

- Seventy-five percent of all concession revenues generated in the Terminal Building
- One hundred percent of the nonairline terminal building space rentals
- Other ancillary Terminal Building revenues
- Interest income on the certain funds and accounts.

In addition, seventy-five percent of the net revenues generated in the Parking and Ground Transportation Area cost center are credited to the Annual Terminal Building Requirement and the Annual Airfield Requirement, with the percentage attributable to each of the two cost centers to be agreed upon annually. Currently, the City credits all of the 75 percent of the net revenues of the Parking and Ground Transportation cost center to the Terminal Building cost center. The net revenues of the Parking and Ground Transportation cost center are calculated as Parking and Ground Transportation revenues minus the following costs allocated to the Parking and Ground Transportation cost center: (1) O&M Expenses; (2) Deposits to O&M Reserve Fund; (3) Debt Service requirements; (4) amortization of City-funded assets; and (5) 50% of the net deficit of the Terminal Roadways cost center.

The net deficit in the Terminal Roadways cost center is allocated equally to the Parking and Ground Transportation cost center (50 percent) and the Terminal Building cost center (50 percent).

The average Terminal Building rental rate is then calculated by dividing the net Terminal Building Cost by the amount of airline leased space in the terminal complex.

In calculating the *Annual Apron Area Requirement,* the following amounts are credited against the Apron Area Cost:

- Apron fees charged to non-Signatory Airline users of the Apron Area
- Other ancillary Apron Area revenues, including remain overnight (RON) parking charges
- Interest income on the certain funds and accounts

The apron fee rate is then calculated by dividing the net Apron Area cost by the number of aircraft gates (20).

The *Annual Airfield Requirement* is calculated by crediting the following amounts against Total Airfield Costs:

- General aviation fuel flowage fees;
- Non-signatory Airline landing fees;
- Other ancillary Airfield revenues, if any;
- Interest income on the certain funds and accounts established pursuant to the Trust Indenture; and
- A portion of the net revenues generated in the Parking and Ground Transportation Area Cost Center (see discussion above).

The City generates surplus annual net revenues from its operation of the Airport System in the approximate amount of the sum of: (1) the net revenues of the Other Buildings & Areas cost center, (2) 25 percent of the net revenues in the Parking & Ground Transportation Area cost center, and (3) 25 percent of Terminal concession revenues, less any deficits incurred by the City in the operation of Dallas Executive Airport and the Heliport. These net revenues will flow to the credit of the Aviation Capital Fund to be used to fund future Airport System Capital Improvements and other lawful Airport System purposes.

From the commencement of the Airport Use and Lease Agreement through FY2014, funds may accumulate without limit in the Aviation Capital Fund to provide funding for the LFMP and other capital projects. Effective in FY2015, the ending balance in the Aviation Capital Fund was "capped" at $30 million (in 2015 dollars). The "cap" amount increases each year thereafter by the percent change in the Consumer Price Index (CPI).

In the annual rate settlement process, if the ending balance in the Aviation Capital Fund in a particular Fiscal Year exceeds the $30 million "cap" (as adjusted for inflation), the amount of such excess funds is to be transferred to the Revenue Fund and applied as further credits to the airlines in the final calculation of terminal rentals, apron fees and landing fees for that Fiscal Year, subject to certain limitations.

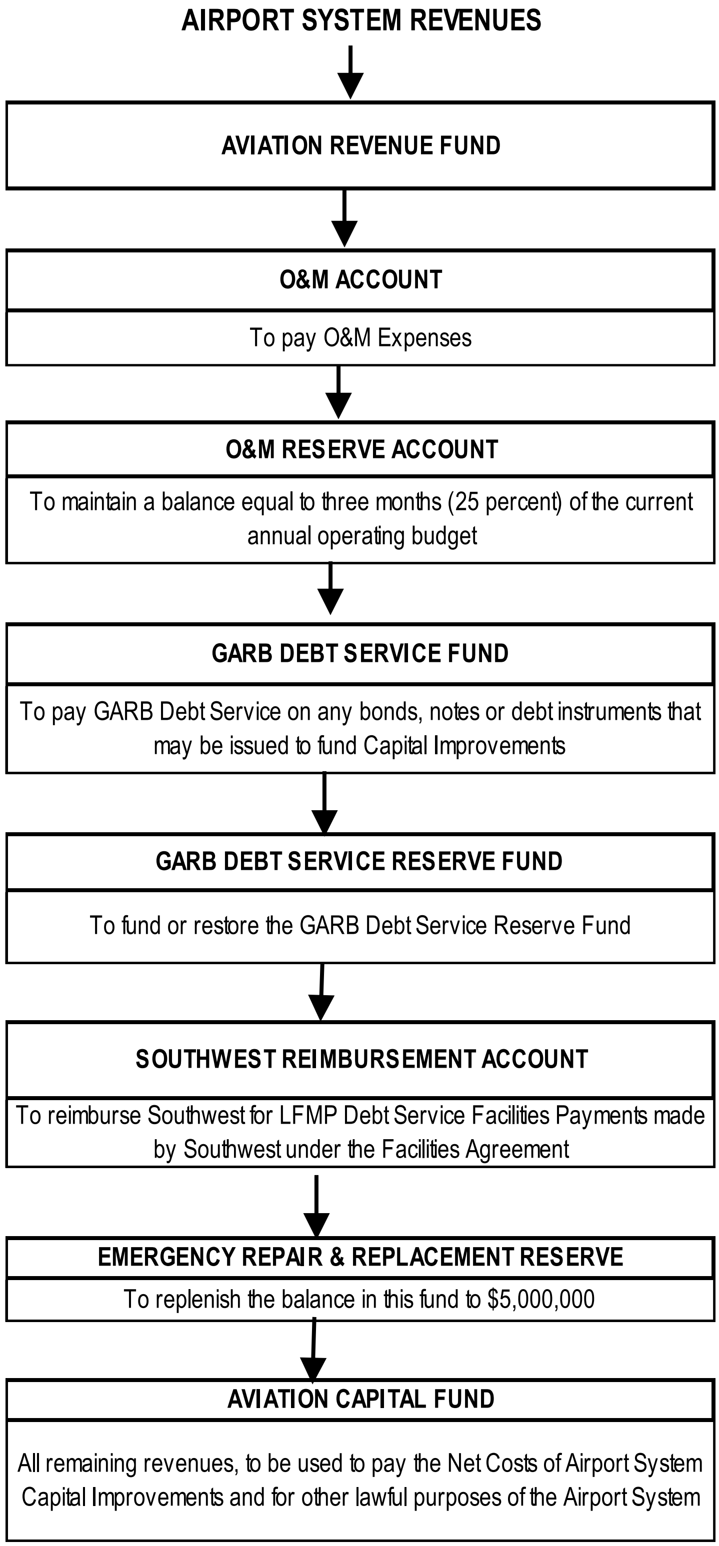
Application of Revenues

The Airport Use and Lease Agreement establishes priorities for the application of Airport System Revenues. Airport System Revenues are to be deposited into the Aviation Revenue Fund and applied to the following funds and accounts in the following order of priority:

1. O&M Account – to pay O&M Expenses.
2. O&M Reserve Account – to maintain a balance equal to three (3) months, twenty-five percent (25%), of the current annual operating budget for the Airport System.
3. GARB Debt Service Fund – to pay GARB Debt Service on any bonds, notes or debt instruments that may be issued from time to time by the City or the LFAMC to fund Airport System Capital Improvements.
4. GARB Debt Service Reserve Fund – to fund or restore the GARB Debt Service Reserve Fund established in support of GARBs.
5. Southwest Reimbursement Account – to reimburse Southwest for LFMP Debt Service Facilities Payments made by Southwest under the Facilities Agreement with the LFAMC and the City.
6. Emergency Repair & Replacement Reserve – to replenish the balance in this fund to Five Million Dollars ($5,000,000).
7. Aviation Capital Fund – all remaining revenues, to be used to pay the Net Costs of Airport System Capital Improvements and for any other lawful purposes of the Airport System.

The application of Airport System Revenues and the principal flows among the various funds and accounts pursuant to the Airport Use and Lease Agreement are illustrated on Figure 41.

Figure 41| Flow of Funds Airport Use and Lease Agreement



Debt Service

The Airport Use and Lease Agreement established priorities for the application of Airport System revenues, which are to be deposited into the Aviation Revenue Fund and applied first to pay O&M Expenses and any required deposits to the O&M Reserve Account; then to pay debt service on outstanding GARBs and any required deposits to the GARB Debt Service Reserve Fund. Only after these obligations are met are Airport System Revenues available to be applied to reimburse Southwest for Facilities Payments made by Southwest under the Special Facilities Agreement (the Obligation for Revenue Credit Agreement).

With the issuance of the Series 2021 Bonds, the Corporation's outstanding GARBs will be the Series 2015 Bonds, the Series 2017 Bonds, and the Series 2021 Bonds. The Corporation also plans to issue GARBs in 2022 (the Series 2022 Bonds), to refund the currently outstanding Series 2012 Bonds.

Table 15 summarizes (1) the debt service requirements associated with the GARBs (the Series 2015 Bonds, the Series 2017 Bonds, the Series 2021 Bonds and the planned future Series 2022 Bonds) and (2) the Obligation of Revenue Credit Agreement, providing funds to reimburse Southwest for the Facilities Payments made by Southwest under the Special Facilities Agreement.

The annual GARB debt service is scheduled to increase from approximately $19.3 million in FY2021 to $40.1 million in FY2022, reflecting the start of the debt service on the Series 2021 Bonds. Beginning in FY2023, the annual GARB debt service is estimated to increase to $53.0 million with the beginning of debt service on the planned Series 2022 Bonds. Annual GARB debt service is projected to decrease to $42.1 million in FY2029 when the Series 2022 Bonds mature.

A portion of annual PFC collections are applied to the payment of debt service. The City plans to apply the $10.0 million in annual PFCs to the annual GARB debt service requirements once the Series 2012 Bonds are refunded with the proceeds of the Series 2022 Bonds. Annual GARB debt service net of PFCs is projected to equal approximately $43.0 million in FY2023 through FY2028, and then decrease to $32.1 million in FY2029 after the Series 2022 Bonds mature.

The annual Obligation for Revenue Credit Agreement, net of PFCs, is estimated to equal approximately $18.5 million in FY 2021 and $3.7 million in FY2022, reflecting the refunding of the Series 2010 Bonds with the issuance of the Series 2021 Bonds. After the planned issuance of the Series 2022 Bonds to refund the Series 2012 Bonds, there is not projected to be any annual Obligation for Revenue Credit Agreement requirements beginning in FY2023.

Annual debt service on all bonds, net of PFCs, is projected to increase from $37.8 million in FY 2021 to $43.8 million in FY 2022, before decreasing to $43.0 million in FY2023 through FY 2028, and $32.1 million in FY 2029 after the Series 2022 Bonds mature.

Table 15| Projected Debt Service

	For Fiscal Years Ending September 30									
	Estimate	Estimate	Projected							
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
General Airport Revenue Bonds										
Series 2015 Bonds	$ 9,344,750	$ 9,345,000	$ 9,344,000	$ 9,346,250	$ 9,346,000	$ 9,342,750	$ 9,346,000	$ 9,344,750	$ 9,343,500	$ 9,346,500
Series 2017 Bonds	9,996,750	9,997,750	9,997,250	9,994,750	9,994,750	9,996,500	9,994,250	9,997,500	9,995,250	9,997,000
Series 2021 Bonds	-	20,772,740	20,776,250	20,775,750	20,774,000	20,775,000	20,772,500	20,775,500	22,772,500	22,772,500
Series 2022 Bonds	-	-	12,928,277	12,934,250	12,932,500	12,930,500	12,927,000	12,930,750	-	-
Subtotal	19,341,500	40,115,490	53,045,777	53,051,000	53,047,250	53,044,750	53,039,750	53,048,500	42,111,250	42,116,000
Less: PFCs	-	-	(10,000,000)	(10,000,000)	(10,000,000)	(10,000,000)	(10,000,000)	(10,000,000)	(10,000,000)	(10,000,000)
Total General Airport Revenue Bonds	$ 19,341,500	$ 40,115,490	$ 43,045,777	$ 43,051,000	$ 43,047,250	$ 43,044,750	$ 43,039,750	$ 43,048,500	$ 32,111,250	$ 32,116,000
Obligation for Revenue Credit Agreement										
Series 2010	$ 14,783,125	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Series 2012	13,711,000	13,712,000	-	-	-	-	-	-	-	-
Less: PFCs	(10,000,000)	(10,000,000)	-	-	-	-	-	-	-	-
Total Obligation for Revenue Credit Agreement	18,494,125	3,712,000	-	-	-	-	-	-	-	-
Total Net Debt Service	**$ 37,835,625**	**$ 43,827,490**	**$ 43,045,777**	**$ 43,051,000**	**$ 43,047,250**	**$ 43,044,750**	**$ 43,039,750**	**$ 43,048,500**	**$ 32,111,250**	**$ 32,116,000**
Net Debt Service by Cost Center										
Airfield	$ 207,139	$ 263,771	$ 255,366	$ 255,425	$ 255,387	$ 255,377	$ 255,312	$ 255,385	$ 137,597	$ 137,597
Terminal Building	14,955,716	19,044,617	18,437,756	18,442,012	18,439,290	18,438,512	18,433,845	18,439,096	9,934,652	9,934,652
Apron Area	3,080,347	3,922,516	3,797,524	3,798,400	3,797,840	3,797,680	3,796,718	3,797,800	2,046,186	2,046,186
Parking and Ground Transportation	18,607,787	19,342,750	19,341,250	19,341,000	19,340,750	19,339,250	19,340,250	19,342,250	19,338,750	19,343,500
Terminal Roadways	934,442	1,189,918	1,152,001	1,152,267	1,152,097	1,152,049	1,151,757	1,152,085	620,723	620,723
Other Buildings and Areas	50,194	63,917	61,880	61,895	61,885	61,883	61,867	61,885	33,342	33,342
Executive Airport	-	-	-	-	-	-	-	-	-	-
Heliport	-	-	-	-	-	-	-	-	-	-
Total Net Debt Service	**$ 37,835,625**	**$ 43,827,490**	**$ 43,045,777**	**$ 43,051,000**	**$ 43,047,250**	**$ 43,044,750**	**$ 43,039,750**	**$ 43,048,500**	**$ 32,111,250**	**$ 32,116,000**

Note: Annual debt service is shown based on the timing required for the monthly deposits in order to accumulate the necessary amounts for the debt service payments when due. The Series 2010 Bonds are being refunded with the Series 2021 Bonds. It is assumed that the Series 2012 Bonds will be refunded with a bond issue in 2022 (the Series 2022 Bonds).

Operation and Maintenance (O&M) Expenses

Table 16 summarizes historical O&M Expenses (FY2016 through FY2020), by expense category and by cost center, based on Airport System accounting reports that were prepared pursuant to the airline rate methodology contained in the Airport Use and Lease Agreement. These amounts differ from the expenses presented on the Airport System's annual audited financial statements, due to differences in accounting methodology and the treatment of certain expense items, as follows: (1) the accounting reports prepared for purposes of airline rates and charges consider only the Airport System's operating fund, whereas the financial statements include all Airport System funds; (2) the accounting reports prepared for purposes of airline rates and charges are on a cash accounting basis and do not include accrued items or non-cash items such as depreciation and amortization expense; and (3) the financial statements include non-budget expenses and reclassified journal entries.

O&M Expenses increased from approximately $73.9 million in FY2016 to $89.2 million in FY2019, mainly due to the increases in air traffic activity in those years. In FY2020, the Airport System's original budget was set at approximately $104.8 million. As a result of the COVID-19 pandemic, Airport management implemented a number of cost saving measures to reduce the O&M Expenses in response to the significant reduction in air traffic activity, resulting in a decrease in O&M Expenses in FY2020, to $88.7 million. The historical changes in O&M Expenses are discussed in the following subsections.

Recent Trends in O&M Expenses

Personnel Services

The Personnel Services category, which consists of Salaries & Wages and Employee Benefits, increased slightly as a percentage of total O&M Expenses, from 19.6 percent in FY2016 to 23.2 percent in FY2020. As of FY 2019, the number of full-time employees had increased to 341, mainly due to additional needs resulting from increases in passenger traffic at the Airport. In addition, Fringe Benefits increased significantly in FY2019 due to higher health insurance costs implemented by the City for all departments. Personnel Services increased slightly in FY2020, to approximately $20.6 million due to payouts to long-term City employees who retired early during the pandemic.

Utilities

Utility expenses include electricity, water, and sewer costs. Between FY2016 and FY2018, Utility expenses ranged between approximately $3.0 million and $3.2 million before decreasing to $2.7 million in FY2019 due to lower electricity rates. Utility expenses decreased further in FY2020, to $2.3 million, mainly due to decreased passenger activity. Also, there was a significant reduction in the number of Airport employees working at the Department's administrative offices due to remote working arrangements during the pandemic.

Table 16|Historical O&M Expenses

	Fiscal Years Ended September 30					CAGR
	2016	2017	2018	2019	2020	2016 - 2020
By Category						
Personnel Services						
Salaries and Wages	$ 11,517,559	$ 11,853,761	$ 13,155,181	$ 12,999,317	$ 13,683,755	4.4%
Fringe Benefits	2,998,514	3,533,162	3,811,654	6,418,944	6,886,206	23.1%
Total Personnel Services	$ 14,516,074	$ 15,386,923	$ 16,966,835	$ 19,418,261	$ 20,569,961	9.1%
Utilities	3,191,980	2,991,782	3,076,030	2,672,083	2,263,837	-8.2%
Supplies	3,554,263	5,895,873	4,405,452	5,085,741	3,831,498	1.9%
Contractual Services						
Security Services	10,366,159	11,809,056	12,621,894	12,584,800	11,768,116	3.2%
Fire and Paramedic Services	5,454,752	5,882,655	6,721,327	7,109,270	7,693,495	9.0%
Contractor Service Fees	5,776,982	6,136,427	1,536,518	4,375,772	3,610,784	-11.1%
Repairs and Maintenance	1,612,959	2,710,666	3,621,317	3,086,913	6,258,328	40.3%
Admin and Overhead Distribution	4,856,795	5,817,069	4,245,144	4,452,524	6,328,694	6.8%
Custodial Services	2,414,519	2,103,865	2,143,541	2,813,168	2,328,354	-0.9%
Rent for Parking Lots	7,638,267	8,048,469	8,747,753	9,315,673	9,361,082	5.2%
Professional Services	2,147,080	1,541,660	2,299,899	2,145,879	1,623,831	-6.7%
Other	9,553,809	7,128,060	8,894,483	9,056,573	8,002,550	-4.3%
Total Contractual Services	49,821,321	51,177,927	50,831,876	54,940,572	56,975,233	3.4%
Equipment	2,864,942	4,725,068	4,227,269	7,121,907	5,053,862	15.2%
Total O&M Expenses	$ 73,948,581	$ 80,177,572	$ 79,507,462	$ 89,238,564	$ 88,694,391	4.7%
By Cost Center						
Airfield	$ 17,633,445	$ 21,167,153	$ 19,906,512	$ 24,350,577	$ 23,263,704	7.2%
Terminal	20,525,004	21,793,360	25,223,249	29,938,906	30,261,898	10.2%
Parking and Ground Transportati	14,394,654	15,612,741	17,568,026	18,805,949	20,071,996	8.7%
Terminal Roadways	4,092,430	4,520,229	4,091,760	4,595,951	4,629,011	3.1%
Other Buildings & Areas	6,480,974	7,649,014	6,707,243	6,902,302	6,023,474	-1.8%
Executive Airport	6,489,521	5,299,530	3,764,358	3,630,158	4,129,688	-10.7%
Heliport	987,569	951,279	861,439	97,481	89,036	-45.2%
Subtotal of Direct Cost Centers	$ 70,603,597	$ 76,993,306	$ 78,122,588	$ 88,321,324	$ 88,468,807	5.8%
Administration	3,344,984	3,184,266	1,384,874	917,240	225,584	-49.0%
Total O&M Expenses	$ 73,948,581	$ 80,177,572	$ 79,507,462	$ 89,238,564	$ 88,694,391	4.7%

Supplies

Supplies expenses include fuel expenses, laundry and cleaning expenses, building supply expenses, and streets and roads supply expenses. In total, Supply expenses increased from $3.6 million in FY2016 to $5.1 million in FY2019, mainly due to increased passenger activity at the Airport. In response to the pandemic, the Department's cost savings measures resulted in a decrease in Supplies expenses in FY2020, to $3.8 million.

Contractual Services

As the largest category of O&M Expenses, the Contractual Services category represented between 61.6 percent and 67.4 percent of total O&M Expenses from FY2016 through FY2020. The main components of this category are described below:

- The Security Services category increased from approximately $10.4 million in FY2016 to $12.6 million in FY2018 and FY2019, mainly due to an increase in the number of Dallas Police officers assigned to the Airport in response to the increases in passengers (and vehicular traffic) at the Airport. In FY2020, Security Services decreased to $11.8 million as part of the Department's cost cutting measures during the pandemic.

- The increases in the costs of Fire and Paramedic Services (from approximately $5.5 million in FY2016 to $7.7 million in FY 2020) resulted from the increased number of emergency calls corresponding to the increased passenger activity at the Airport. A full-time team of paramedics is now stationed at the Airport in order to ensure that emergency situations are handled in a timely manner.

- The Contractor Service Fees category includes costs incurred for major maintenance costs, special training costs, fire alarm monitoring services, and other special contractual services. This expense category decreased from a high of $6.1 million in FY2017 to $4.4 million in FY2019 and $3.6 million in FY 2020. In the years prior to the pandemic, Department management worked to reduce costs in this category by requiring managers to record expenses to specific accounts. These expenses decreased further in FY2020 as a result of the Department's response to the pandemic.

- Repair and Maintenance expenses increased from $1.6 million in FY 2016 to $6.3 million in FY 2020. This expense category includes costs associated with major maintenance projects and maintenance contracts for key facility systems, including elevators, walkways and escalators. The cost increases reflect the requirements to properly maintain all the Airport facilities.

- The amount of Administration and Overhead Distribution fluctuated between a low of $4.2 million and a high of $6.3 million during the historical period due to staffing changes and reassignments.

- Custodial Services increased from $2.1 million in FY2017 and FY2018 to $2.8 million in FY2019 due to increased custodial needs resulting from the opening of Garage C and the addition of a law enforcement building to the custodial contract. The cost of Custodial

Services decreased to $2.3 million in FY 2020 due to the significant decrease in passenger activity at the Airport during the pandemic.

- The Parking Garage Rent category represents the cost to the Department of leasing parking lots offered to the public for remote parking. As passenger traffic increased during the year prior to the pandemic, the Department entered into lease agreements for five remote parking lots, for a cost of $9.4 million in FY2020. Due to contractual agreements, the Department was not able to reduce the cost of this category in FY2020.

- Professional Services fluctuated from FY 2016 through FY 2019, between a low of $1.5 million and a high of $2.3 million. The Department provides staff training opportunities in order to enhance staff members' industry knowledge, to benefit the operations of the Airport. This expense category decreased to $1.6 million in FY2020 as part of the Department's cost cutting measures in response to the pandemic.

- Other Contractual Services decreased from $9.5 million in FY2016 to $7.1 million in FY2017. Other Contractual Services increased to $8.9 million and $9.1 million in FY2018 and FY2019, respectively. Other Contractual Services decreased to approximately $8.0 million in FY2020 as various accounts were reduced in response to the reduced activity at the Airport.

Equipment

Equipment expenses increased from $2.9 million in FY2016 to $7.1 million in FY 2019, due to purchases of necessary equipment to maintain efficient operations at the Airport. Equipment purchases during this time period included two new fire trucks, a new snow removal machine, a new computer server, various vehicles, and pavement maintenance equipment. In FY2020, Equipment expenses decreased to $5.1 million as part of the Department's cost cutting measures in response to the pandemic.

Projections of O&M Expenses

Projections of O&M Expenses are summarized on Table 17. O&M Expenses are estimated to be $84.8 million in FY2021. The FY2021 Estimate includes approximately $10.1 million of CRRSA funds applied to the FY2021 O&M Expenses. In FY2022, O&M expenses are budgeted at $96.3 million and that includes approximately $3.6 million of CARES Act funds being applied to the expenses.

Due to the physical limitations of the terminal facilities, Airport management anticipates that future increases in O&M Expenses will be more modest, increasing in line with future inflationary increases. The projections of O&M Expenses are based on the FY2022 Budget, with the projections for subsequent years incorporating the estimated effects of future inflation and estimates for the effect of certain capital projects planned to be completed during the forecast period. Total O&M Expenses are projected to increase to $124.1 million in FY2030.

Table 17|Projected O&M Expenses

	For Fiscal Years Ending September 30									
	Estimate	Estimate	Projected							
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
By Category										
Personnel Services										
Salaries and Wages	$ 15,601,815	$ 19,804,476	$ 20,299,588	$ 20,807,078	$ 21,327,255	$ 21,860,436	$ 22,406,947	$ 22,967,120	$ 23,541,298	$ 24,129,831
Fringe Benefits	5,418,734	5,603,778	5,743,872	5,887,469	6,034,656	6,185,522	6,340,160	6,498,664	6,661,131	6,827,659
Less: CRRSA Funds	(10,055,538)	(3,607,321)	-	-	-	-	-	-	-	-
Total Personnel Services	$ 10,965,011	$ 21,800,933	$ 26,043,460	$ 26,694,547	$ 27,361,911	$ 28,045,958	$ 28,747,107	$ 29,465,785	$ 30,202,430	$ 30,957,490
Utilities	2,530,870	2,596,870	2,661,792	2,728,337	2,796,545	2,866,459	2,938,120	3,011,573	3,086,862	3,164,034
Supplies	5,450,899	5,569,737	5,708,980	5,851,705	5,997,998	6,147,947	6,301,646	6,459,187	6,620,667	6,786,184
Contractual Services										
Security Services	13,219,961	11,097,799	11,375,244	11,659,625	11,951,116	12,249,894	12,556,141	12,870,044	13,191,796	13,521,590
Fire and Paramedic Services	7,468,806	8,518,963	8,731,937	8,950,236	9,173,991	9,403,341	9,638,425	9,879,385	10,126,370	10,379,529
Contractor Service Fees	6,185,393	4,399,116	4,509,094	4,621,821	4,737,367	4,855,801	4,977,196	5,101,626	5,229,167	5,359,896
Repairs and Maintenance	8,125,331	9,048,274	9,500,688	9,975,722	10,474,508	10,998,234	11,548,145	12,125,553	12,731,830	13,368,422
Admin and Overhead Distribution	5,273,433	5,734,087	5,877,439	6,024,375	6,174,985	6,329,359	6,487,593	6,649,783	6,816,028	6,986,428
Custodial Services	2,552,060	2,802,060	2,872,112	2,943,914	3,017,512	3,092,950	3,170,274	3,249,531	3,330,769	3,414,038
Rent for Parking Lots	9,043,113	9,793,113	10,037,941	10,288,889	10,546,112	10,809,764	11,080,008	11,357,009	11,640,934	11,931,957
Professional Services	2,898,777	3,826,818	3,922,488	4,020,551	4,121,064	4,224,091	4,329,693	4,437,936	4,548,884	4,662,606
Other	9,446,504	9,014,245	9,239,601	9,470,591	9,707,356	9,950,040	10,198,791	10,453,761	10,715,105	10,982,982
Total Contractual Services	64,213,378	64,234,475	66,066,544	67,955,725	69,904,011	71,913,474	73,986,266	76,124,627	78,330,881	80,607,449
Equipment	1,684,221	2,096,787	2,149,207	2,202,937	2,258,010	2,314,461	2,372,322	2,431,630	2,492,421	2,554,731
Total O&M Expenses	$ 84,844,379	$ 96,298,802	$ 102,629,983	$ 105,433,250	$ 108,318,474	$ 111,288,299	$ 114,345,462	$ 117,492,802	$ 120,733,261	$ 124,069,888
By Cost Center										
Airfield	$ 23,058,958	$ 22,105,241	$ 24,476,747	$ 25,120,233	$ 25,782,532	$ 26,464,250	$ 27,166,017	$ 27,888,484	$ 28,632,327	$ 29,398,244
Terminal	25,989,226	38,797,490	42,959,783	44,089,182	45,251,600	46,448,102	47,679,792	48,947,813	50,253,350	51,597,632
Parking and GT	16,671,062	19,701,921	17,815,593	18,389,118	18,979,411	19,587,012	20,212,481	20,856,401	21,519,371	22,202,017
Terminal Roadways	3,698,793	3,497,377	3,872,585	3,974,393	4,079,179	4,187,037	4,298,067	4,412,372	4,530,059	4,651,238
Other Buildings & Areas	7,678,408	8,109,866	8,979,914	9,215,993	9,458,974	9,709,079	9,966,540	10,231,596	10,504,493	10,785,489
Executive Airport	6,705,965	3,743,033	4,144,595	4,253,556	4,365,701	4,481,135	4,599,964	4,722,298	4,848,251	4,977,942
Heliport	205,701	574,772	636,435	653,167	670,387	688,113	706,360	725,146	744,487	764,402
Subtotal of Direct Cost Centers	$ 84,008,111	$ 96,529,700	$ 102,885,652	$ 105,695,641	$ 108,587,783	$ 111,564,728	$ 114,629,222	$ 117,784,108	$ 121,032,337	$ 124,376,965
Administration	836,267	(230,898)	(255,669)	(262,391)	(269,309)	(276,430)	(283,760)	(291,306)	(299,076)	(307,077)
Total O&M Expenses	$ 84,844,379	$ 96,298,802	$ 102,629,983	$ 105,433,250	$ 108,318,474	$ 111,288,299	$ 114,345,462	$ 117,492,802	$ 120,733,261	$ 124,069,888

Personnel Services

Personnel Services are estimated to increase to approximately $21.0 million in FY2021 and $25.4 million in FY2022. During the pandemic, some long-term employees retired early, resulting in a number of vacant positions. In response to the strong recovery of air traffic at the Airport, the Department is filling approximately 70 vacant positions. In addition, the City increased the minimum wage for City employees, which affects certain staffing positions at the Airport. It is estimated the City will apply Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSA) funds totaling $10.1 million in FY2021 and American Rescue Plan Act of 2021 (ARPA) funds totaling $3.6 million in FY2022, towards Personnel Services expenses, resulting in net expenses of $11.0 million in FY2021 and $21.8 million in FY2022. Because Department management does not anticipate any further significant staffing increases after FY2022, this expense category is projected to increase with inflation, to $31.0 million in FY2030.

Utilities

Utilities expenses are estimated to increase to $2.5 million in FY2021 and $2.6 million in FY2022, based on anticipated usage and estimated utility rates. Utility expenses are projected to increase with inflation during the remainder of the forecast period, to approximately $3.2 million in FY2030.

Supplies

Supplies expenses are estimated to increase to approximately $5.5 million in the FY2021 and $5.6 million in FY2022, due to increased custodial supplies that are needed due to the strong recovery of passenger traffic at the Airport. Supplies expenses are projected to increase with inflation during the remainder of the forecast period, to $6.8 million in FY2030.

Contractual Services

The Contractual Services category is estimated to total $64.2 million in FY2021 and FY2022. For the remainder of the forecast period, most categories of Contractual Services are projected to increase with inflation plus other anticipated factors as appropriate. Total Contractual Services are projected to increase to $80.6 million in FY2030. The projections of the major subcategories of Contractual Services are the following:

- Security Services expenses are estimated to increase to $13.2 million in FY2021 due to one-time increases in the security contract to cover the installation of security cameras and increased security in the terminal. Security Services expenses are estimated to decrease to $11.1 million in FY2022, after the completion of the installation of the security cameras and anticipated reductions in police costs with the planned outsourcing of traffic control functions to a security company. Security Services expenses are projected to increase to $13.5 million in FY2030.

- Fire Station and Paramedic Services are estimated to increase to $7.5 million in FY2021 and $8.5 million in FY2022. This expense category is projected to increase to $10.4 million in FY2030.

- Contractor Service Fees are estimated to increase $6.2 million in FY2021 because of increased maintenance for the HVAC system to meet post-pandemic air filter requirements amid increasing passenger activity. Contractor Service Fees are estimated to decrease to $4.4 million in FY2022, due to the anticipated reduction in the HVAC system maintenance costs, partially offset by increased costs due to the first full year of the resumption of the employee shuttle operations that were suspended during the pandemic. Contractor Service Fees are projected to increase to $5.4 million in FY2030.

- Repair and Maintenance expenses are estimated to increase to approximately $8.1 million in FY2021 and $9.0 million in FY2022, mainly due to necessary Airfield and Terminal repair and maintenance projects, combined with increases in contract labor rates. Repair and Maintenance expenses are projected to increase by 5 percent per year, to $13.4 million in FY2030, to account for additional projects that may be needed to maintain all Airport facilities in proper condition for anticipated air traffic demand.

- Administration and Overhead Distribution expenses are estimated at $5.3 million in FY2021 and are budgeted to increase in FY2022 to $5.7 million. Admin and Overhead Distribution expenses are projected to increase to approximately $7.0 million in FY2030.

- Custodial Services are estimated to increase to $2.6 million in FY2021 and $2.8 million in FY2022, due to increased cleaning needs as a result of the recovery of passenger activity, as well as more stringent post-pandemic cleaning procedures. Custodial Services expenses are projected to increase to $3.4 million in FY2030.

- Parking Lot Rent expense is projected to continue throughout the forecast period, so that the Department can accommodate the remote parking needs of the Airport's passengers. This expense category is anticipated to increase to $11.9 million in FY2030.

- Professional Services expenses are estimated to increase to $2.9 million in FY2021. These expenses are budgeted to increase to $3.8 million in the FY2022 Budget. The increases are expected to occur because the environmental contracts are going to increase to the pre-pandemic levels. These expenses are projected to increase to $4.7 million in FY2030.

- Other Contractual Services are estimated at approximately $9.4 million in FY2021 and budgeted at $9.0 million in FY2022. These expenses are projected to increase to approximately $11.0 million in FY2030.

Equipment

Equipment expenses were estimated to decrease to $1.7 million in FY2021 because no new vehicles are being purchased and there are no new server contracts. Equipment expenses are anticipated to increase to $2.1 million in FY2022 due to the planned replacement of vehicles that will meet the criteria of the City's vehicle replacement protocol. Equipment expenses are projected to increase to approximately $2.6 million in FY2030.

Revenues

Historical Revenues of the Airport System are summarized on Table 18, and projected Revenues are presented on Table 19. The historical Revenues are based on Airport System accounting reports that were prepared pursuant to the airline rate methodology contained in the Airport Use and

Lease Agreement. These amounts differ from the revenues presented on the Airport System's annual audited financial statements, due to PFCs and AIP grant receipts that are not included in Revenues for purposes of airline rates and charges.

Table 18 | Historical Revenues

	Fiscal Years Ending September 30					CAGR 2016 - 2020
	2016	2017	2018	2019	2020	
Airline Revenues						
Landing Fees	$ 17,327,898	$ 21,592,250	$ 21,570,103	$ 24,658,378	$ 24,435,908	9.0%
Terminal Rentals	8,139,166	11,278,011	30,217,698	38,862,957	41,126,385	49.9%
Apron Fees	3,886,842	4,185,148	4,975,592	5,675,826	5,550,139	9.3%
Total Airline Revenues	29,353,906	37,055,408	56,763,394	69,197,161	71,112,431	24.8%
Ground Transportation						
Parking	25,225,970	25,072,778	25,066,640	29,043,364	18,544,685	-7.4%
Rental Car	10,993,089	9,870,613	10,253,924	10,554,907	7,044,956	-10.5%
TNC	1,128,495	1,761,328	2,105,415	2,490,940	1,827,217	12.8%
Other GT	1,227,111	1,021,270	963,945	744,798	1,890	-80.2%
Total GT	38,574,665	37,725,989	38,389,924	42,834,009	27,418,748	-8.2%
Terminal Building						
Food and Beverage	8,228,288	8,610,769	9,333,814	9,970,700	6,113,250	-7.2%
Retail	4,684,379	4,733,626	4,953,711	4,908,430	2,930,207	-11.1%
Advertising	1,311,456	1,434,550	1,613,190	1,634,898	1,281,721	-0.6%
Other Concession	460,288	443,407	394,220	405,167	357,045	-6.2%
Total Concession	14,684,411	15,222,351	16,294,935	16,919,195	10,682,223	-7.6%
Non-Airline/Other	1,542,682	1,741,582	2,301,640	3,163,013	2,401,995	11.7%
Total Terminal Building	16,227,093	16,963,933	18,596,576	20,082,208	13,084,218	-5.2%
Airfield and Apron Area	1,412,941	1,460,912	1,502,661	2,923,960	4,121,341	30.7%
Other Buildings and Area	8,056,209	9,455,580	9,691,810	10,774,226	10,627,432	7.2%
Other Revenues	45,068	32,772	80,993	780,888	356,595	67.7%
Interest	112,762	102,054	88,503	78,610	76,649	-9.2%
Other Bldgs/Areas/Interest	8,214,039	9,590,407	9,861,306	11,633,724	11,060,676	7.7%
Total Love Field	**$ 93,782,645**	**$ 102,796,648**	**$ 125,113,860**	**$ 146,671,063**	**$ 126,797,414**	15.0%
Executive Airport	261,951	431,270	651,327	754,407	759,768	30.5%
Total Revenue	**$ 94,044,596**	**$ 103,227,918**	**$ 125,765,187**	**$ 147,425,470**	**$ 127,557,182**	7.9%

Table 19 | Projected Revenues

	Fiscal Years Ending September 30									
	Estimate	Estimate	Projected							
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Airline Revenues										
Landing Fees	$ 21,700,546	$ 18,954,349	$ 21,470,918	$ 21,619,578	$ 21,997,991	$ 22,466,098	$ 22,945,255	$ 23,565,206	$ 22,919,532	$ 22,708,341
Terminal Rentals	42,803,526	52,820,926	47,169,588	45,821,021	46,763,462	47,710,833	46,937,566	48,023,821	40,162,401	41,357,547
Apron Fees	5,438,589	6,158,609	6,270,220	6,335,297	6,400,814	6,468,670	6,537,724	6,610,886	4,933,486	5,009,902
Total Airline Revenues	69,942,661	77,933,885	74,910,725	73,775,896	75,162,268	76,645,601	76,420,545	78,199,913	68,015,418	69,075,789
Ground Transportation										
Parking	20,999,106	26,425,425	34,698,318	37,503,405	37,844,331	38,175,298	40,950,712	41,329,583	41,720,330	42,086,151
Rental Car	8,242,428	9,705,328	10,761,374	11,027,062	11,252,486	11,478,593	11,719,181	11,960,666	12,209,576	12,455,197
TNC	1,089,443	2,163,750	2,209,780	2,239,147	2,259,502	2,279,263	2,301,148	2,322,438	2,344,395	2,364,952
Total GT	30,330,977	38,294,504	47,669,473	50,769,614	51,356,319	51,933,154	54,971,041	55,612,686	56,274,301	56,906,300
Terminal Building										
Food and Beverage	5,689,686	8,120,687	8,386,742	8,593,802	8,769,484	8,945,697	9,133,196	9,321,394	9,515,380	9,706,801
Retail	2,478,032	3,492,595	5,525,131	5,661,541	5,777,279	5,893,367	6,016,891	6,140,874	6,268,671	6,394,778
Advertising	639,988	1,420,380	1,452,339	1,485,016	1,518,429	1,552,594	1,587,527	1,623,246	1,659,769	1,697,114
Other Concession	309,300	346,845	358,208	367,052	374,556	382,082	390,090	398,128	406,414	414,590
Total Concession	9,117,005	13,380,507	15,722,420	16,107,412	16,439,748	16,773,739	17,127,704	17,483,644	17,850,234	18,213,283
Non-Airline/Other	2,185,056	1,227,736	1,255,360	1,283,606	1,312,487	1,342,018	1,372,213	1,403,088	1,434,657	1,466,937
Total Terminal Building	11,302,061	14,608,243	16,977,780	17,391,018	17,752,234	18,115,757	18,499,917	18,886,732	19,284,891	19,680,220
Airfield and Apron Area	4,078,759	5,600,000	5,795,543	5,793,329	5,830,375	5,863,423	5,891,151	5,924,713	5,953,068	5,985,247
Other Bldgs/Areas/Interest	10,567,719	11,421,328	11,678,076	11,940,596	12,209,018	12,483,475	12,764,102	13,051,038	13,344,425	13,644,408
Total Love Field	**$126,222,177**	**$147,857,959**	**$157,031,596**	**$159,670,454**	**$162,310,215**	**$165,041,409**	**$168,546,756**	**$171,675,082**	**$162,872,103**	**$165,291,965**
Dallas Executive Airport	856,468	925,275	946,093	967,380	989,146	1,011,402	1,034,159	1,057,427	1,081,220	1,105,547
Total Revenues	**$127,078,645**	**$148,783,234**	**$157,977,690**	**$160,637,834**	**$163,299,361**	**$166,052,812**	**$169,580,915**	**$172,732,509**	**$163,953,323**	**$166,397,512**

The major sources of Revenues, recent historical trends in Revenues, and the basis for the projections of Revenues, are discussed below.

Airline Revenues

Charges for the airline cost centers are calculated based on the rate methodology specified in the Airport Use and Lease Agreement, as described earlier in this Section. Airline revenues increased significantly in recent years, from $29.4 million in FY2016 to $71.1 million in FY2020, mainly due to the increases in O&M Expenses, described above, and the increases in annual debt service resulting from the issuance of the Series 2015 Bonds and the Series 2017 Bonds. In FY2020, the City applied approximately $10.9 million of CARES Act funds to the FY2020 annual debt service.

In FY2021, the City is anticipating applying approximately $10.1 million of CARES Act funds to the O&M Expenses, which will result in FY2021 airline revenues decreasing to $69.9 million. Total airline revenues are estimated to increase to $77.9 million in FY2022, due to the estimated increases in O&M Expenses, which is partially offset by the expected use of $3.6 million of CARES Act funds. Total airline revenues are projected to decrease to approximately $74.9 million in FY2023, increase to $78.2 million in FY2028, before decreasing to $69.1 million in FY2030. The factors underlying these projections are discussed in the following paragraphs.

The costs allocable to the Terminal Building, Airfield, and Apron cost centers are:

- Direct and indirect O&M Expenses
- Debt service on the Bonds and any general airport revenue bonds the City or the LFAMC may issue in the future
- Amortization of the net cost of each capital project placed in service in the Terminal Building on or after October 1, 2008
- Additional deposits to, or replenishment of, certain reserve funds

Certain credits are deducted from the costs for each of the airline cost centers, as described earlier in this Section.

The projected airline revenues and rates, based on the airline rate methodology, are summarized on Tables 20 and 21. Incorporated into the calculations are the projected revenues and expenses of the Terminal Roadways and Parking & Ground Transportation cost centers, as presented on Table 22. The net deficit in the Terminal Roadways cost center is allocated equally to the Parking and Ground Transportation cost center (50 percent) and the Terminal Building cost center (50 percent). The net revenue of the Parking and Ground Transportation cost center is allocated as follows: 75 percent to the Terminal Building cost center and 25 percent retained by the City.

Table 20|Projected Terminal Rental Rate

	Fiscal Years Ending September 30									
	Estimate	Estimate	Projected							
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
O&M Expenses	$ 26,298,678	$ 38,694,980	$ 42,846,730	$ 43,973,157	$ 45,132,516	$ 46,325,869	$ 47,554,318	$ 48,819,002	$ 50,121,103	$ 51,461,848
Deposit to O&M Reserve	-	-	1,037,938	281,607	289,840	298,338	307,112	316,171	325,525	335,186
Debt Service	14,955,716	19,044,617	18,437,756	18,442,012	18,439,290	18,438,512	18,433,845	18,439,096	9,934,652	9,934,652
Amortization	1,662,581	1,662,581	1,658,491	1,658,491	1,618,768	1,527,359	1,527,359	1,527,359	1,527,359	1,527,359
Share of Terminal Roadways Net Deficit	2,879,281	2,365,300	2,580,503	2,597,329	2,649,928	2,704,134	2,759,814	2,817,452	2,610,947	2,671,881
Subtotal - Terminal Building Requireme	$ 45,796,256	$ 61,767,478	$ 66,561,417	$ 66,952,595	$ 68,130,341	$ 69,294,213	$ 70,582,449	$ 71,919,080	$ 64,519,588	$ 65,930,927
Less: Credits										
Concession Revenues - 75%	6,837,754	10,035,380	11,791,815	12,080,559	12,329,811	12,580,305	12,845,778	13,112,733	13,387,675	13,659,962
Other Terminal Nonairline Revenues	2,185,056	1,227,736	1,255,360	1,283,606	1,312,487	1,342,018	1,372,213	1,403,088	1,434,657	1,466,937
Interest Income	34,363	41,186	41,841	42,678	43,531	44,402	45,290	46,196	47,120	48,062
Subtotal Terminal Building Credits	9,057,173	11,304,302	13,089,016	13,406,842	13,685,829	13,966,724	14,263,281	14,562,016	14,869,452	15,174,962
Revenue Sharing - Parking & GT	(6,064,443)	(2,357,750)	6,302,813	7,724,732	7,681,051	7,616,655	9,381,601	9,333,243	9,487,735	9,398,418
Total Credits	2,992,730	8,946,551	19,391,829	21,131,574	21,366,879	21,583,379	23,644,882	23,895,259	24,357,187	24,573,380
Net Requirement	$ 42,803,526	$ 52,820,926	$ 47,169,588	$ 45,821,021	$ 46,763,462	$ 47,710,833	$ 46,937,566	$ 48,023,821	$ 40,162,401	$ 41,357,547
Airline Rented Space (Sq. Ft.)	211,847	211,847	211,847	211,847	211,847	211,847	211,847	211,847	211,847	211,847
Terminal Rental Rate (per Sq. Ft.)	**$ 202.05**	**$ 249.34**	**$ 222.66**	**$ 216.29**	**$ 220.74**	**$ 225.21**	**$ 221.56**	**$ 226.69**	**$ 189.58**	**$ 195.22**

Table 21|Projected Landing Fee Rate and Apron Fee Rate

	Fiscal Years Ending September 30									
	Estimate	Estimate	Projected							
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Airfield Requirement										
O&M Expenses	$ 23,276,000	$ 22,054,521	$ 24,420,543	$ 25,062,551	$ 25,723,329	$ 26,403,483	$ 27,103,638	$ 27,824,446	$ 28,566,581	$ 29,330,740
Less: O&M Expenses for Apron	(2,327,600)	(2,205,452)	(2,442,054)	(2,506,255)	(2,572,333)	(2,640,348)	(2,710,364)	(2,782,445)	(2,856,658)	(2,933,074)
Deposit to O&M Reserve	-	-	591,506	160,502	165,194	170,038	175,039	180,202	185,534	191,040
Debt Service	207,139	263,771	255,366	255,425	255,387	255,377	255,312	255,385	137,597	137,597
Amortization	4,632,898	4,446,901	4,446,901	4,446,901	4,263,430	4,148,046	4,020,296	4,020,296	2,847,972	1,976,180
Subtotal - Airfield Requirement	$ 25,788,437	$ 24,559,742	$ 27,272,262	$ 27,419,125	$ 27,835,008	$ 28,336,595	$ 28,843,922	$ 29,497,885	$ 28,881,025	$ 28,702,482
Less: Credits										
GA Landing Fees	3,203,765	4,973,435	5,147,958	5,145,253	5,177,713	5,206,573	5,230,649	5,259,935	5,284,538	5,312,550
Airfield Nonairline Revenues	859,994	611,565	632,585	633,076	637,663	641,850	645,502	649,778	653,530	657,697
Interest Income	24,132	20,393	20,801	21,217	21,641	22,074	22,516	22,966	23,425	23,894
Total Credits	$ 4,087,891	$ 5,605,393	$ 5,801,344	$ 5,799,547	$ 5,837,017	$ 5,870,497	$ 5,898,667	$ 5,932,679	$ 5,961,493	$ 5,994,141
Net Requirement	$ 21,700,546	$ 18,954,349	$ 21,470,918	$ 21,619,578	$ 21,997,991	$ 22,466,098	$ 22,945,255	$ 23,565,206	$ 22,919,532	$ 22,708,341
Landed Weight (in 1,000 lbs.)	7,487,000	9,441,322	9,629,067	9,755,698	9,852,467	9,942,466	10,023,505	10,115,100	10,198,214	10,284,932
Landing Fee	$ 2.90	$ 2.01	$ 2.23	$ 2.22	$ 2.23	$ 2.26	$ 2.29	$ 2.33	$ 2.25	$ 2.21
Apron Requirement										
O&M Expenses (10% of Airfield)	$ 2,327,600	$ 2,205,452	$ 2,442,054	$ 2,506,255	$ 2,572,333	$ 2,640,348	$ 2,710,364	$ 2,782,445	$ 2,856,658	$ 2,933,074
Debt Service	3,080,347	3,922,516	3,797,524	3,798,400	3,797,840	3,797,680	3,796,718	3,797,800	2,046,186	2,046,186
Amortization	45,642	45,642	45,642	45,642	45,642	45,642	45,642	45,642	45,642	45,642
Subtotal - Airfield Requirement	$ 5,453,589	$ 6,173,609	$ 6,285,220	$ 6,350,297	$ 6,415,814	$ 6,483,670	$ 6,552,724	$ 6,625,886	$ 4,948,486	$ 5,024,902
Less: RON Charges	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Net Requirement	$ 5,438,589	$ 6,158,609	$ 6,270,220	$ 6,335,297	$ 6,400,814	$ 6,468,670	$ 6,537,724	$ 6,610,886	$ 4,933,486	$ 5,009,902
Number of Gates	20	20	20	20	20	20	20	20	20	20
Required Apron Fee (per Gate)	$ 271,929	$ 307,930	$ 313,511	$ 316,765	$ 320,041	$ 323,433	$ 326,886	$ 330,544	$ 246,674	$ 250,495

Table 22|Projected Net Revenues or Deficit in Terminal Roadways and Parking & Ground Transportation Cost Centers

	For Fiscal Years Ending September 30									
	Estimate	Estimate	Projected							
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Terminal Roadways										
O&M Expenses	$ 3,717,209	$ 3,493,193	$ 3,867,944	$ 3,969,631	$ 4,074,291	$ 4,182,020	$ 4,292,917	$ 4,407,085	$ 4,524,631	$ 4,645,665
Deposit to O&M Reserve Fund	-	-	93,688	25,422	26,165	26,932	27,724	28,542	29,386	30,259
Debt Service	934,442	1,189,918	1,152,001	1,152,267	1,152,097	1,152,049	1,151,757	1,152,085	620,723	620,723
Amortization	1,108,913	49,089	49,089	49,089	49,089	49,089	49,089	49,089	49,089	49,089
Total Costs	$ 5,760,564	$ 4,732,200	$ 5,162,722	$ 5,196,409	$ 5,301,642	$ 5,410,090	$ 5,521,487	$ 5,636,801	$ 5,223,829	$ 5,345,735
Less: Interest	2,002	1,599	1,717	1,752	1,787	1,822	1,859	1,896	1,934	1,973
Terminal Roadways Net Deficit	$ 5,758,562	$ 4,730,600	$ 5,161,005	$ 5,194,657	$ 5,299,856	$ 5,408,267	$ 5,519,628	$ 5,634,905	$ 5,221,895	$ 5,343,762
Allocation of Terminal Roadways Net Deficit										
Terminal Building	$ 2,879,281	$ 2,365,300	$ 2,580,503	$ 2,597,329	$ 2,649,928	$ 2,704,134	$ 2,759,814	$ 2,817,452	$ 2,610,947	$ 2,671,881
Parking & Ground Transportation	2,879,281	2,365,300	2,580,503	2,597,329	2,649,928	2,704,134	2,759,814	2,817,452	2,610,947	2,671,881
Terminal Roadways Net Deficit	$ 5,758,562	$ 4,730,600	$ 5,161,005	$ 5,194,657	$ 5,299,856	$ 5,408,267	$ 5,519,628	$ 5,634,905	$ 5,221,895	$ 5,343,762
Parking and Ground Transportation										
Revenues	$ 30,330,977	$ 38,294,504	$ 47,669,473	$ 50,769,614	$ 51,356,319	$ 51,933,154	$ 54,971,041	$ 55,612,686	$ 56,274,301	$ 56,906,300
Interest	20,240	19,593	20,069	20,470	20,880	21,297	21,723	22,158	22,601	23,053
Total Revenues for Cost Center	$ 30,351,216	$ 38,314,097	$ 47,689,542	$ 50,790,085	$ 51,377,199	$ 51,954,451	$ 54,992,764	$ 55,634,844	$ 56,296,902	$ 56,929,353
Less:										
O&M Expenses	16,853,073	19,653,174	17,761,368	18,333,467	18,922,292	19,528,383	20,152,298	20,794,617	21,455,939	22,136,888
Deposit to O&M Reserve Fund	-	-	(472,952)	143,025	147,206	151,523	155,979	160,580	165,331	170,237
Debt Service	18,607,787	19,342,750	19,341,250	19,341,000	19,340,750	19,339,250	19,340,250	19,342,250	19,338,750	19,343,500
Amortization	97,000	96,540	75,622	75,622	75,622	75,622	75,622	75,622	75,622	75,622
Share of Terminal Roadways Net Defic	2,879,281	2,365,300	2,580,503	2,597,329	2,649,928	2,704,134	2,759,814	2,817,452	2,610,947	2,671,881
Total Deductions	38,437,141	41,457,764	39,285,791	40,490,442	41,135,798	41,798,911	42,483,963	43,190,521	43,646,589	44,398,129
Net Revenue	$ (8,085,924)	$ (3,143,667)	$ 8,403,751	$ 10,299,642	$ 10,241,401	$ 10,155,540	$ 12,508,801	$ 12,444,323	$ 12,650,313	$ 12,531,224
Allocation of Net Revenue										
Terminal Building @ 75%	$ (6,064,443)	$ (2,357,750)	$ 6,302,813	$ 7,724,732	$ 7,681,051	$ 7,616,655	$ 9,381,601	$ 9,333,243	$ 9,487,735	$ 9,398,418
City Share @ 25%	(2,021,481)	(785,917)	2,100,938	2,574,911	2,560,350	2,538,885	3,127,200	3,111,081	3,162,578	3,132,806
Net Revenue	$ (8,085,924)	$ (3,143,667)	$ 8,403,751	$ 10,299,642	$ 10,241,401	$ 10,155,540	$ 12,508,801	$ 12,444,323	$ 12,650,313	$ 12,531,224

The Terminal Building rental rate is projected to increase from $202.05 in FY2021 to $249.340 in FY2022 due to the estimated increase in O&M Expenses. The Terminal rental rate is projected to decrease to $222.66 in FY2023 and $216.29 in FY2024, mainly due to the projected increase in Ground Transportation revenue, which increases the credits that reduce the Terminal Net Requirement. During the remainder of the forecast period, the Terminal rental rate is projected to change based on changes in the various elements in the calculation, to reach a high of $226.69 in FY2028 before decreasing to $189.58 in FY2029, after the Series 2022 Bonds mature.

The landing fee rate is projected to decrease from $2.90 in FY2021 to $2.01 in FY2022, mainly due to projected higher commercial aircraft landed weight and increased General Aviation (GA) Landing Fee revenue, which is a credit that decreases the Net Requirement. The landing fee rate is projected to increase to $2.33 in FY2028 as a result of projected increases in O&M Expenses. the landing fee rate is projected to decrease to $2.25 in FY2029 and $2.21 in FY2030 as some Airfield assets become fully amortized, resulting in lower amortization charges in those years.

The Apron fee rate is projected to increase from $271,929 in FY2021 to $307,930 in FY2022 due to an increase in debt service with the anticipated refunding of the Series 2012 Bonds. For the remainder of the forecast period, the Apron fee rate is projected to increase to $330,544 in FY2028, due to projected increases in O&M Expenses, before decreasing to $246,764 in FY2029 and $250,495 in FY2030, after the Series 2022 Bonds mature.

Ground Transportation Revenues

Parking Concession Revenue

Parking revenue decreased from $25.2 million in FY2016 to $25.1 million in FY2017 and FY2018. In FY2019, parking revenue increased to $29.0 million, mainly due to changes in the parking rates, which stimulated demand, and increases in air traffic activity. As a result of the reduced air traffic and passenger activity, parking revenue decreased to $18.5 million in FY2020.

Parking revenue has been recovering in FY2021, as passenger traffic has been increasing. Parking revenue is estimated to reach approximately $21.0 million in FY2021, and it is projected to continue to increase in FY2022, to $26.4 million. The City is planning to increase parking rates by $1 in all lots in FY2024 and again in FY2027, as shown on Table 23. Parking revenue is projected based on the assumed parking exits per O&D enplanement and the average parking revenue per exit for the past 12 months, plus a factor for the planned increase in parking rates. Parking revenue is projected to increase from approximately $26.4 million in FY2022 to $42.1 million in FY2030.

Table 23|Current and Proposed Parking Rates

Parking Rates		Current Rates	FY2024 Proposed Rates	FY2027 Proposed Rates
Garage A	All Levels	$15	$16	$17
Garage B	Covered	$9	$10	$11
	Roof - Uncovered	$7	$8	$9
Garage C	Covered	$15	$16	$17
	Roof - Uncovered	$13	$14	$15
	Dallas Mavericks - 2nd Level	$15	$16	$17
	Premium - 3rd Level	$25	$26	$27
Valet		$26	$27	$28

Rental Car Concession Revenue

The following nine rental car brands serve the DAL market: ACE, Alamo, Avis, Budget, Dollar, Enterprise, Hertz, National, and Thrifty. The rental car companies pay to the City a concession fee of 10% of their reported gross revenues for their operations at the Airport.

Rental car concessions revenue decreased from approximately $11.0 million in FY2016 to between $9.9 million in FY2017 and $10.6 million in FY2019. The rental car companies' gross revenue on a per enplanement basis decreased from $14.02 in FY2016 to $12.64 in FY2019, likely due increased competition form Transportation Network Companies (TNCs). In FY2020, rental car concessions revenue decreased to $7.0 million, with the reduced passenger activity, but the companies' gross revenue on a per enplanement basis increased to $13.88 – likely due to a shift in passenger preference during the pandemic away from TNCs to rental cars.

Rental car concession revenue is estimated to recover to approximately $8.2 million in FY2021 and $9.7 million in FY2022, as passenger activity increases. For FY2023 and subsequent years, rental car concession revenue is projected based on anticipated trends in rental car gross revenues per enplanement (assumed to increase with inflation), applied to forecast increases in passenger activity, as presented in Section 3. Total rental car concession revenue is project to increase to $12.5 million in FY2030.

Transportation Network Company Revenue

The TNCs, which began officially operating at the Airport on September 1, 2017, pay to the Airport trip fees of $2.50 per pick up and drop off. TNC revenues increased significantly more than enplanement increases during the last few years, as this mode of transportation became more accepted and more common. TNC revenues grew by an average of 30.2 percent per year, from $1.1 million in FY2016 to $2.5 million in FY2019. TNC revenues decreased to $1.8 million in FY 2020 as a result of the reduction in air traffic. The Airport estimated FY2021 TNC revenues at approximately $1.1 million. TNC revenues are estimated to continue recovering in FY2022 and increase to $2.2 million. TNC revenues are projected to increase at the rate of the forecast enplanement increases, from to $2.4 million in FY2030.

Terminal Building Revenues

Terminal Concessions

Terminal concessions consist of food and beverage, retail (news/gifts and specialty shops), advertising, and other miscellaneous concessions.

The City has entered into food and beverage concession agreements with several concessionaires, for the operation of food and beverage concessions in the terminal. Under the terms of the agreements, the concessionaires pay to the City concession fees ranging between 11% and 20% of the concessionaires' gross sales, depending on the category of food and beverages, subject to minimum annual guarantees that apply to the various concession locations.

The City has entered into retail concession agreements with several operators, for the operation of gift/news and other retail concessions in the terminal. The retail concessionaires pay to the City concession fees ranging between 11% and 20% of the concessionaires' gross sales, depending on the category of merchandise sold, subject to minimum annual guarantees that apply to the various retail concession locations.

Advertising display services in various locations at the Airport and at Executive Airport are provided through an advertising concession contract between the City and Corey S/W Joint Venture d/b/a Corey Airport Services. Advertising display areas include locations on interior and exterior spaces at the Airport's terminal and the terminal at Executive Airport; locations at the DAL parking facilities; locations on the roadways at adjacent medians at the DAL and at Executive Airport; and locations at the Heliport. The concessionaire pays to the City the greater of percentage fees based on the concessionaire's gross revenues, or a minimum annual guarantee that increases each year of the contract. Advertising concession revenues are projected to increase with general inflation trends and increases in the percentage fee rates scheduled in the concession contract.

Other terminal concessions include baggage cart rentals, automated teller machines, shoeshine, and other miscellaneous concessionaires.

Total terminal concession revenue increased by an average of 4.8 percent per year from approximately $14.7 million in FY2016 to $16.9 million in FY2019. Total terminal concession revenue decreased to approximately $10.7 million in FY2020 as a result of the reduced passenger activity. Total terminal concession revenue is estimated to decrease to approximately $9.1 million in FY2021 before increasing to $13.4 million in FY2022 as a result of the projected increase in passenger activity. In FY2023 and subsequent years, terminal concession revenue projections are based on the estimated FY2022 revenue per enplanement applied to forecast enplanements and inflation, where appropriate. Total terminal concession revenue is projected to increase from approximately $15.7 million in FY2023 to $18.2 million in FY2030.

Non-airline Terminal Rentals and Other Charges

Office and storage space in the existing terminal building complex is leased to various non-airline tenants, including the rental car companies, the FAA, the Transportation Security Administration (TSA), cell phone providers, and others. This revenue category also includes electricity reimbursements from various tenants in the terminal building, and security charges paid by terminal building tenants. Non-airline terminal rentals revenue fluctuated during the historical period. Non-airline terminal rentals revenue increased from $1.5 million in FY2016 to $3.2 million in FY2019 before decreasing to $2.4 million in FY2020. Non-airline terminal rentals revenue is estimated to decrease to approximately $2.2 million in FY2021 and $1.2 million in FY2022. For FY2023 and subsequent years, this revenue category is projected to increase at the rate of inflation, to $1.5 million in FY2030.

Airfield and Apron Revenues

Airfield and Apron fees consist mainly of GA landing fees, fuel flowage fees, unscheduled landing fees and remain overnight (RON) aircraft parking charges. Historically, GA users of the airfield paid a fuel flowage fee of $0.07 per gallon of fuel. Beginning in FY2019, the Airport began charging a GA landing fee. As a result, the GA users were no longer charged the fuel flowage fees. Revenues from these sources increased from approximately $1.4 million in FY2016 to $4.1 million in FY2020 as a result of the new GA landing fee. These revenues are estimated to increase from $4.1 million in FY2021 to $5.6 million in FY2022, mainly due to projected increases in GA aircraft activity, which are anticipated to result in increased GA landing fee revenue. Airfield and Apron fees are projected to increase to approximately $6.0 million in FY2030.

Other Buildings and Areas; Other Revenues; Interest Revenues

The Airport generates rentals from leases for buildings and land leased for various types of uses, including: facilities operated by Fixed Based Operators (FBOs), airline support facilities, aviation support facilities, rental car service areas, and concession support facilities. The lease terms vary, from month-to-month or other short-term durations to long term leases with and without options to renew, and many of the leases include escalation clauses. Interest income is generated on the investment of balances in various Airport System funds and accounts. These revenue categories increased from approximately $8.2 million in FY2016 to $11.1 million in FY2020, and are estimated to increase to $11.4 million by FY2022. These revenue categories are projected to increase with inflation as rate adjustment provisions in the various leases are implemented, to approximately $13.6 million in FY2030.

Dallas Executive Airport

Revenues generated by the DEA include building and ground rentals from leases for buildings and land lease for various types of uses including facilities operated by FBOs, aviation support facilities, the FAA, the Dallas Police Department, a fuel farm, and other facilities. Building and ground rentals are received by the City for a number of categories of building space and land at the DEA, including office space, improved ground, unimproved ground, and hangars. Many of the leases include escalation clauses. Revenues at the DEA increased from approximately $262,000 in FY2016 to $760,000 in FY2020, and they are estimated to increase to approximately $856,000 in FY2021 and $925,000 in FY2022. Throughout the remainder of the forecast period, revenues are projected to increase with inflation and rate adjustment provisions in the various leases, to $1.1 million in FY2030.

Application of Revenues

Table 24 presents the projected application of Airport System Revenues pursuant to the provisions of the Airport Use and Lease Agreement. Revenues are first applied to pay O&M Expenses, and then to maintain the required balance in the O&M Reserve Account. Remaining Revenues (Net Revenues) are applied to pay debt service. Any remaining Net Revenues are then applied to make transfers to the Southwest Holding Account to reimburse Southwest Airlines for debt service payments on the Series 2010 Bonds and the Series 2012 Bonds. All remaining Net Revenues are deposited into the Aviation Capital Fund to be used to pay the net costs of future capital improvements and for any other lawful Airport System purposes.

As indicated on Table 24, total Airport System Revenues are forecast to be sufficient to make all required payments and transfers to various funds and accounts as provided for in the Airport Use and Lease Agreement. Revenues are also forecast to be sufficient to provide for annual transfers to the Aviation Capital Fund ranging from approximately $9.4 million to $12.4 million during the forecast period, with a projected deposit of $9.4 million in FY2030.

Table 24 also shows the calculation of annual debt service coverage on GARBs, which. is projected to be at least 1.25 times annual debt service throughout the forecast period. Section 3.02 of the Indenture requires that, in order for the Corporation to issue additional Parity Bonds (after the first $250.0 million in GARBs issued) the Corporation must demonstrate that, in each of the first three fiscal years following issuance of the Additional Parity Bonds, Net Revenues are projected to be at least 1.25 times Average Annual Debt Service on all Parity Bonds, including the debt service requirements of Additional Parity Bonds. During FY2022, FY2023, and FY2024 debt service coverage (based on annual debt service) is projected to be 1.31, 1.25, and 1.27, respectively. Debt service coverage based on Average Annual Debt Service is projected to be 1.25 in each of those three years.

Table 24 | Projected Application of Revenues

		Fiscal Years Ending September 30									
		Estimate 2021	Estimate 2022	2023	2024	2025	2026	2027	2028	2029	2030
Total Airport System Revenues	[A]	$ 127,078,645	$ 148,783,234	$ 157,977,690	$ 160,637,834	$ 163,299,361	$ 166,052,812	$ 169,580,915	$ 172,732,509	$ 163,953,323	$ 166,397,512
O&M Expenses [1]	[B]	84,844,379	96,298,802	102,629,983	105,433,250	108,318,474	111,288,299	114,345,462	117,492,802	120,733,261	124,069,888
Deposit to O&M Reserve	[C]	-	-	1,582,795	700,817	721,306	742,456	764,291	786,835	810,115	834,157
Net Revenues	[A-B-C=D]	$ 42,234,266	$ 52,484,432	$ 53,764,912	$ 54,503,768	$ 54,259,581	$ 54,022,057	$ 54,471,162	$ 54,452,872	$ 42,409,947	$ 41,493,467
GARB Debt Service											
Series 2015		9,344,750	9,344,000	9,344,000	9,346,250	9,346,000	9,342,750	9,346,000	9,344,750	9,343,500	9,346,500
Series 2017		9,996,750	9,997,250	9,997,250	9,994,750	9,994,750	9,996,500	9,994,250	9,997,500	9,995,250	9,997,000
Series 2021		-	20,772,740	20,776,250	20,775,750	20,774,000	20,775,000	20,772,500	20,775,500	22,772,500	22,772,500
Series 2022		-	-	12,928,277	12,934,250	12,932,500	12,930,500	12,927,000	12,930,750	-	-
PFCs Applied to Debt Service		-	-	(10,000,000)	(10,000,000)	(10,000,000)	(10,000,000)	(10,000,000)	(10,000,000)	(10,000,000)	(10,000,000)
GARB Debt Service net of PFCs	[E]	19,341,500	40,113,990	43,045,777	43,051,000	43,047,250	43,044,750	43,039,750	43,048,500	32,111,250	32,116,000
Remaining Net Revenues	[D-E=F]	$ 22,892,766	$ 12,370,442	$ 10,719,135	$ 11,452,768	$ 11,212,331	$ 10,977,307	$ 11,431,412	$ 11,404,372	$ 10,298,697	$ 9,377,467
Transfer to Southwest Holding Account	[G]	18,494,125	3,712,000	-	-	-	-	-	-	-	-
Replenishment of Emergency Reserve	[H]	-		-	-	-	-	-	-	-	-
Transfer to Capital Account	[G-H=I]	$ 4,398,641	$ 8,658,442	$ 10,719,135	$ 11,452,768	$ 11,212,331	$ 10,977,307	$ 11,431,412	$ 11,404,372	$ 10,298,697	$ 9,377,467
Debt Service Coverage on GARBs	[E/D]	2.18	1.31	1.25	1.27	1.26	1.26	1.27	1.26	1.32	1.29

[1] O&M Expenses for FY2021 and FY2022 are shown net of CRRSA and ARPA funds applied.

Airline Cost per Revenue Enplaned Passenger

Table 25 shows projected airline cost per enplaned passenger (CPE) for each year of the forecast period. The projected changes in the airline cost per enplanement reflect the various factors that have been discussed previously in this Section.

The CPE is estimated to decrease from $12.34 in FY2021 to $9.17 in FY2022, $8.63 in FY2023, and $8.39 in FY 2024, primarily due to the recovery of passenger traffic in the next few years and the associated increases in Parking revenue – which increase the credits to the terminal rental rate calculation and thereby reduce airline terminal rentals. During subsequent years, the CPE is projected to increase modestly to $8.58 in FY2028. The CPE is then projected to decrease to $7.39 in FY2029 and $7.44 in FY2030 after the Series 2022 Bonds mature. Based on our knowledge of comparable airports and our experience in providing financial consulting services to a variety of airports, the projected CPE level for DAL appears to be reasonable in comparison with other similar sized airports. As the dominant carrier at the Airport, has direct control over its future utilization of the Airport through its scheduling decisions and, to a considerable extent, should be able to maintain future traffic levels to achieve the forecasts of air traffic activity presented in this Report.

Sensitivity Analysis

The financial projections presented above relate to the base enplanement forecast presented in Section 3. We also prepared financial projections based on the low enplanement forecast scenarios. The key results of the sensitivity analysis are presented on Table 26. Under the low enplanement forecast, the airline CPE is projected to equal $8.03 in FY2030, and the annual deposit to the Aviation Capital Fund is projected to be $8.8 million in FY2030. The Airport is projected to exceed the minimum debt service coverage requirement during the forecast period, with debt service coverage projected to be no less than 1.25 times debt service under the low enplanement scenario.

Table 25| Projected Airline Cost per Enplanement

	Fiscal Years Ending September 30									
	Estimate	Estimate	Projected							
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Landing Fees	$ 21,700,546	$ 18,954,349	$ 21,470,918	$ 21,619,578	$ 21,997,991	$ 22,466,098	$ 22,945,255	$ 23,565,206	$ 22,919,532	$ 22,708,341
Terminal Rentals	42,803,526	52,820,926	47,169,588	45,821,021	46,763,462	47,710,833	46,937,566	48,023,821	40,162,401	41,357,547
Apron Fees	5,438,589	6,158,609	6,270,220	6,335,297	6,400,814	6,468,670	6,537,724	6,610,886	4,933,486	5,009,902
Total Airline Revenues	$ 69,942,661	$ 77,933,885	$ 74,910,725	$ 73,775,896	$ 75,162,268	$ 76,645,601	$ 76,420,545	$ 78,199,913	$ 68,015,418	$ 69,075,789
Enplanements	5,666,392	8,495,052	8,675,770	8,791,067	8,870,982	8,948,563	9,034,485	9,118,071	9,204,277	9,284,984
Cost per Enplanement	$12.34	$9.17	$8.63	$8.39	$8.47	$8.57	$8.46	$8.58	$7.39	$7.44

Table 26| Summary of Financial Projections for Sensitivity Scenarios

	Fiscal Years Ending September 30									
	Estimate	Estimate								
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Base Forecast										
Enplanements	5,666,392	8,495,052	8,675,770	8,791,067	8,870,982	8,948,563	9,034,485	9,118,071	9,204,277	9,284,984
Airline Cost per Enplaned Passenger	$12.34	$9.17	$8.63	$8.39	$8.47	$8.57	$8.46	$8.58	$7.39	$7.44
Deposit to Capital Fund	$4,398,641	$8,658,442	$10,719,135	$11,452,768	$11,212,331	$10,977,307	$11,431,412	$11,404,372	$10,298,697	$9,377,467
Debt Service Coverage	2.18	1.31	1.25	1.27	1.26	1.26	1.27	1.26	1.32	1.29
Low Forecast										
Enplanements	5,666,392	7,725,167	8,389,532	8,463,861	8,515,154	8,564,801	8,619,625	8,672,790	8,727,454	8,778,472
Airline Cost per Enplaned Passenger	$12.34	$10.41	$8.93	$8.75	$8.88	$9.02	$8.97	$9.14	$7.94	$8.03
Deposit to Capital Fund	$4,398,641	$7,839,833	$10,605,291	$11,248,756	$10,958,596	$10,674,643	$11,046,053	$10,962,675	$9,798,068	$8,820,894
Debt Service Coverage	2.18	1.29	1.25	1.26	1.25	1.25	1.26	1.25	1.31	1.27

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APPENDIX C

EXCERPTS FROM THE
CITY OF DALLAS, TEXAS
COMPREHENSIVE ANNUAL
FINANCIAL REPORT

For the Year Ended September 30, 2020

The information contained in this Appendix consists of excerpts from the City of Dallas, Texas Comprehensive Annual Financial Report for the Year Ended September 30, 2020 and is not intended to be a complete statement of the City's financial condition. Reference is made to complete Report for further information.

The information contained in this Appendix is provided as of the respective dates and for the periods specified herein and is subject to change without notice, and the filing of this Appendix does not, under any circumstances, imply that there has been no change in the affairs of the City since the specified date as of which such information is provided. In particular, the dates as of and periods for which some of such information is provided occurred before the impact of the worldwide COVID-19 pandemic and the economic impact of measures instituted to slow it could be fully realized. Accordingly, the historical information set forth in the Appendix is not necessarily indicative of future results or performance due to these and other factors, including those discussed in the Official Statement.

Although this Appendix contains financial statements, with accompanying notes and supplementary information, for all of the City's governmental and proprietary funds, only amounts in the Airport Revenue Fund comprise Net Revenues which secure payment of the Bonds.

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City of Dallas, Texas

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2020


CITY OF DALLAS, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended September 30, 2020

Issued by
City Controller's Office

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Sheri Kowalski, CPA, CHC, CIA, CISA, City Controller
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"Our Product is Service"
Empathy | Ethics | Excellence | Equity

CITY OF DALLAS, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2020
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“Our Product is Service”
Empathy | Ethics | Excellence | Equity

INTRODUCTORY SECTION

City of Dallas

March 19, 2021

Honorable Mayor, City Council members, and residents of Dallas:

We are pleased to present the City of Dallas' Comprehensive Annual Financial Report for the fiscal year (FY) ended September 30, 2020. The City of Dallas and our dedicated financial management staff are committed to responsibly stewarding the funds our residents and taxpayers entrust to us. We have produced this report to help the public better understand the City, our operations, and our finances.

We are proud to announce we received an unmodified (clean) audit opinion on our financial statements this year from our external auditor, Weaver and Tidwell, LLP. We can provide reasonable assurance the financial information contained in this report is complete, reliable, and accurate.

We present the report in three sections:

- The **Introductory Section** provides this transmittal letter, a list of City officials, and an organizational chart.
- The report from our external auditor, Weaver and Tidwell, LLP, is located at the front of the **Financial Section**, followed by Management's Discussion and Analysis (MD&A) and the annual financial statements. The MD&A includes a narrative introduction, overview, and analysis of the basic financial statements and should be read in conjunction with this transmittal letter.
- The **Statistical Section** presents selected financial and demographic information.

We wish to take this opportunity to thank the staff of the City Controller's Office, as well as staff with financial management roles in all departments, for their dedication to excellence, transparency, and accountability. We could not have produced this report without them. We appreciate the guidance of the Executive Finance and Controls Committee, as well as the assistance of the Office of Economic Development and the Department of Information and Technology Services, which provided the necessary data to prepare this report. We look forward to implementing even stronger fiscal policies and practices to provide Dallas residents and taxpayers the maximum value for the resources entrusted to us.

Finally, our thanks to the Mayor and members of the City Council for their support in maintaining the highest standards of professionalism in the management of the financial operations of the City.

ABOUT DALLAS

HISTORY

John Neely Bryan established a permanent settlement in Dallas in 1841, though the region was long inhabited by Native Americans. Dallas quickly grew to serve the surrounding rural areas and secured rail lines, which were a catalyst for further economic expansion. Dallas was incorporated in 1856, and by the 1860 census had a population of about 700. Today, Dallas is the ninth-largest city in the nation and the largest local economy in the nation's fourth-largest metropolitan area. At approximately 385 square miles, Dallas sprawls across four counties (Dallas, Collin, Denton, and Rockwall).

The city is home to 1,330,612 people (as of July 1, 2019), and the Dallas-Fort Worth-Arlington metropolitan area increased by more than 117,000 people since July 1, 2018—the largest change of any metro area in the nation.[1,2] Further, Collin, Denton, and Tarrant counties were in the top 10 largest-gaining counties in the U.S.[3]

Dallas is a diverse city, with about 42 percent of residents identifying as Hispanic or Latino (of any race) and 58 percent identifying as non-Hispanic or Latino, including 29 percent as White, 24 percent as Black, 3.4 percent as Asian, and 1.6 percent as some other race.[4] The city also attracts domestic and international immigration. In 2019, foreign-born residents made up 24.8 percent of the overall population and 30.3 percent of the employed labor force.[5] Dallas' median household income in 2019 was $52,580 and per capita income was $34,479, both adjusted for inflation.[6]

Dallas has a council-manager form of government with 14 single-district City Council members and a Mayor elected at-large. The Mayor and City Council appoint the City Manager, City Attorney, City Auditor, City Secretary, and Municipal Court judges. The City provides a full range of municipal services established by statute or charter, including police and fire, infrastructure, culture and recreation, libraries, planning and zoning, and general administration. Additionally, Dallas Water Utilities, Airport Revenues, Convention Center, Sanitation Services, and several other enterprise and internal service fund activities are part of the City's legal entity. Refer to the *Financial Information* section in this transmittal letter for more information.

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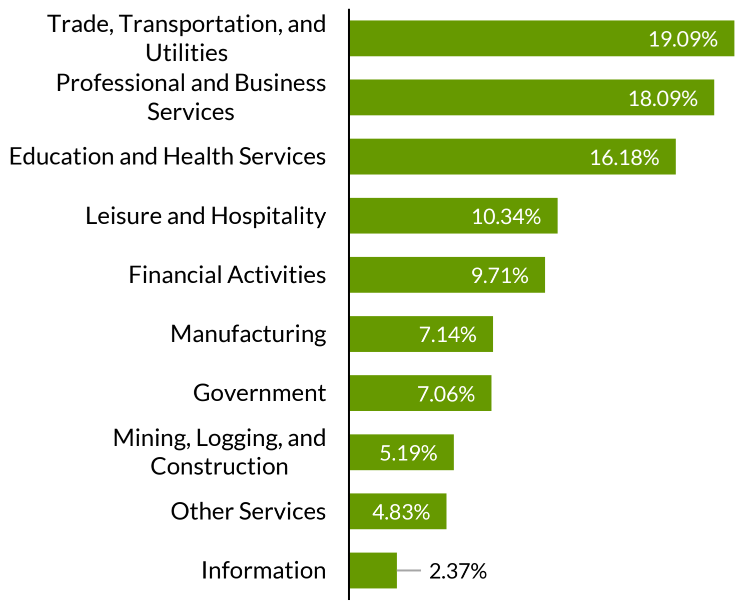
[1] 2019 American Community Survey, 5-Year Estimates, Table DP05
[2] U.S. Census Bureau, Estimates of Resident Population Change and Rankings, released April 2020
[3] Ibid
[4] 2019 American Community Survey, 5-Year Estimates, Table DP05
[5] 2019 American Community Survey, 5-Year Estimates, Table S0501
[6] 2019 American Community Survey, 5-Year Estimates, Tables B19013 and B19301

ABOUT DALLAS

ECONOMY

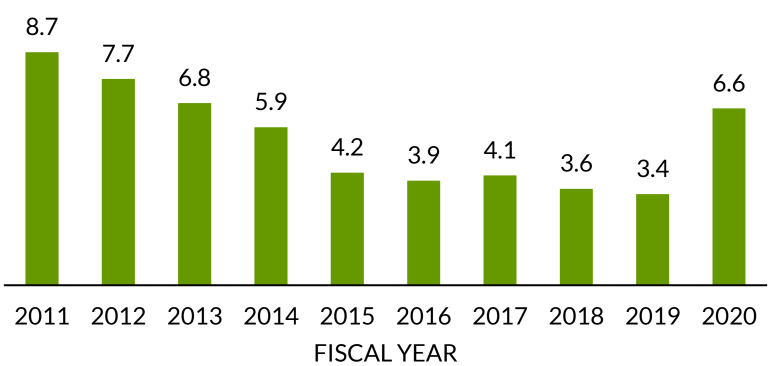
Figure 1.
Dallas Employment by Industry



The COVID-19 pandemic has severely impacted the City's economic outlook. The City's forecasts assume the economic impacts will continue into FY 2021, and when economic activity does stabilize, it will stabilize at a lower level, creating a longer path to full recovery. With that said, Dallas has a diverse industry mix that continues to create jobs and dampen the negative effects of any single industry downturn. Further, Dallas' home values continue to rise.

The city is home to more than 70,000 businesses, down about 10,000 from last year.[7] The Trade, Transportation, and Utilities sector remained the largest industry by employment in FY 2020, followed closely by Professional and Business Services and Education and Health Services.[8]

Figure 2.
Dallas Unemployment Rate
(percent)



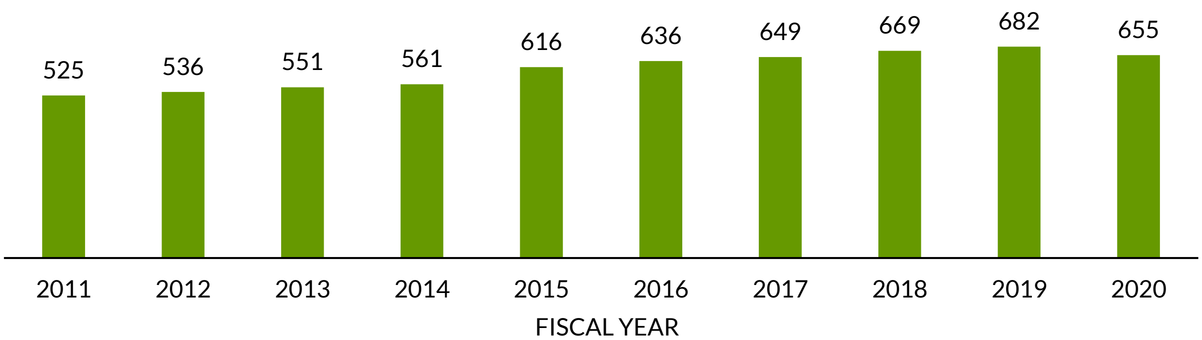
The Dallas monthly labor force (Dallas residents only) averaged 695,823 during FY 2020, while the monthly average of unemployed residents was 45,769, a 90 percent increase from last fiscal year. Dallas' FY 2020 unemployment rate was 6.6 percent, still below the U.S. average of 7.3 percent. Despite the pandemic, the Dallas unemployment rate has remained at or below the U.S. average for more than 150 consecutive months. [9,10,11]

[7] ReferenceUSA Estimates 2020
[8] Estimated using data from ReferenceUSA and U.S. Bureau of Labor Statistics, Dallas-Plano-Irving Metropolitan Division
[9] U.S. Bureau of Labor Statistics (non-seasonally adjusted values)
[10] Texas Workforce Commission (TWC) and U.S. Bureau of Labor Statistics
[11] The estimates in Figures 2-7 reflect data as of the publication date of each year's report. Data is not adjusted from year to year.

ABOUT DALLAS

The number of employed Dallas residents also decreased slightly because of COVID-19. About 654,805 residents were working in FY 2020, compared to 682,195 in FY 2019.[12]

Figure 3.
Dallas Household Employment
(in thousands)



In FY 2020, the annual value of all construction permits was about $4 billion. New construction values decreased from the previous year by approximately 14 percent.[13]

Dallas has more than 136 million square feet of office space, 216 million square feet of industrial/flex space, and 81 million square feet of retail space.[14]

Figure 4.
Dallas Building Activity
(in billions $)

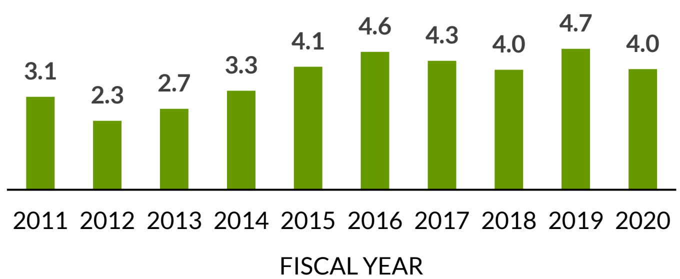
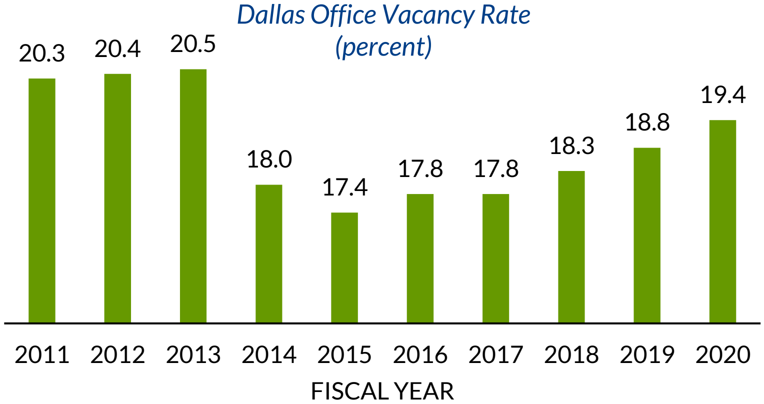


Figure 5.
Dallas Office Vacancy Rate
(percent)



Strong economic underpinnings and a diverse economy have fostered a healthy office market. Despite fallout from the pandemic and recession, the City expects vacancy rates to remain relatively steady next year due to preleasing of a significant portion of new space.[15]

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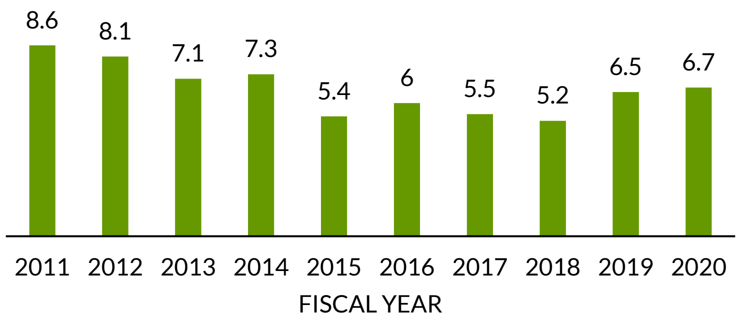
[12] U.S. Bureau of Labor Statistics (non-seasonally adjusted values)
[13] City of Dallas Department of Sustainable Development and Construction and City of Dallas FY 2020-21 Budget
[14] CoStar, December 2020
[15] CoStar, December 2020; ReferenceUSA, December 2020

ABOUT DALLAS

Figure 6.
Dallas Industrial Vacancy Rate
(percent)

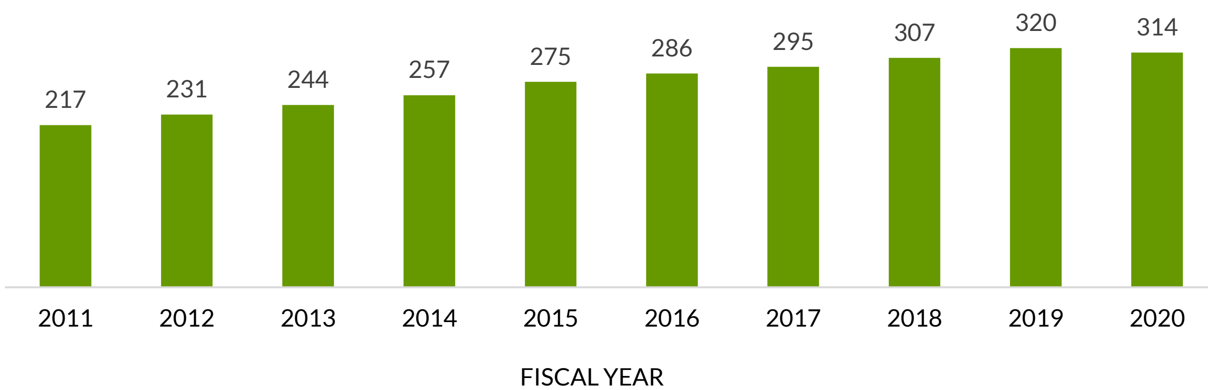


The industrial vacancy rate increased to 6.7 percent in FY 2020 due to speculative projects that increased delivered space. Economic growth in distribution activity increased Dallas' demand for warehousing and production space. With a market response of more than 219.9 million square feet of space delivered, the city's inventory increased by 3.2 percent. Projections for industrial space include a slight increase in vacancy next year.[16]

Progress continued at the International Inland Port of Dallas, a major logistics hub (warehouse, distribution, and ecommerce) in the southeast quadrant of the city that has created at least 8,000 jobs to date. More than 37 million square feet of industrial and warehouse space are currently built, under construction, or announced, with more than 12 million square feet in the city of Dallas.

Prior to COVID-19, sales tax receipts for FY 2020 showed strong growth. Actual collections exceeded the budgeted amount from October 2019 through February 2020. However, the City began seeing steep declines in sales tax revenues in March when establishments began shutting down in compliance with social distancing recommendations and policy mandates. During FY 2020, total sales tax revenues dropped to $314 million, although sales tax revenues have still increased 44.7 percent since FY 2011.[17]

Figure 7.
Dallas Sales Tax Revenue
(in millions $)



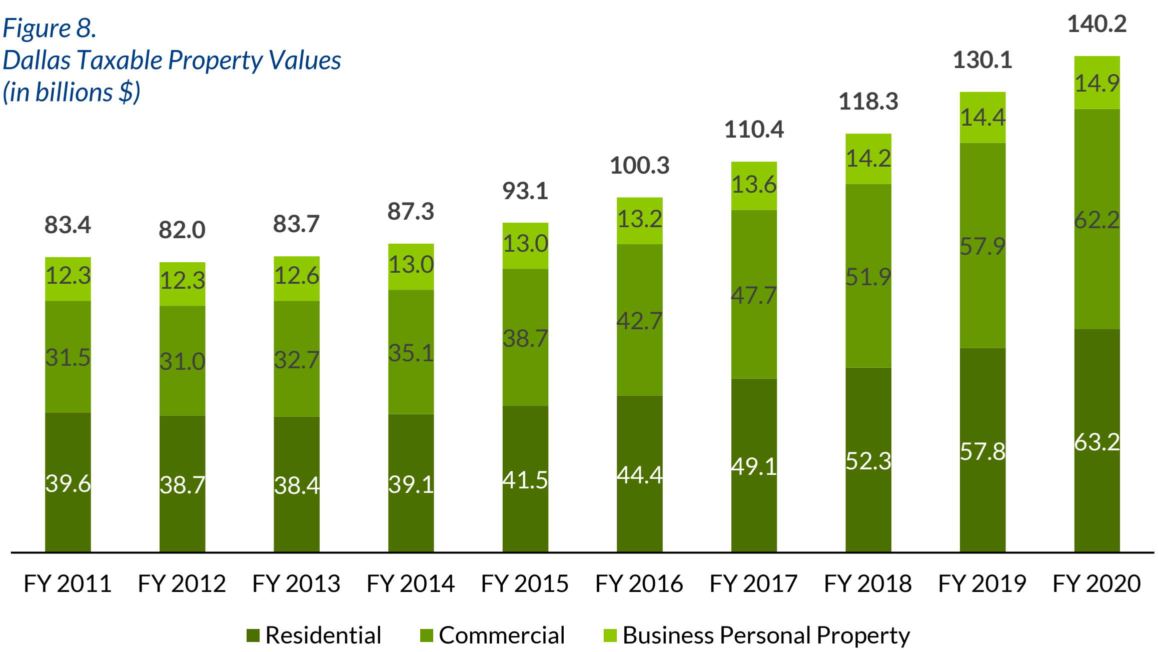
[16] CoStar, December 2020
[17] City Controller's Office

ABOUT DALLAS

The total property tax base value, including business personal property (BPP), increased to $140.2 billion in FY 2020 from $130.1 billion in FY 2019, a 7.81 percent increase. FY 2020 is the eighth consecutive year of growth after three years of declining values because of the 2008 recession and despite the COVID-19 pandemic.[18]

Dallas' commercial tax base grew 7.32 percent to $62.2 billion in FY 2020. This reflects continued strong job growth, resulting in demand for commercial space.[19] The residential tax base increased approximately 9.29 percent to $63.2 billion. Dallas' increased valuations reflect continued inward migration and a diverse housing stock that can accommodate various household needs.

Figure 8.
Dallas Taxable Property Values
(in billions $)



The precipitous and immediate drop in economic activity in FY 2020 can be seen in slowed growth across Dallas. However, development continued despite the adverse impact of COVID-19. More than 12,000 residential units were either available or under construction, supporting an estimated downtown residential population of nearly 10,500, an increase of 53 percent since 2013.[20,21] In a 2.5-mile radius from the Central Business District (CBD) midpoint, the resident count increases to more than 110,000, a 16 percent increase since 2013.[22]

Completed development projects include construction of AT&T's $30 million Discovery District and $100 million renovation of several of the buildings at its global headquarters in

[18] Ibid
[19] Office of Budget
[20] 2019 American Community Survey, 5-Year Estimates, Table B01003
[21] 2013 American Community Survey, 5-Year Estimates, Table B01003
[22] Downtown Dallas Inc.; 2019 American Community Survey, 5-Year Estimates, Table B01003

the Central Business District (CBD). The new Discovery District features a public plaza and multiple interactive sculptures and provides 65,000 square feet of ground-level retail and restaurant space. A seven-story (104-foot) high-definition screen wraps another AT&T building and will host public events such as movie nights, light shows, and Dallas Cowboys watch parties.

Residents and visitors to the CBD also saw substantial completion of AMLI Fountain Place, a 367-unit luxury apartment companion to Dallas' iconic Fountain Place skyscraper. The $400 million rehabilitation of The National is also nearly complete, boasting 52 stories and 1.5 million square feet, including 324 residential units and the 219-room Thompson Hotel.

Amazon also finished construction and began operations at its new e-commerce facility in the Pinnacle Park Business Park, and Preferred Freezer Services did the same with its new cold storage facility at the International Inland Port of Dallas, both in southern Dallas.

Matthews Southwest, the Dallas Housing Finance Corporation, and Volunteers of America broke ground on The Galbraith, a multimillion-dollar mixed-use development at 2400 Bryan Street that secures 111 new affordable housing units, along with 106 market-rate units and 10,000 square feet of commercial space, including a child care facility. The project will provide much-needed workforce housing options in the downtown core, while giving residents access to employment centers, transit, and other amenities.

In the Deep Ellum TIF District, construction started on Phase II of The Epic—the eventual home of Uber—and on The Stack, a mixed-use development with 15,000 square feet of street-front retail space and nearly 200,000 square feet of office space. Additionally, AT LAST! broke ground on its "urban boarding experience" facility in Oak Cliff. Rehabilitation of the historic Continental Gin building in Deep Ellum also continued, and renovations began on the former Urban League building in the Transit-Oriented Development (TOD) TIF District in southern Dallas.

Additionally, significant progress was made on the Reimagine RedBird redevelopment project at Red Bird Mall. Construction finished on a new freestanding Foot Locker (20,493 square feet) and an adjacent 1.1-acre open space known as The Lawn. Construction continued on the new Parkland Hospital Clinic and UT Southwestern Medical Center, and the developer anticipates completion in spring 2021 and late winter/early spring 2022, respectively.

Chime Solutions, Inc. continued to operate as an anchor office tenant in its 52,856-square-foot space; however, nearly all RedBird-based employees began working from home with the onset of the COVID-19 pandemic in March 2020. Lastly, work progressed on Palladium at RedBird, a new 300-unit apartment project with pedestrian access to the mall. The developer anticipates construction will be complete in late summer/early fall 2021.

STRATEGIC DIRECTION

ONE DALLAS—TOGETHER

In FY 2020, the global COVID-19 pandemic brought unprecedented change to our city, exacerbating existing inequities, testing the resilience of our residents and the systems in place to support them, and placing enormous strain on our city's resources. We had to place many initiatives planned for the fiscal year on hold while we responded to the public health crisis. However, thanks to the tireless efforts of staff and community partners, the City overhauled its programs and facilities to continue safely providing essential services, while financially supporting hundreds of impacted residents, businesses, and nonprofits. We have worked hard to meet the needs of our residents with empathy, high ethical standards, a commitment to excellence, and a focus on equity.

We also implemented a biennial budgeting process several years ago to provide greater stability and strategic focus throughout the budget development process. When sudden changes occur—like a global pandemic—the City can stay laser-focused on service delivery while remaining agile enough to meet changing needs. Our five-year forecast model also allows us to make prudent decisions now that will help us weather, and ultimately bounce back from the public health crisis. As the economy recovers, we will stay focused on the needs of the community and on our commitment to new, non-traditional, and more efficient ways of doing business. Our city is resilient, and we will recover as One Dallas—together.

To help organize the work we do on a day-to-day basis, the City Council and City Manager developed these eight strategic priorities:

- Economic Development
- Environment and Sustainability
- Government Performance and Financial Management
- Housing and Homelessness Solutions
- Public Safety
- Quality of Life, Arts, and Culture
- Transportation and Infrastructure
- Workforce, Education, and Equity

The $3.8 billion budget for FY 2020 funded effective and equitable delivery of City services with a focus on public safety, clean and vibrant neighborhoods, and major infrastructure needs. It also invested in forward-thinking solutions to issues such as homelessness, affordable housing, and poverty.

Although we always have room for improvement, we are proud of the work our employees have done this year to deliver vital City services to our residents, especially in such uncertain and challenging times. The following pages outline major budget investments in FY 2020 that supported the City's eight strategic priorities and the COVID-19 response.

MAJOR BUDGET INVESTMENTS

ECONOMIC DEVELOPMENT

Building small business capacity

The Office of Business Diversity expanded its efforts to build the capacity of Dallas-based minority- and women-owned businesses (M/WBEs) through the B.U.I.L.D. program, Broadening Urban Investment to Leverage Dallas, in partnership with the Office of Innovation and Office of Economic Development (ECO). The program provides technical assistance, training, and advocacy, and the B.U.I.L.D. website at dallasbuilds.org also houses resources for Dallas entrepreneurs to grow their startup, small business, or nonprofit venture.

Additionally, the City completed a study of M/WBEs within Dallas to inform decision makers how the City can better support small and local businesses. The City Council amended the Business Inclusion and Development policy based on the study findings.

Incentivizing economic investments

Tax increment financing (TIF) is an economic development tool Dallas uses to target investment in defined areas that face challenges to traditional development. As a TIF district grows, increases in property tax revenues from higher property values are paid into a special fund to finance additional improvements to the district. The City continues to receive the amount of property tax it received the year the TIF was created, plus a percentage of new tax revenue.

The City currently has 19 active TIF districts, in which we reinvested $85 million in FY 2020. As of September 30, the certified taxable value of real property in TIF districts increased 15 percent from tax year 2019 to tax year 2020 (compared to a five percent increase for Dallas as a whole). Since the inception of each TIF district, the aggregate taxable value of real property in TIF districts has grown 425 percent.

ENVIRONMENT AND SUSTAINABILITY

Increasing our resilience

To mitigate the impacts of climate change on public health, city infrastructure, the economy, and the environment, the Office of Environmental Quality and Sustainability (OEQS) completed development of the Comprehensive Environmental and Climate Action Plan (CECAP). The City Council unanimously adopted the CECAP on May 27 and convened a task force that will advise staff and the Environment and Sustainability Committee on implementation.

MAJOR BUDGET INVESTMENTS

Reducing our energy consumption and costs

City Council adopted a Green Energy Policy in April 2019 to demonstrate the City's commitment to clean and efficient energy use. The City already uses 100 percent renewable energy for all municipal operations, and Building Services (BSD) reduced energy costs by $7.7 million in FY 2020 through an updated electricity contract. To build on this success, BSD implemented an energy management system that will ensure we continually and intentionally assess energy use and opportunities for energy reduction. Of note, the Energy Program Manager has actively participated in the technical assessment of potential mechanical system retrofits throughout City facilities in response to COVID-19.

GOVERNMENT PERFORMANCE AND FINANCIAL MANAGEMENT

Raising the minimum wage and lowering health benefit premiums

To ensure we attract and retain the best talent, the City raised starting pay in FY 2020 to $13.00 per hour for full-time permanent City employees and to $12.21 for part-time and temporary employees, $0.50 per hour more than the Massachusetts Institute of Technology (MIT) living wage. To provide all City employees with an equitable and affordable opportunity to participate in a quality health benefits program, we also introduced a tiered contribution plan. Employees earning less than $66,000 a year paid less in monthly premiums in FY 2020 than they did in FY 2019, and employees earning more than $66,000 paid the same rate as under the previous plan.

Taking an enterprise approach to increase accountability

To increase accountability, transparency, and consistency in how the City manages its contracts, we established a new contract management program under the oversight of the Chief Financial Officer. As part of the program, contracts for goods and services are housed in a centralized system of record. Additionally, each department will have a single point of contact responsible for its contracts who will take part in a new Contracting Officer Representative training program, including certifications to strengthen oversight skills. As of September 30, more than 200 participants have completed training.

Other updates include the creation of a new contract compliance team co-led by the Office of Procurement Services and City Controller's Office, contract compliance monitoring plans and audits, and automated reports to detect and resolve irregularities.

HOUSING AND HOMELESSNESS SOLUTIONS

Housing Dallas

As of year-end, City Council approved all 2019 Notice of Funding Availability (NOFA) applications recommended by staff. These applications will result in construction of up to 362 new affordable single-family units through the sale of 294 City-owned lots and

$11.7 million in funding. HOU posted a new standing NOFA in August. The new NOFA is an open application, and we will award funds as available.

Sheltering those in need

The Office of Homeless Solutions (OHS) and its City and community partners operated temporary inclement weather shelters three times this fiscal year, the first two at the Kay Bailey Hutchison Convention Center in November and December 2019 and the third at the Central Library in February 2020. These locations operated as overflow shelters once other area emergency shelters reached capacity. The City served 1,300 people during these eight nights (605 unduplicated), providing cots, blankets, food, EMS services, and security to individuals who would otherwise have been exposed to below-freezing temperatures and the elements.

On November 11, City Council approved amendments to Chapter 45 of the City Code and Chapters 51 and 51A of the Development Code to allow external organizations to legally operate temporary inclement weather shelters.

PUBLIC SAFETY

Enhancing community police oversight

The Dallas Police Department (DPD) continues to implement best practices consistent with those promoted by the federal Task Force on 21st Century Policing to "promote effective crime reduction while building public trust." Based on feedback from residents and police associations, DPD recommended changes to the complaint handling process and the Citizens Police Review Board structure—including renaming it the Community Police Oversight Board (CPOB)—and creation of the Office of Community Police Oversight (OCPO), independent from DPD and housed within the City Manager's Office. City Council approved these changes in April 2019, and the FY 2020 budget fully funded the OCPO.

Going high-tech to fight crime

DPD created a Real-Time Crime Center (RTCC) using advanced techniques to prevent, identify, and resolve complaints of criminal activity. The RTCC is staffed by 11 non-uniform analysts (with plans to add 11 more analysts in FY 2021). This "virtual patrol" will increase DPD's ability to allocate resources efficiently, provide more time for uniformed officers to focus on community-building activities, and decrease response times to high-priority incidents. As incidents are reported, analysts will assess all available resources within proximity of the call to provide additional information to responding officers, including descriptions of the scene and suspects. Analysts will also cross-check crime reports against video archives to determine if evidence exists that should be examined, downloaded, and prepared for investigators.

MAJOR BUDGET INVESTMENTS

Responding rapidly to disasters

On the night of October 20, 2019, a storm system moved across the southeast United States, producing 10 tornadoes and causing damage from Texas to Tennessee. The worst of the damage was around Dallas, where an EF3 tornado left a 15-mile path of destruction in its wake. The Office of Emergency Management quickly activated emergency operations while Dallas Fire-Rescue conducted door-to-door sweeps to provide immediate assistance to impacted residents. We also created strike teams from multiple City departments to clean up and remove storm debris.

QUALITY OF LIFE, ARTS, AND CULTURE

Bridging the digital divide

Many members of the community do not have Internet access at home, a basic 21st-century need for education and employment. To meet this need, Dallas Public Library (LIB) purchased 900 mobile hot spots, which residents can check out to access Wi-Fi at home. By making these hot spots available at 10 high-opportunity branch library locations, we are working toward a more equitable outcome of consistent Internet access for all residents.

Improving library efficiency and protecting materials

LIB finished implementation of the Radio Frequency Identification (RFID) system begun in FY 2019. This $2 million investment will improve the security of library materials and save labor by more efficiently tracking materials throughout the library system. This increased efficiency will free up library personnel for other vital services provided to residents, such as outreach and programming. RFID tagging and conversion is complete at all library locations, and software is operational for staff.

Continuing to improve Dallas Animal Services

The FY 2020 budget reallocated Dallas Animal Services (DAS) resources to add two agents who triage and dispatch calls seven days a week to improve response times. The department now has in-house dispatch from 7 a.m. to midnight, seven days a week. As of September 30, DAS responded to 96.6 percent of residents' service requests within the established response time (compared to the target of 87 percent).

Animals also roam at night, creating a potential hazard for drivers and posing a danger to residents who may be outside at night. DAS augmented its overnight animal response by scheduling officers to be on duty seven nights a week instead of four with a focus on loose dog and bite hot spots. The Field Services team transitioned to 24/7 operations on December 4, and the night shift was fully staffed and trained as of March 31. As of September 30, DAS increased calls closed during overnight hours on weekends by 62 percent.

MAJOR BUDGET INVESTMENTS

TRANSPORTATION AND INFRASTRUCTURE

Enhancing the condition of Dallas' streets

The City maintains almost 11,800 paved lane miles, most of which are heavily used and, in many cases, in poor condition. The City assigns a grade to its streets using a pavement condition index (PCI) that rates streets on a scale of A to E. In FY 2018-19, our average PCI rating was 65.1, or a C. While Public Works strives to maintain zero degradation, we must also prioritize limited resources to ensure good streets remain in good condition without neglecting poor or failing streets. To keep our streets functioning, the City invested $85.5 million in street maintenance and reconstruction projects this year, resulting in about 710 lane miles of improvements. Public Works also scheduled projects strategically based on its Five-Year Infrastructure Management Program (IMP) and voter-approved bond programs, balancing the need to rebuild the lowest-rated roadways with the need to prevent degradation in higher-rated areas.

Improving management of City facilities

Building Services successfully completed 77 projects in 2019 worth more than $6 million, including major building system updates, interior and exterior damage repairs, and space renovations. This extends the lifespan of City facilities, ensuring residents and employees can enjoy them for years to come.

WORKFORCE, EDUCATION, AND EQUITY

Partnering for success

The Office of Welcoming Communities and Immigrant Affairs (WCIA) concluded a two-year effort to partner with nonprofit organizations to offer civil legal services and promote citizenship to immigrants. Thanks to our partners, immigrant residents now have increased access to legal services that support their efforts to become U.S. citizens. Grantees have also defended individuals in deportation cases and helped keep families together. In FY 2020, WCIA and its grantees provided services to more than 380 individuals, hosted 20 marketing and outreach events, and trained nearly 60 volunteers to support the #MyDallas citizenship workshops.

Increasing equity in the criminal justice system

For residents unable to travel downtown because of work hours or lack of transportation, Court and Detention Services hosted a series of "pop-up" courts at community locations to resolve outstanding warrants and citations. Judiciary, City Prosecution, and Court Clerk staff provided onsite assistance, and residents with outstanding citations were free from the threat of arrest. The Municipal Court also extended its normal business hours to allow more residents to participate.

MAJOR BUDGET INVESTMENTS

Overcoming barriers to work

The Office of Community Care partnered with nonprofit and community organizations to support programs that enable individuals to obtain and keep jobs with increased income and stability, improved working conditions, and greater opportunity. The Overcoming Barriers to Work program funded services that provide job training and career development to participants who face hurdles to employment, such as lack of transportation or child care. As of September 30, 89 percent of clients employed through the program remained employed after six months.

COVID-19 RESPONSE

Integrating COVID-19 funding to maximize impact

The City received $335 million from the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act, as well as additional federal, state, and private funding sources to respond to the COVID-19 public health crisis. This included $234.4 million from the U.S. Treasury Coronavirus Relief Fund (CRF).

To maximize the City's impact, we allocated all available funding to three major categories: public health and safety, community resilience and recovery, and service delivery. The first category supports our efforts to keep our residents and employees healthy and safe, including COVID-19 testing, personal protective equipment, and housing stability for individuals and families experiencing homelessness. The second is funding resources for residents, businesses, and nonprofits affected by COVID-19, including rent, mortgage, and utility assistance, and small business loans and grants. The last category has allowed us redesign City programs and facilities to continue providing essential services to residents, using technology when possible.

Supporting small businesses

To mitigate the economic impact of the pandemic on Dallas' small business community, ECO leveraged federal CARES Act funds to award $998,500 in grants through September 30, including 83 grants in areas of high poverty, and an estimated $336,500 in loans. The Small Business Continuity Fund program is still in place, and ECO will continue to review applications and award funds to eligible businesses in FY 2021.

The City also created a temporary parklet program managed by the Office of Special Events to assist businesses with their economic recovery. The program allows approved businesses to convert on-street parking spaces into additional merchandising or dining areas, so they can serve more customers while still observing social distancing guidelines.

MAJOR BUDGET INVESTMENTS

LOOKING FORWARD

Beyond the immediate public health and economic crisis, recent events have heightened our awareness of the difficult relationship between communities of color and law enforcement. Addressing the systemic issues in policing practices that have led to unrest and racial division within our community have the greatest potential to transform and unite our city. The opportunity to restore the public's trust and rebuild the relationship with our residents is here and now, and our actions must be swift and rooted in inclusion, equity, and justice.

Listening and learning from the diverse voices in our community is the first step toward our vision of One Dallas. Based on recommendations from residents, faith and education leaders, community activists, neighborhood groups, the City Council, and other stakeholders, we developed an action plan that aligns our intentions and resources to produce R.E.A.L. Change—policing that is Responsible, Equitable, Accountable, and Legitimate.

The City's budget for FY 2021 funds alternatives to policing that match the response to the need, from mental health counseling to support for formerly incarcerated residents reentering the community to community-based violence interruption programs. It also supports greater accountability and oversight of the police department, as well as improved training in alignment with the principles of 21st Century Policing.

However, as we have heard from so many, making communities safer goes far beyond policing. It requires acknowledging historical actions that have shaped inequitable conditions present today and committing to providing the resources and services necessary to address them.

We do this by investing resources in basic needs like jobs, housing, and access to food and health care. We do it by funding programs that engage our youth, care for our seniors, and lift those in financial distress. We do it by building and maintaining infrastructure in unserved and underserved neighborhoods, by increasing physical and digital accessibility to facilities and information, and by strengthening our core City services. These decisions increase equity in the short term with an eye toward long-term sustainability, moving us closer to our vision of One Dallas.

AWARDS & ACCOLADES

The pages below highlight several of Dallas' award-winning achievements in FY 2020.

PURSUING FINANCIAL EXCELLENCE

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Dallas for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2019. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. To be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized report that satisfied both generally accepted accounting principles and applicable program requirements. The City of Dallas first received this award for FY 1981 and has received it consecutively for the past 14 years—every year since FY 2006.

A Certificate of Achievement is valid for a period of only one year. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The City also received the GFOA Distinguished Budget Presentation Award for its annual budget for the fiscal year beginning October 1, 2019. The City has earned this award for 20 consecutive years beginning in FY 2000. To receive the award, the City must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operations guide, and as a communications device.

Lastly, the City received the ICMA Certificate of Excellence in Performance Management, the highest level of recognition. The Budget Accountability Report (BAR), Dallas 365 dashboard, Financial Transparency website, Community Survey results, and other Citywide efforts to enhance transparency are best practices that helped us achieve this distinction. Since 2014, the City has received the Certificate of Distinction award three times and the Certificate of Excellence award four times.

ENCOURAGING ECONOMIC DEVELOPMENT

The Office of Economic Development earned the overall Real Estate Deal of the Year from the Dallas Business Journal for the redevelopment of Red Bird Mall. The Best Real Estate Deal Awards celebrate the best North Texas commercial real estate projects. The City earned 83 total nominations in 17 categories, including eight wins for projects like the Parkland and UT Southwestern Medical clinics at RedBird, the AT&T Discovery District and headquarters, and the Uber offices.

AWARDS & ACCOLADES

GOING GREEN

Dallas Water Utilities (DWU) earned the National Association of Clean Water Agencies' Platinum Peak Performance Award for 100 percent regulatory compliance over a consecutive five-year period at its Southside Wastewater Treatment Plant. DWU also tied for fourth out of more than 130 large- and medium-size water utilities in Texas on the 2020 Texas Water Conservation Scorecard. The scoring is based on water provider state reports, as well as water conservation policies and programs.

The National Park Service awarded a Technical Assistance Grant to the Department of Aviation to develop a bike path, children's park, and other green and recreational spaces around Love Field. This nationally competitive grant supports the department's "Good Neighbor Program" and will further the City's goals of developing livable, walkable, and interconnected neighborhoods. This also marks the first time the department has received a grant from a federal agency outside of the Federal Aviation Administration.

Finally, James McGuire, the former OEQS director, received the UN Global Leadership award from the Dallas Chapter of the United Nations Association for the City's efforts toward achieving the UN's Sustainable Development Goal #11, supporting sustainable cities and communities.

LEVERAGING TECHNOLOGY TO ENHANCE CITY SERVICES

The City placed 10th in the 2019 Digital Cities Survey by the Center for Digital Government for developing an online crime reporting tool, combating cyberthreats in partnership with the U.S. Department of Homeland Security, and establishing a regional data-sharing agreement with Dallas County. The long-running survey recognizes cities that use technology to tackle social challenges, enhance services, and strengthen cybersecurity.

The digital procurement platform Citymart named the Office of Procurement Services seventh in the U.S. for innovation. Citymart surveyed the procurement criteria and practices of 109 local governments, praising Dallas for its longer solicitation periods, which data has shown help foster small business engagement.

THE RIGHT STUFF

The RIGHT Care program mobilizes a multidisciplinary team that includes a licensed mental health clinician, a paramedic, and law enforcement in response to calls involving a mental health crisis, increasing access to appropriate health services and avoiding unnecessary hospitalization, arrests, and interactions between residents and law enforcement. The program received the International City/County Management Association (ICMA) Local Government Excellence Award in the Community Health and Safety category at the 2019 Annual Conference.

AWARDS & ACCOLADES

SHARING THE "LOVE"

For the second year in a row, Dallas Love Field airport earned the Airport Service Quality (ASQ) Award for Best Airport in North America in its size category. The ASQ program, administered by Airports Council International, is based on in-airport customer surveys and is the world's leading airport passenger service and benchmarking program measuring passengers' satisfaction across 34 key performance indicators. Love Field was also named to Travel + Leisure's Top 10 Domestic Airports for the fifth straight year and moved up two spots to #8. The readers of Travel + Leisure specifically mentioned the airport's helpful staff as a reason for ranking Love Field so highly.

CARING FOR OUR FOUR-LEGGED FRIENDS

Dallas Animal Services' (DAS) live release rate for dogs and cats hit a record high in FY 2020 (92.5 percent) and euthanasia was at an all-time low. Dallas was also one of the first 25 cities in the country to be certified by Mars' Better Cities for Pets program, which recognizes cities' commitment to improving the lives of pets and their people. Lastly, DAS' long-time partner PetSmart Charities selected the City to apply for its invitation-only COVID-19 Relief Grant. Within hours of our grant submission, the national nonprofit awarded DAS the maximum amount of $20,000 to support shelter operations during the COVID-19 response.

STRIVING FOR EQUITY

The Office of Equity successfully launched the 2019 Equity Indicators Report in partnership with the Communities Foundation of Texas. The report provides a racial and socioeconomic disparities index that will serve as the focus of community and institutional partnerships to advance equity with the City.

Through the efforts of the Office of Welcoming Communities and Immigrant Affairs, Dallas became the first city in Texas to earn Certified Welcoming status in recognition of its inclusiveness for immigrants and refugees. Additionally, the National League of Cities bestowed the Cultural Diversity Award on the City for the successful launch of Dallas' Culture Pass, which allows all Dallas Public Library cardholders to access free tickets at more than 35 arts organizations.

Finally, Dallas earned a perfect score (100) on the Human Rights Campaign Foundation's 2019 Municipal Equality Index for the fifth consecutive year. HRC's index score demonstrates the ways municipalities can and do support the LGBTQ community in their city. Dallas received recognition for having single-occupancy and all-gender facilities, transgender-inclusive health-care benefits, and openly LGBTQ elected or appointed municipal leaders.

FINANCIAL INFORMATION

FINANCIAL REPORTING ENTITIES

The financial statements of the City of Dallas include all activities, organizations, and functions for which the City is financially accountable. In addition to the general government, enterprise, and internal service functions described in the *About Dallas* section of this transmittal letter, 19 tax increment financing districts are also included in the City's reporting entity.

Although the pension trust funds are separate legal entities, they exist to exclusively serve or benefit the City's employees, retirees, and their beneficiaries, and are included in the City's reporting entity as blended component units. The Love Field Airport Modernization Corporation (LFAMC) and the Trinity River Corridor Local Government Corporation (LGC) are also separate legal entities included in the City's reporting entity as blended component units. The LFAMC was created to facilitate construction at Love Field Airport, while the Trinity River Corridor LGC was created for the design, planning, development, financing, operation, and maintenance of City fee-owned property for public recreation uses in a portion of the Trinity River Corridor. More information regarding the blended component units is included in Note 1(B).

Discretely presented component units are other legally separate entities that are also included in the City's reporting entity based on the criteria set forth in the Codification of Governmental Accounting Standards, Section 2100, *Defining the Financial Reporting Entity*.

The criteria considered in determining the activities to be reported within the City's financial statements are included in Note 1(B). Based on those criteria, the following organizations are included as discretely presented component units of the City of Dallas for financial reporting purposes:

- The Housing Finance Corporation issues tax-exempt mortgage revenue bonds to encourage opportunities for single-family residential home ownership among low- to moderate-income residents
- The Housing Acquisition and Development Corporation provides safe and affordable housing for low- and moderate-income persons
- The Dallas Development Fund was organized to assist in carrying out the economic development program and objectives of the City by generating private investment capital through the New Markets Tax Credit Program to be made available for investment in low-income communities
- The Downtown Dallas Development Authority is a separate legal entity established to promote economic development of the downtown area and improve the tax base
- The North Oak Cliff Municipal Management District was organized to promote, develop, encourage, and maintain employment, commerce, transportation, housing, tourism, recreation and the arts, entertainment, economic development, safety, the public welfare

in the District, and educational scholarships for college-bound students residing in or out of the District
- The Cypress Waters Municipal Management District was organized to promote, develop, encourage, and maintain employment, commerce, transportation, housing, tourism, recreation and the arts, entertainment, economic development, safety, and the public welfare in the District
- The Dallas Convention Center Hotel Development Corporation was created to promote the development of the geographic area of the city included at or in the vicinity of the Dallas Convention Center to promote, develop, encourage, and maintain employment, commerce, convention and meeting activity, tourism, and economic development in the city including specifically, without limitation, the development and financing of a convention center hotel located within 1,000 feet of the Dallas Convention Center

Related organizations not included as part of the reporting entity are the Dallas-Fort Worth International Airport, the Dallas Housing Authority, and DART. The reason for not including these entities is because the City's accountability does not extend beyond appointing members to the boards.

FINANCIAL MANAGEMENT

Strong financial management within the City of Dallas begins with adherence to a comprehensive set of financial policies. The City Council originally adopted the Financial Management Performance Criteria (FMPC) on March 15, 1978, to provide standards and guidelines for the City's financial managerial decision making and to provide for a periodic review of the criteria to maintain standards and guidelines consistent with current economic conditions. The FMPC have been revised periodically since their adoption. The status of each criterion is updated annually and presented with the annual budget, at year-end, and for each debt issuance. The FMPC contains 54 criteria in seven different categories, in addition to 13 criteria specific to Dallas Water Utilities:

- Operating Program: Criteria 1-14
- Pension Program: Criteria 15-16
- Budgeting and Planning: Criteria 17-24
- Capital and Debt Management: Criteria 25-41
- Economic Development: Criteria 42-49
- Accounting, Auditing, and Financial Planning: Criteria 50-52
- Grants and Trusts: Criteria 53-54
- Dallas Water Utilities: Criteria DWU 1-13

FINANCIAL INFORMATION

The City's management is responsible for establishing and maintaining internal controls designed to ensure the assets of the government are protected from loss, theft, or misuse, and to ensure adequate accounting data are compiled to allow for preparation of financial statements in conformity with accounting principles generally accepted in the United States of America.

In late 2017, the City established an Executive Finance and Controls Committee (EFCC), consisting of the assistant city managers and chiefs, Chief Information Officer, City Controller, and director of the Office of Budget and chaired by the Chief Financial Officer. The EFCC is the foundation for our internal control framework, monitors the external audit including any findings, and leads by an example that demonstrates the City's commitment to ethics and integrity.

The City also established a new contract management program under the oversight of the Chief Financial Officer to ensure parties meet their respective commitments efficiently and effectively and deliver the intended outcomes of the contract. As part of the program, each department has authorized individuals to monitor specific aspects of contract performance. More than 200 individuals have participated in a certification program to become Dallas Contracting Officer Representatives (D-COR). The D-COR program is a collaboration between the City Controller's Office and the Office of Procurement Services designed to strengthen knowledge and standardize the City's approach to contract management, including the development of contract monitoring plans. The City Controller's Office will be responsible for auditing the departments' use of the contract monitoring plans, as well as reviewing complex financial data when received.

The City Controller's Office is accountable for internal accounting controls designed to provide reasonable, but not absolute, assurance regarding: 1) the safeguarding of assets against loss from unauthorized use or disposition; 2) the reliability of financial records for preparing financial statements; and 3) accountability for assets. The concept of reasonable assurance recognizes the cost of a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management.

Annually, each department is required to conduct a self-assessment of internal controls. The results of these assessments are reported to the City Manager with an action plan to correct any identified deficiencies. In addition, beginning with the FY 2017 audit, each department director was required to sign a management representation letter in connection with the preparation of these financial statements. Beginning this year, the City Controller's Office has significantly revised the ICSA and increased its scrutiny of department responses to ensure quality.

Furthermore, as a recipient of federal and state assistance, the City is also responsible for ensuring adequate internal controls are in place to comply with applicable laws, regulations, contracts, and grants related to those programs. As part of the City's single audit, tests are made to determine the adequacy of the internal control, including that portion relative to federal and state financial awards, as well as to determine whether the City has complied with applicable laws, regulations, contracts, and grants.

Internal controls are also subject to periodic evaluation by management and the City Auditor. The City Council is required by charter to appoint a City Auditor who is independent of City management and reports directly to the City Council. The City Auditor supports the internal control structure within the City by performing independent evaluations of existing accounting and administrative controls and by ascertaining compliance with existing plans, policies, and procedures.

To increase accountability and internal controls, the City Controller's Office created an audit liaison function to support departments in responding comprehensively and accurately to internal audit findings and recommendations. This includes attending entrance and exit conferences and status meetings, facilitating communication between the departments and the City Auditor's Office, assisting with implementation of recommended process improvements, and updating executive management as needed.

All internal control evaluations occur within the above framework. We believe the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The City Charter provides that the City Council shall annually appropriate adequate funds in an amount to execute the policies and service delivery plans of the City. City management annually prepares the plan of services for the upcoming fiscal year and the estimated costs, along with a five-year forecast. The annual plan is reviewed by the City Council and is formally adopted by the passage of a budget ordinance. The ordinance provides for budgetary control at the department level and these budgets cannot be exceeded without City Council approval. Budgetary control is enforced at the department level by reserving appropriations and encumbering purchase orders and contracts. Open encumbrances are reported, where applicable, as assigned fund balance.

MANAGEMENT DISCLAIMER

Chapter III, Section 19 of the City Charter requires, "the annual financial statements and related records and accounts of the City to be audited annually by a firm registered with the Texas State Board of Public Accountancy as a firm practicing public accountancy." We were pleased to work with Grant Thornton, LLC, on the audit this year. We appreciate their professionalism.

FINANCIAL INFORMATION

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control established for this purpose. Because the costs of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Thank you for your attention to this summary of the state of the City's finances and our achievements in the last fiscal year. We strive to be good stewards of the resources with which we are entrusted. Please refer to the following sections for the full auditor's report, the City's annual financial statements, and supporting statistical information.

Respectfully submitted,

T.C. Broadnax
City Manager

M. Elizabeth Reich
M. Elizabeth Reich
Chief Financial Officer

Sheri P. Kowalski
Sheri Kowalski, CPA, CHC, CIA, CISA
City Controller

“Our Product is Service”
Empathy | Ethics | Excellence | Equity

CITY OF DALLAS, TEXAS
ELECTED OFFICIALS
SEPTEMBER 30, 2020

Mayor Eric Johnson
At Large

Jaime Resendez
District 5

Deputy Mayor Pro Tem
B. Adam McGough
District 10

Chad West
District 1

Omar Narvaez
District 6

Lee Kleinman
District 11

Mayor Pro Tem
Adam Medrano
District 2

Adam Bazaldua
District 7

Cara Mendelsohn
District 12

Casey Thomas, II
District 3

Tennell Atkins
District 8

Jennifer S. Gates
District 13

Carolyn King Arnold
District 4

Paula Blackmon
District 9

David Blewett
District 14

"Our Product is Service"
Empathy | Ethics | Excellence | Equity

CITY OF DALLAS, TEXAS
APPOINTED OFFICIALS
SEPTEMBER 30, 2020

Your elected officials, the Mayor and City Council, appoint the executive managers of the City, specifically:

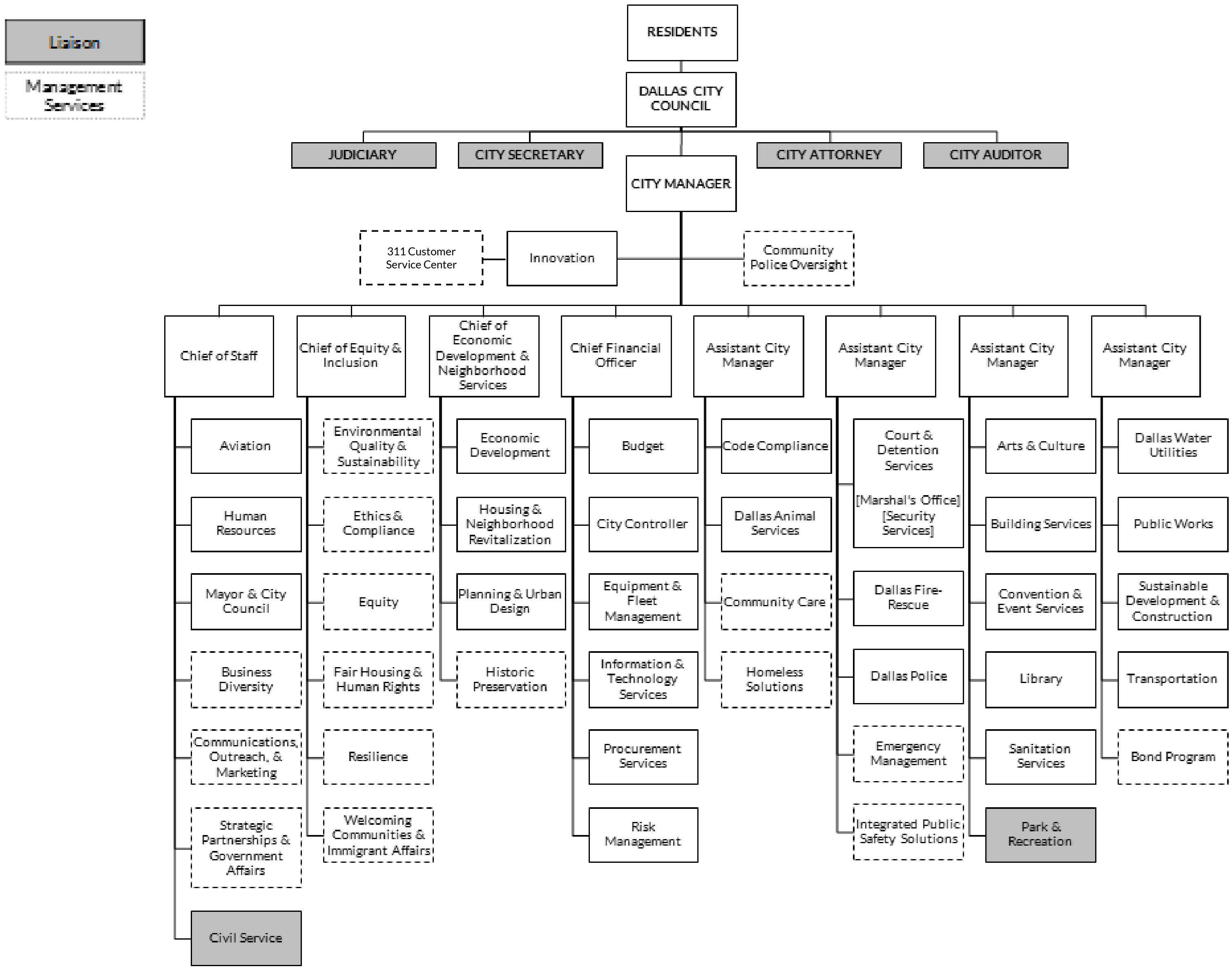
- City Manager T.C. Broadnax, appointed in February 2017
- City Attorney Christopher J. Caso, appointed in April 2020 (interim since 2018)
- City Auditor Mark S. Swann, appointed in May 2019
- City Secretary Bilierae Johnson, appointed in April 2018
- Municipal Court judges

The City Manager appoints an executive leadership team that collectively oversees the City's approximately 14,000 employees and almost $4 billion budget.

Additionally, the City Manager appoints all department directors except:

- The Director of Civil Service, who is appointed by the Civil Service Board; and
- The Director of the Park and Recreation Department, who is appointed by the Park and Recreation Board.

CITY OF DALLAS, TEXAS
ORGANIZATIONAL CHART
SEPTEMBER 30, 2020



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Dallas
Texas

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

September 30, 2019

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION

Independent Auditor's Report

The Honorable Mayor and Members of City Council
City of Dallas, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dallas, Texas (the City), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Employees' Retirement Fund of the City of Dallas, the Dallas Police and Fire Pension System, and the Supplemental Police and Fire Pension Plan of the City of Dallas, which are blended component units, which represent 81%, 88%, and 54%, respectively, of the assets, net position/fund balances, and revenues/additions of the aggregate remaining fund information. We also did not audit the financial statements of the Dallas Housing and Acquisition Development Corporation, the Dallas Development Fund, and the Dallas Convention Center Hotel Development Corporation, which are discretely presented component units, which represent 90%, -96%, and 79%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those component units, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dallas, Texas, as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison of the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Weaver and Tidwell, L.L.P.
2300 North Field Street, Suite 1000 | Dallas, Texas 75201
Main: 972.490.1970

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 12, and the Schedule of Changes in the City's Net Pension Liability and Related Ratios-Pension Plans, Schedule of City Contributions to Pension Plans, Notes to Schedule of City Contributions to Pension Plans, and Schedule of Changes in the City's Total Liability and Related Ratios - Other Postemployment Benefits on pages 106 through 112 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements, budgetary comparison schedule-debt service fund, schedules of capital assets used in the operation of governmental funds, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary comparison schedule-debt service fund, and schedules of capital assets used in the operation of governmental funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, the combining and individual fund financial statements, budgetary comparison schedule-debt service fund, and schedules of capital assets used in the operation of governmental funds are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
March 19, 2021

As management of the City of Dallas (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2020. The City's management's discussion and analysis is designed to (1) assist the reader in focusing on significant issues, (2) provide an overview of the City's financial activity, (3) identify changes in the City's financial position (its ability to address the next and subsequent year challenges), (4) identify any material deviations from the financial plan (the approved budget), and (5) identify individual major fund issues or concerns. We encourage readers to consider the information presented here in conjunction with the accompanying transmittal letter, which can be found on pages v-xxviii of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by approximately $1.2 billion.
- The City's governmental activities net position increased from the beginning net position by $400 million while the business-type activities net position increased by $62.8 million.
- As of the close of fiscal year 2020, the City's governmental funds reported combined ending fund balances of $1.4 billion, an increase of $45 million.
- At the end of the current fiscal year, unassigned fund balance for the general fund was $277.5 million, or approximately 21.1 percent of the total general fund expenditures, including transfers out.
- The City's governmental long-term liabilities had a net increase of $16.4 million from the prior balance of $7.3 billion. The City's business-type activities long-term liabilities decreased $33.5 million from the prior year's balance of $5.1 billion.

OVERVIEW OF THE FINANCIAL STATEMENTS

The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business and are made up of the following two statements: the statement of net position and the statement of activities. Both of these statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

The statement of net position presents information on all of the City's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The statement of net position combines and consolidates governmental funds current financial resources (short-term spendable resources) with capital assets and long-term obligations. Other non-financial factors should also be taken into consideration, such as changes in the City's property tax base, the condition of the City's property tax base, and the condition of the City's infrastructure (i.e. roads, drainage improvements, storm and sewer lines, etc.) to assess the overall health or financial condition of the City.

The statement of activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g. uncollected taxes and unused compensated absences).

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, code enforcement, environmental and health services, streets, streets, public works, and transportation, equipment and building services, culture and recreation services, housing, and human services.

The business-type activities of the City include water and sewer utilities, convention center, airport, sanitation and landfill, municipal radio, and building inspections. The airport revenue fund includes the activities of the Love Field Airport Modernization Corporation (LFAMC), a blended component unit.

The government-wide financial statements reflect not only the activities of the City itself (known as the primary government), but also those of the seven separate legal entities for which the City is financially accountable – the Housing Finance Corporation, Housing Acquisition and Development Corporation, Dallas Development Fund, Downtown Dallas Development Authority (DDDA), North Oak Cliff Municipal Management District, Cypress Waters Municipal Management District, and Dallas Convention Center Hotel Development Corporation, which are reported as discretely presented component units separately from the primary government itself.

The government-wide financial statements can be found on pages 13-15 of this report.

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains twenty-four individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general and debt service funds, which are considered to be major funds. Data from the other twenty-two funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the combining financial statements section of this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 16, 18, 20, and 21 of this report.

Proprietary Funds: Proprietary funds are generally used to account for services for which the City charges customers – either outside customers, or to other units within the City. Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The proprietary funds financial statements provide the same type of information as shown in the government-wide financial statements, only in more detail. The City maintains two types of proprietary funds:

- Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the airport, convention center, municipal radio, building inspection, sanitation, and water utilities operations. All of the City's enterprise funds, except the municipal radio and building inspection, are considered major funds.

- Internal Service funds accumulate and allocate costs internally among the City's various functions. The City uses its internal service funds to account for its equipment services, communication equipment, office services, information services, risk management programs, and bond program administration. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. All internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the combining financial statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 22-29 of this report.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the City. The City's pension trust and agency funds are reported under the fiduciary funds. Since the resources of these funds are not available to support the City's own programs, they are not reflected in the government-wide financial statements. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 30-31 of this report.

Notes to the Basic Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found immediately following the basic financial statements. The notes to the financial statements can be found on pages 32-105 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's combined net position was approximately $1.2 billion as of September 30, 2020. Analyzing the net position of governmental and business-type activities separately, the governmental activities had a deficit balance of approximately $2.3 billion and the business-type activities net position was approximately $3.5 billion. This analysis focuses on the assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position (Table 1), and changes in revenues and expenses (Table 2) of the City's governmental and business-type activities.

Table 1
Net Position (in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Current and other assets	$ 1,966,928	$ 1,776,669	$1,445,073	$1,427,503	$ 3,412,001	$ 3,204,172
Capital assets	4,452,672	4,276,719	7,186,781	7,071,254	11,639,453	11,347,973
Total assets	6,419,600	6,053,388	8,631,854	8,498,757	15,051,454	14,552,145
Deferred outflows of resources	822,934	1,446,927	266,528	466,041	1,089,462	1,912,968
Long-term liabilities	7,283,358	7,266,924	5,099,930	5,133,462	12,383,288	12,400,386
Other liabilities	386,113	255,949	200,221	230,735	586,334	486,684
Total liabilities	7,669,471	7,522,873	5,300,151	5,364,197	12,969,622	12,887,070
Deferred inflows of resources	1,876,833	2,681,420	72,729	137,886	1,949,562	2,819,306
Net position:						
Net investment in capital assets	2,779,462	2,776,179	3,389,626	3,292,694	6,169,088	6,068,873
Restricted	477,600	272,002	421,790	394,465	899,390	666,467
Unrestricted (deficit)	(5,560,832)	(5,752,159)	(285,914)	(224,444)	(5,846,746)	(5,976,603)
Total net position (deficit)	$(2,303,770)	$(2,703,978)	$3,525,502	$3,462,715	$ 1,221,732	$ 758,737

The largest portion of the City's net position reflects its investments in capital assets (e.g., land, building, equipment, improvements, construction in progress and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to citizens and, consequently, they are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Overall, net position of the governmental activities increased $400 million. This was mostly due to increases in ad valorem tax and operating grants and contributions, offset by decreases in special assessments and franchise fees, alcohol beverage tax, and investment income, as well as decreases in code enforcement, equipment and building services, culture and recreation, and housing expenses.

Long-term liabilities increased by $16.4 million in the governmental activities due primarily to net decreases in bonds, certificates of obligation, notes, and capital leases payable of $21.6 million, an increase in compensated absences of $6.4 million, a decrease in other postemployment benefits of $27.9 million, a decrease in developer payable of $29 million, an increase in estimated unpaid claims of $48.6 million, and an increase in net pension liability of $43.7 million and a decrease in the sales tax refund liability of $3.6 million.

The business-type activities long-term liabilities decreased $33.5 million, due primarily to overall net decreases in other postemployment benefits and net pension liability of $6.5 million and $89.3 million, respectively, in addition to decreases in revenue bonds, notes, capital leases, and other financing agreements in the Convention Center, Aviation, Sanitation and non-major business-type activities of $41.5 million, and in commercial notes payable in the Dallas Water Utilities of $111.6 million, all of which related to payments and amortizations. This was offset by an increase in revenue bonds and commercial notes payable in the Dallas Water Utilities of $216.7 million.

An additional portion of the City's net position ($477.6 million governmental activities and $421.8 million business-type activities) represents resources that are subject to external restrictions on how they may be used. The remaining balance in net position is unrestricted.

In governmental activities, there is a deficit unrestricted net position of $5.6 billion as a result of long-term liabilities for items such as bonds, compensated absences, unfunded risk liabilities, net pension liability, other postemployment benefits, pollution remediation, pension obligation bonds, and sales tax liability. Because of the focus on current assets and liabilities, the City's budget is developed to address the needs of current operations. The City plans to fund long term liabilities in future budgets as those liabilities consume current assets. In business-type activities, there is a deficit unrestricted net position of $285.9 million, primarily for items such as the sanitation landfill closure/postclosure liability, as well as compensated absences, net pension liability and other postemployment benefits for all business-type activities.

<u>Analysis of the City's Operations</u>

The table on the following page provides a summary of the City's operations for the fiscal year ended September 30, 2020, with comparative totals for the fiscal year ended September 30, 2020. The governmental activities net position increased by $400 million and business-type activities net position increased by $62.8 million. Key elements of these changes in net position are as shown in the following table.

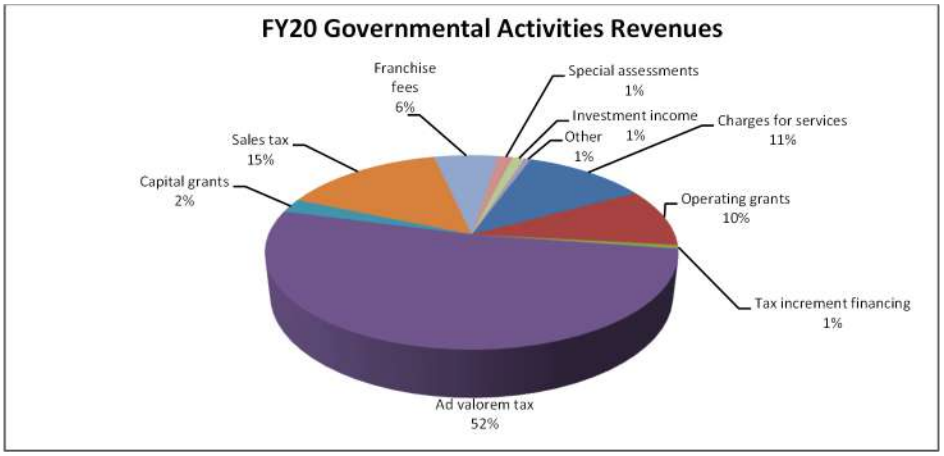
Table 2
Change in Net Position (in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	$ 240,458	$ 243,685	$ 969,161	$ 1,003,397	$ 1,209,619	$ 1,247,082
Operating grants and contributions	202,759	72,000	31,095	6,039	233,854	78,039
Capital grants and contributions	48,349	78,769	22,003	29,050	70,352	107,819
General revenues:						
Ad valorem tax	1,080,445	998,861	-	-	1,080,445	998,861
Tax increment financing revenue	12,553	12,766	-	-	12,553	12,766
Special assessments	28,525	33,038	-	-	28,525	33,038
Sales tax	314,385	320,413	-	-	314,385	320,413
Franchise fees	125,921	140,822	-	-	125,921	140,822
Hotel occupancy tax	-	-	41,602	67,836	41,602	67,836
Alcohol beverage tax	-	-	9,747	13,877	9,747	13,877
Investment income	22,885	36,304	18,823	28,999	41,708	65,303
Other	12,645	21,530	621	673	13,266	22,203
Total revenues	2,088,925	1,958,188	1,093,052	1,149,871	3,181,977	3,108,059
Expenses:						
General government	455,389	525,676	-	-	455,389	525,676
Public safety	674,112	672,991	-	-	674,112	672,991
Code enforcement	49,083	63,709	-	-	49,083	63,709
Environmental and health services	16,281	16,978	-	-	16,281	16,978
Streets, public works, and transportation	205,933	219,484	-	-	205,933	219,484
Equipment and building services	40,137	50,025	-	-	40,137	50,025
Culture and recreation	188,982	224,008	-	-	188,982	224,008
Housing	3,494	6,731	-	-	3,494	6,731
Human services	23,493	22,908	-	-	23,493	22,908
Interest on long-term debt	76,948	78,124	-	-	76,948	78,124
Dallas water utilities	-	-	591,692	604,779	591,692	604,779
Convention center	-	-	84,969	115,311	84,969	115,311
Airport revenues	-	-	152,267	163,250	152,267	163,250
Sanitation	-	-	116,743	132,349	116,743	132,349
Municipal radio	-	-	2,870	2,784	2,870	2,784
Building inspection	-	-	36,589	48,510	36,589	48,510
Total expenses	1,733,852	1,880,634	985,130	1,066,983	2,718,982	2,947,617
Excess before transfers	355,073	77,554	107,922	82,888	462,995	160,442
Transfers	45,135	40,530	(45,135)	(40,530)	-	-
Increase in net position	400,208	118,084	62,787	42,358	462,995	160,442
Net position (deficit) - beginning of year	(2,703,978)	(2,822,062)	3,462,715	3,420,357	758,737	598,295
Net position (deficit) - end of year	$ (2,303,770)	$ (2,703,978)	$ 3,525,502	$ 3,462,715	$ 1,221,732	$ 758,737

Governmental Activities

The governmental activities deficit net position decreased $400 million in fiscal year 2020. Total revenues and transfers increased $135 million, or 6.8 percent from fiscal year 2019. Significant changes in revenue include the following:

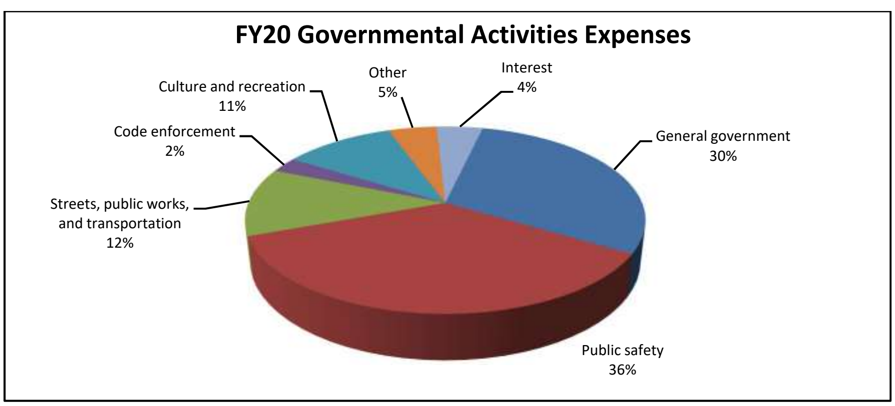
- Ad valorem tax revenues increased $81.6 million due to an increase in the certified property tax values.
- Tax increment financing (intergovernmental revenue) decreased slightly ($.2 million), primarily due to increases in the certified property tax values, offset by decreases in collections related to the Tourism Public Improvement District, as travel and tourism declined during the COVID-19 pandemic.
- Sales tax revenue decreased $6 million due to decreased discretionary customer spending associated with restrictions for the COVID-19 pandemic.
- Franchise fee revenues decreased $14.9 million, as Senate Bill 1152, adopted by the Texas legislature, became effective on January 1, 2020. This statute exempted cable television companies such from paying telephone right of way fees if the companies were paying cable television franchise fees.
- Operating grants and contributions increased by $130.8 million, due primarily to the receipt of federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funding.
- Capital grants and contributions decreased $30.4 million, due mainly to decreases in capital contributions from developers and outside entities.
- The average rate of return on investments decreased approximately 42.5 percent from 2.116 percent in fiscal year 2019 to 1.216 percent in fiscal year 2020. This decrease resulted in a decrease in investment income of $13.4 million.



Total governmental activities expenses decreased approximately $146.8 million, or 7.8 percent, from fiscal year 2019. The most significant portion of expenses related to governmental activities is the cost of personnel and related benefits, which includes the recognition of pension expense of $325 million and other postemployment benefits expense of $11.2 million in fiscal year 2020. This is compared to recognition of pension expense of $414 million and other postemployment benefit expense of $37.9 million in fiscal year 2019.

General government expenses decreased $70 million, primarily due to decreases pension expense and other postemployment benefits expense.

- Code enforcement expenses decreased $14.6 million, due mainly to decreases in pension expense of approximately $11.6 million, as well as a decrease of $1.7 million in contractual services related to programming and demolition expenses.
- Equipment and building services expenses decreased $9.9 million, primarily due to a decrease of approximately $7.9 million in pension expense.
- Culture and recreation expenses decreased by $35 million, due primarily to a decrease of approximately $33 million in pension expense.
- Housing expenses decreased $3.2 million, due mainly to a $2.8 million decrease in pension expense.
- Transfers in increased $4.6 million due to increased amounts transferred to governmental activities from the Convention Center business-type activity.



Business-type Activities

Business-type activities net position increased $62.8 million during fiscal year 2020. Total revenues decreased $56.8 million from fiscal year 2019.

Significant changes in revenues include the following:

- During fiscal year 2020, Dallas Water Utilities operating revenues increased $18.4 million from increased consumption combined with a 2.9 percent increase in wholesale rates, offset by a 4.1 percent retail rate decrease. Investment income decreased $5.8 million, due mainly to decreases in interest rates during fiscal year 2020.
- Convention Center customer charges, alcohol beverage tax, and hotel occupancy tax decreased $11.5 million, $4.1 million, and $26.2 million due to significant reductions in activities during the COVID-19 pandemic. In addition, investment income decreased $1.2 million due to decreases in interest rates during fiscal year 2020.
- During fiscal year 2020, total airport revenues decreased $10.1 million. This was primarily due to decreases in concession revenues, charges for services revenues, and passenger facilities charges related to decreases in travel during the COVID-19 pandemic, offset by an increase in intergovernmental revenue from the Federal Aviation Administration CARES Act grant.
- Sanitation customer charges decreased slightly by $1.4 million.

Total business-type activities expenses increased $81.9 million from fiscal year 2019. The following items contributed to changes in expenses during fiscal year 2020:

- Dallas Water Utilities personnel expenses decreased $40 million, mainly due to a $39.7 decrease in pension expenses and a $1.1 million decrease in other postemployment benefits expense, offset by a slight increase in workers compensation expense. Contractual services expense increased by $25.8 million, mostly due to an increase in bad debt expense, an increase in professional services expense, and an increase in repair and maintenance service equipment expense. Supplies and materials expense decreased $2.6 million, primarily due to a decrease in light and power expenses.
- Convention Center personnel services decreased $10.4 million due to primarily to a decrease of $6.4 million in pension expense and an additional $4 million in reduced expenses for salaries and benefits. Fiscal year 2020 was the first full year of Convention Center management by a contracted management company. Contractual and other services decreased $18.5 million mainly due to overall decreases in operations expenses, including significantly reduced payments to the contracted management company for contractual service expenses due to reduced activity during the COVID-19 pandemic.
- Airport personnel expenses decreased $8.8 million due primarily to a decrease in pension expense of approximately $9.9 million, offset slightly by overall increases in salaries and benefits. Contractual services expense decreased $4.3 million primarily due to a decrease of $3.2 million decreases in contractor service fees, security services, and miscellaneous special services.
- Sanitation personnel expenses decreased $15.7 million due primarily to decrease in pension expense of $16 million, offset slightly by increases in salaries and benefits.
- Personnel services in the nonmajor enterprise funds decreased $11.9 million, due to a decrease in pension expense.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds: The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of fiscal year 2020, the City's governmental funds reported combined ending fund balance of $1.4 billion, an increase of $45 million in comparison with the prior fiscal year fund balance. The nonmajor capital projects fund balance decreased $43.9 million, due mainly to capital expenditures related to current and prior year debt issuance, offset by the issuance of certificates of obligation and equipment acquisition notes. The nonmajor special revenue funds fund balance increased $29 million, mainly due to $11.4 million in transfers in to the Management Improvement Fund for activities related to response to the October 2019 storm event and an increase in the Stormwater Operations fund balance of $10.1 million, which will be used for future capital expenditures, offset by a decrease of $2.4 million in expenses in the Recreation Fund during the COVID-19 pandemic.

The general fund is the chief operating fund of the City, and its fund balance increased $47.5 million in fiscal year 2020 compared to the prior year's increase of $40.9 million. This increase was primarily due to increases of $50.7 million in ad valorem tax related to increases in property tax valuations, offset by decreases in sales tax of $6 million, due to decreased consumer activity during the COVID-19 pandemic. Also, franchise fees decreased in the amount of $14.8 million as a result of the Texas legislature's approval of Senate bill 1152. Licenses and permits decreased $3.7 million and fines and forfeitures declined $3.5 million. The decreases in license and permits and fines and forfeitures was mainly due to restrictions related to the COVID-19 pandemic. Additionally, interest revenue decreased $2.8 million, due to decreases in interest rates during the fiscal year. Transfers in increased $7.5 million, mainly due to transfers from Convention Center fund. While expenditures only increased $4.8 million overall, general government expenditures decreased $17.6 million, and culture and recreation expenditures decreased $8.8 million, while public safety and capital outlay expenditures increased by $18.7 million and $3.7 million, respectively. The general government expenditures decreased mainly due to one-time expenditures in the prior fiscal year, including $1.5 million for 911 system maintenance, $2.8 million in payments to the Risk Fund for claims, a $5.2 million payment for sales tax overpayments, a $2.3 million in expenditure to Dallas County for election costs, and a $1 million decrease in professional services expenditures. Public safety expenditures increased due primarily to increases in police overtime, especially during the spring and summer of 2020. Principal expenditures for long-term liabilities increased $6.3 million. Transfers out decreased $163 million, due to a transfer in the prior year from the general fund to the risk fund related to legal claims, while bond issuance and premiums in the general fund decreased $174.4 million, as the City issued bonds in fiscal year 2019 to cover legal claims.

Approximately $277.5 million of the general fund's total fund balance of $344.6 million constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is nonspendable, restricted, committed, or assigned to indicate that it is not available for new spending because it is 1) nonspendable in form or required to be maintained intact; 2) restricted for a specific purpose by constitution, external resource providers, or through enabling legislation; 3) committed by a formal action of Council for a specific purpose; or 4) assigned and intended to be used by the government for a specific purpose for contracts and purchase orders of the prior period.

As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 21.1 percent of total general fund expenditures and transfers out, while total fund balance represents 26.2 percent of that same amount.

The debt service fund had a total fund balance of $46.6 million at September 30, 2020 restricted for the payment of debt service. The debt service fund balance increased during the current year by $12.3 million primarily due to increases in ad valorem tax revenues.

Proprietary funds: The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position in Dallas Water Utilities, Airport Revenues Fund, and Sanitation at the end of the year amounted to deficit balances of $179 million, $6.7 million, and $162.8 million, respectively. The unrestricted net position in the Convention Center was $102.6 million. The total change in net position was an increase of $46.3 million in Dallas Water Utilities, a decrease of $5.5 million in Convention Center, an increase of $28.5 million in the Airport Revenues Fund, and a decrease of $2.2 million in Sanitation. Factors regarding the finances of these funds are addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

During the fiscal year, the final amended revenue budget represented a less than one percent decrease from the original budget and the final amended expenditure budget represented a less than one percent decrease from the original budget.

Actual budgetary basis revenues and transfers-in were lower by $33.1 million, or 2.3 percent from final budgeted amounts. This was primarily due to actual revenues being unexpectedly lower than the final budgeted revenues sales tax in the amount of $14.8 million, services to others in the amount of $19 million, and fines and forfeitures in the amount of $2.9 million. These differences were primarily due to the COVID-19 pandemic, and were offset mainly by ad valorem tax and intergovernmental revenue actual amounts exceeding final budgeted amounts by $1.7 million and $2.6 million, respectively. Actual budgetary expenditures and transfers out were lower than the final amended budget by $83.6 million, or 5.8 percent, due mainly to most general fund departments experiencing overall cost savings during fiscal year 2020.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2020, the City had approximately $11.6 billion invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads, bridges, and water and sewer lines (see table 3). This amount represents a net increase of $291.5 million or 2.6 percent over the prior fiscal year.

Table 3
Capital Assets
(Net of Accumulated Depreciation, in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Land	$ 516,027	$ 514,468	$ 344,243	$ 341,478	$ 860,270	$ 855,946
Artwork	49,953	49,806	5,574	3,402	55,527	53,208
Construction in progress	541,801	426,813	1,180,155	1,236,992	1,721,956	1,663,805
Water rights	-	-	222,838	226,380	222,838	226,380
Buildings	828,151	851,767	1,241,674	1,277,718	2,069,825	2,129,485
Improvements other than buildings	481,164	480,166	418,626	356,482	899,790	836,648
Equipment	209,373	198,941	310,116	291,640	519,489	490,581
Infrastructure assets	1,826,203	1,754,758	318,186	328,406	2,144,389	2,083,164
Utility property	-	-	3,145,369	3,008,756	3,145,369	3,008,756
Totals	$ 4,452,672	$ 4,276,719	$ 7,186,781	$ 7,071,254	$ 11,639,453	$ 11,347,973

Some of the major additions for fiscal year 2020 included (gross additions – in millions):

Street and transportation improvements	$ 97.2
Flood control/storm drainage improvements	10.5
Runyon Creek Greenbelt Trail	5.4
Wheatland Road Phase 1B	3.0
Land acquistions	4.3
Equipment acquisitions	61.9
Water and wastewater facilities	212.1
Total	$ 394.4

The general purpose capital improvement program provides for improvements to, and/or construction of, the City's street system; parks and recreational facilities; libraries; police and fire protection facilities; cultural art facilities; the flood protection and storm drainage systems; other City-owned facilities; and economic initiatives. General obligation bonds are the primary financing mechanism for these capital improvements.

The capital improvement program for the enterprise funds consists primarily of improvements to, and/or construction of, water and wastewater systems, and air transportation facilities. The primary financing mechanism for these capital improvements are enterprise fund net revenues and issuance of debt such as commercial paper and revenue bonds.

More detailed information about the City's capital assets is presented in Note 8 to the financial statements.

Debt

At fiscal year-end, the City had $4.7 billion in bonds for both governmental and business-type activities, an obligation for revenue credit agreement (including accrued unpaid interest), and water transmission facilities financing agreement outstanding, as shown in Table 4.

Table 4
Outstanding Debt at Fiscal Year-end (in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
General obligation bonds	$ 1,656,924	$ 1,807,978	$ 4,346	$ 5,167	$ 1,661,270	$ 1,813,145
Certificates of obligation	21,200	7,610	-	-	21,200	7,610
Equipment acquisition obligations	29,665	-	-	-	29,665	-
Pension obligation bonds	158,703	164,580	72,778	75,473	231,481	240,053
Revenue bonds	-	-	2,749,893	2,914,345	2,749,893	2,914,345
Water transmission facilities financing agreement	-	-	414,757	425,442	414,757	425,442
Obligation for revenue credit agreement	-	-	407,460	415,960	407,460	415,960
Total	$ 1,866,492	$ 1,980,168	$ 3,649,234	$ 3,836,387	$ 5,515,726	$ 5,816,555

Bond proceeds for governmental activities will be used to pay costs of various equipment purchases, street systems, playgrounds, recreation facilities, library facilities, and other City infrastructure and facilities.

In July 2020, the City issued Equipment Acquisition Contractual Obligations, Series 2020, of $29.7 million with a premium of $3.6 million, a stated interest rate of 5.0 percent, and a final maturity of February 15, 2025. The certificates will be used for financing the purchase of City equipment.

In July 2020, the City issued Certificates of Obligation, Series 2020, of $16 million with a premium of $0.2 million, a stated interest rate range of 1.125 percent to 4.125 percent, and a final maturity of February 15, 2025. The bonds were issued for the purpose of financing capital improvements to City facilities damages by severe storms, pursuant to the authority granted by Subchapter C of Chapter 271, Texas Local Government Code (the certificate of Obligation Act of 1971"), as amended.

In May 2020, Dallas Water Utilities issued Waterworks and Sewer System Revenue Bonds Series 2020A and Series 2020B of $66 million and interest rates ranging from 0.03 percent to 0.63 percent. Final maturity will occur on October 1, 2049. The bonds were issued to fund capital construction projects.

In July 2020, Dallas Water Utilities issued Waterworks and Sewer System Revenue Bonds Series 2020C and Series 2020D of $645.5 million and interest rates ranging from 4.0 percent to 5.0 percent. Final maturity will occur on October 1, 2049. The bonds were issued to refund previously issued waterworks and sewer system bonds and to refund outstanding commercial paper used by Dallas Water Utilities to fund capital construction projects. Proceeds of $456.3 million were deposited with an escrow agent to be used to pay the outstanding amount of the refunded bonds. As a result, $424.2 million of these bonds are considered defeased and the liability for the refunded portion of these bonds has been removed from the financial statements. The refunding resulted in a difference of $13.5 million between the net carrying amount of the old debt and the reacquisition price. This difference, reported in the accompanying financial statement as a deferred outflow of resources, is being amortized to interest expense over the life of the old bonds. Total debt service payments decreased by $118.5 million as a result of the refunding. The City also incurred an economic gain (difference between the present value of the old debt and new debt service payments) of $92.6 million.

The City's General Obligation, General Obligation Pension, Waterworks and Sewer System, General Airport Revenue, Civic Center Convention Complex, Dallas Convention Center Development Corp, and Downtown Dallas Development Authority bonds' underlying ratings as of September 30, 2020 are listed below.

	Moody's Investors Service	Standard & Poor's	Fitch	Kroll
General Obligation Bonds	A1	AA-	AA	AA+
General Obligation Pension Bonds	A1	AA-	AA	N/R
Revenue Bonds:				
Waterworks and Sewer System	Aa2	AAA	AA+	N/R
General Airport Revenue	A1	A	A	N/R
Civic Center Convention Complex	A1	A	N/R	N/R
Dallas Convention Center Development Corporation	Baa1	A	N/R	N/R
Downtown Dallas Development Authority	A2	A+	N/R	N/R

More information about the City's debt is presented in Note 11 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Dallas City Council has identified eight strategic priorities – Economic Development; Environment and Sustainability; Government Performance and Financial Management; Housing and Homelessness Solutions; Public Safety; Quality of Life, Arts, and Culture; Transportation and Infrastructure; and Workforce, Education, and Equity. Property value for the tax roll as of January 1, 2020 was $147.4 billion; which is a 5.1 percent increase from the 2019 tax roll. The adopted fiscal year 2020-21 tax rate of $0.7763 per $100 valuation is a $0.0003 reduction from the fiscal year 2019-20 adopted tax rate of $.7766. The fiscal year 2020-21 budget of $3.85 billion is balanced, utilizing various cost containment strategies, revenue enhancements, and operational efficiencies.

With the multitude of water challenges across Texas, the City will continue to focus on maintaining infrastructure, conserving resources, and providing for future needs through replacement of aged water and wastewater mains; improvements at water treatment plants to improve reliability and water quality as well as increase capacity; continued water conservation efforts; and the TRWD integrated pipeline project to connect Lake Palestine to Dallas' water supply system to meet future needs. The water and sewer rates increased about 1% for fiscal year 2020-21.

The City of Dallas is experiencing areas of economic growth. The City's unemployment rate of 6.6 percent is below the national average of 7.3 percent. Property tax revenue is the single largest revenue source and accounts for 54.7 percent of general fund revenue. Fiscal year 2021 will mark the ninth consecutive year of growth in property value. As the second largest revenue source in general fund, sales tax revenue is projected at $296.3 million for fiscal year 2020-21; which is a 9 percent decrease from the fiscal year 2019-20 budget. The combined property tax and sales tax revenue in the general fund budget is projected to increase $8.3 million from fiscal year 2020 to fiscal year 2021.

In fiscal year 2021, the City will continue to focus on service first to meet the citizens needs with empathy, ethics, excellence, and equity. It makes significant investments in: basic needs like jobs, housing, and access to food and health care; streets, sidewalks, and water in unserved and underserved neighborhoods; programs to engage our youth, care of our seniors, and support formerly incarcerated residents reentering the community, and lift up those in financial distress; and alternatives to policing that match the response to the need, from mental health counseling to community-based violence interruption programs.

The City's fiscal year 2021 capital budget also provides $350.5 million for water utilities capital improvements, $60.9 million for City facilities, $125.8 million for aviation facilities, $.4 million for cultural facilities, $118.5 million for economic development, $58 million for parks and recreation, $26.5 million for storm drainage management, $18.5 million for sanitation services, and $20.6 million for streets and transportation.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances, and to show the City's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the City Controller's Office, at City of Dallas, 1500 Marilla, Room 2BS, Dallas, Texas 75201.

CITY OF DALLAS, TEXAS
STATEMENT OF NET POSITION
September 30, 2020
(in thousands)

	Primary Government			Discretely Presented Component Units	
	Governmental Activities	Business-Type Activities	Total	Governmental	Business-type
Assets					
Cash and cash equivalents	$ 863,450	$ 489,539	$ 1,352,989	$ 48,629	$ 122,824
Other investments, at fair value	13,561	-	13,561	2,514	-
Receivables, net	262,034	111,662	373,696	1,219	6,077
Internal balances	(5,927)	5,927	-	-	-
Prepaid items	355	8,906	9,261	30	5,442
Inventories, at cost	18,665	17,404	36,069	-	719
Other assets	2,804	-	2,804	1,593	114
Restricted assets:					-
Cash and cash equivalents	811,986	607,085	1,419,071	8,846	30,838
Other investments, at fair value	-	113,130	113,130	-	37,052
Future pipeline reserve capacity rights	-	66,079	66,079	-	-
Customer assessments	-	684	684	-	-
Escrow deposit	-	24,657	24,657	-	-
Capital assets:					
Land	516,027	344,243	860,270	1,270	27,511
Artwork	49,953	5,574	55,527	-	-
Construction in progress	541,801	1,180,155	1,721,956	-	13,226
Water rights	-	353,910	353,910	-	-
Buildings	1,466,130	2,023,310	3,489,440	-	332,813
Improvements other than buildings	753,580	621,878	1,375,458	-	-
Equipment	787,271	882,154	1,669,425	-	47,154
Infrastructure assets	2,946,741	605,077	3,551,818	-	-
Utility property	-	4,533,289	4,533,289	-	-
Less accumulated depreciation	(2,608,831)	(3,362,809)	(5,971,640)	-	(108,530)
Total assets	6,419,600	8,631,854	15,051,454	64,101	515,240
Deferred outflows of resources					
Deferred loss on refunding	7,459	55,383	62,842	-	-
Deferred outflows of resources related to pensions	773,332	201,023	974,355	-	-
Deferred outflows of resources related to other postemployment benefits	42,143	10,122	52,265	-	-
Other deferred outflows of resources	-	-	-	-	484
Total deferred outflows of resources	822,934	266,528	1,089,462	-	484
Liabilities					
Accrued payroll	10,604	4,199	14,803	384	1,461
Accounts payable	78,171	31,319	109,490	25,363	8,964
Due to other governments	3,551	692	4,243	-	-
Contracts payable	83,339	-	83,339	-	-
Developer payable	-	-	-	-	-
Other liabilities	36,726	2,410	39,136	663	75
Construction accounts payable	15,224	69,750	84,974	-	-
Accrued bond interest payable	11,415	54,590	66,005	181	15,054
Unearned revenue	139,925	11,638	151,563	1,510	8,248
Customer deposits	7,158	22,060	29,218	-	-
Customer construction advances	-	3,563	3,563	-	-
Noncurrent liabilities:					
Due within one year	304,879	184,275	489,154	3,208	10,325
Due in more than one year	6,978,479	4,915,655	11,894,134	87,605	447,551
Total liabilities	7,669,471	5,300,151	12,969,622	118,914	491,678
Deferred inflows of resources					
Deferred inflows of resources related to pensions	1,816,559	58,429	1,874,988	-	-
Deferred inflows of resources related to other postemployment benefits	60,274	14,300	74,574	-	-
Other deferred inflows of resources	-	-	-	-	25
Total deferred inflows of resources	1,876,833	72,729	1,949,562	-	25
Net position					
Net investment in capital assets	2,779,462	3,389,626	6,169,088	326	(62,346)
Restricted for:					
Capital projects	167,268	-	167,268	-	-
Debt service	37,258	281,450	318,708	8,375	-
General government	82,959	-	82,959	-	-
Storm water operations	83,770	-	83,770	-	-
Public safety	15,601	-	15,601	-	-
Culture and recreation	46,304	-	46,304	-	-
Streets and transportation	18,428	-	18,428	-	-
Other purposes	15,686	-	15,686	-	-
Permanent funds - nonexpendable	10,326	-	10,326	-	-
Emergency repairs and replacements	-	5,000	5,000	-	-
Operation and maintenance expenses	-	38,441	38,441	-	-
Passenger facility charges	-	96,899	96,899	-	-
Unrestricted (deficit)	(5,560,832)	(285,914)	(5,846,746)	(63,514)	86,367
Total net position (deficit)	$ (2,303,770)	$ 3,525,502	$ 1,221,732	$ (54,813)	$ 24,021

CITY OF DALLAS, TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2020
(in thousands)

		Program Revenues		
Function/Program Activities	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 455,389	$ 128,650	$ 24,945	$ 28,816
Public safety	674,112	83,899	60,088	-
Code enforcement	49,083	8,044	3,953	-
Environmental and health services	16,281	120	69,076	-
Streets, public works, and transportation	205,933	7,117	1,625	16,318
Equipment and building services	40,137	394	2,161	-
Culture and recreation	188,982	11,859	5,433	3,215
Housing	3,494	375	-	-
Human services	23,493	-	35,478	-
Interest on long-term debt	76,948	-	-	-
Total governmental activities	1,733,852	240,458	202,759	48,349
Business-Type activities:				
Dallas water utilities	591,692	635,940	-	18,910
Convention center	84,969	29,725	2,712	500
Airport revenues	152,267	146,976	28,383	2,593
Sanitation	116,743	122,154	-	-
Municipal radio	2,870	1,500	-	-
Building inspection	36,589	32,866	-	-
Total business-type activities	985,130	969,161	31,095	22,003
Total primary government	2,718,982	1,209,619	233,854	70,352
Component units:				
Governmental	33,074	2,890	-	-
Business-Type	115,804	105,415	-	-
Total component units	148,878	108,305	-	-

General revenues:
- Ad valorem tax
- Tax increment financing, intergovernmental revenue
- Special assessments
- Sales taxes
- Franchise fees
- Hotel occupancy tax
- Alcohol beverage tax
- Investment income
- Other revenues

Transfers

Total general revenues and transfers

Change in net position

Net position (deficit), beginning of year

Net position (deficit), end of year

The notes to financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Governmental	Business-Type
$ (272,978)	$ -	$ (272,978)	$ -	$ -
(530,125)	-	(530,125)	-	-
(37,086)	-	(37,086)	-	-
52,915	-	52,915	-	-
(180,873)	-	(180,873)	-	-
(37,582)	-	(37,582)	-	-
(168,475)	-	(168,475)	-	-
(3,119)	-	(3,119)	-	-
11,985	-	11,985	-	-
(76,948)	-	(76,948)	-	-
(1,242,286)	-	(1,242,286)	-	-
-	63,158	63,158	-	-
-	(52,032)	(52,032)	-	-
-	25,685	25,685	-	-
-	5,411	5,411	-	-
-	(1,370)	(1,370)	-	-
-	(3,723)	(3,723)	-	-
-	37,129	37,129	-	-
(1,242,286)	37,129	(1,205,157)	-	-
			(30,184)	-
			-	(10,389)
			(30,184)	(10,389)
1,080,445	-	1,080,445	-	-
12,553	-	12,553	33,095	-
28,525	-	28,525	-	-
314,385	-	314,385	-	-
125,921	-	125,921	-	-
-	41,602	41,602	-	-
-	9,747	9,747	-	-
22,885	18,823	41,708	131	3,921
12,645	621	13,266	1,015	18,831
45,135	(45,135)	-	-	-
1,642,494	25,658	1,668,152	34,241	22,752
400,208	62,787	462,995	4,057	12,363
(2,703,978)	3,462,715	758,737	(58,870)	11,658
$ (2,303,770)	$ 3,525,502	$ 1,221,732	$ (54,813)	$ 24,021

CITY OF DALLAS, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2020
(in thousands)

	General	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Pooled cash and cash equivalents	$ 328,272	$ 45,694	$ 359,319	$ 733,285
Other investments, at fair value	-	-	13,561	13,561
Receivables:				
Ad valorem tax	31,959	12,637	-	44,596
Sales tax	48,360	-	-	48,360
Notes	341	-	58,391	58,732
Special assessments-paving notes	-	-	5,889	5,889
Accounts	101,649	-	45,423	147,072
Accrued interest	407	28	1,178	1,613
Allowance for uncollectible accounts	(54,690)	(10,837)	(31,126)	(96,653)
Due from other governments	11,661	-	40,651	52,312
Due from other funds	5,884	-	-	5,884
Prepaid items	49	-	277	326
Inventories, at cost	15,336	-	-	15,336
Restricted cash and cash equivalents	-	-	811,986	811,986
Notes receivable from other funds	-	-	4,161	4,161
Total assets	489,228	47,522	1,309,710	1,846,460
Liabilities, deferred inflows of resources, and fund balances				
Liabilities				
Accrued payroll	8,569	-	763	9,332
Accounts payable	35,215	-	28,173	63,388
Due to other funds	268	-	5,884	6,152
Unearned revenue	3,063	-	136,862	139,925
Due to other governments	3,550	-	1	3,551
Construction accounts payable	-	-	15,224	15,224
Notes payable to other funds	-	-	9,820	9,820
Customer deposits	7,092	-	66	7,158
Contracts payable	-	-	83,339	83,339
Other liabilities	30,110	-	643	30,753
Total liabilities	87,867	-	280,775	368,642
Deferred inflows of resources				
Unavailable revenue	56,730	968	44,618	102,316
Fund balances				
Nonspendable	15,385	-	10,326	25,711
Restricted	8,724	46,554	943,814	999,092
Committed	2,000	-	30,177	32,177
Assigned	41,071	-	-	41,071
Unassigned	277,451	-	-	277,451
Total fund balance	344,631	46,554	984,317	1,375,502
Total liabilities, deferred inflows, and fund balances	$ 489,228	$ 47,522	$ 1,309,710	$ 1,846,460

The notes to financial statements are an integral part of this statement.

CITY OF DALLAS, TEXAS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
September 30, 2020
(in thousands)

Total fund balances - governmental funds		$ 1,375,502
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:		
Land	514,331	
Artwork	49,953	
Construction in progress	541,672	
Infrastructure assets	2,944,919	
Buildings	1,461,695	
Improvements other than buildings	752,511	
Equipment	672,109	
Accumulated depreciation	(2,505,983)	
Total capital assets		4,431,207
Deferred outflows from refunding of debt represent a consumption of net position that applies to future periods and, therefore, will not be recognized as an outflow of resources until then. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.		7,459
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		102,316
Internal service funds are used by management to charge the costs of certain activities, such as equipment services, communication equipment services, office services, information services, and insurance. The assets and deferred outflows and liabilities and deferred inflows of the internal service funds are included in the governmental activities in the statement of net position.		(143,154)
Some long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds. Those liabilities consist of:		
Bonds payable, plus unamortized bond premium and accretion	2,185,462	
Capital leases	98,185	
Accrued interest on bonds and notes	11,415	
Developer payable	135,146	
Notes payable	25,484	
Commercial paper notes payable	163,500	
Compensated absences	116,142	
Pollution remediation	3,286	
Total long-term liabilities		(2,738,620)
Net pension liability and pension related deferred outflows and inflows of resources are not due in the current period and, therefore, are not reported in the funds. These amounts consist of:		
Net pension liability	3,840,308	
Deferred outflows of resources	(719,085)	
Deferred inflows of resources	1,802,492	
		(4,923,715)
Other postemployment benefits liability and related deferred outflows and inflows of resources are not due in the current period and, therefore, are not reported in the funds. These amounts consist of:		
Other postemployment benefits liability	397,703	
Deferred outflows of resources	(39,735)	
Deferred inflows of resources	56,797	
		(414,765)
Net position (deficit) of governmental activities		$ (2,303,770)

CITY OF DALLAS, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended September 30, 2020
(in thousands)

	General	Debt Service	Nonmajor Governmental Funds	Total
Revenues:				
Ad valorem tax	$ 728,339	$ 265,699	$ 82,938	$ 1,076,976
Tax increment financing, intergovernmental	-	-	12,553	12,553
Sales tax	314,385	-	-	314,385
Franchise fees	120,944	-	4,977	125,921
Licenses and permits	8,675	-	599	9,274
Intergovernmental	15,669	-	195,501	211,170
Service to others	102,021	-	94,525	196,546
Fines and forfeitures	24,317	-	734	25,051
Investment income	6,296	1,138	14,452	21,886
Special assessments	-	1,219	27,306	28,525
Contributions and gifts	133	-	33,719	33,852
Confiscated money awards	-	-	2,661	2,661
Other revenues	6,496	-	2,119	8,615
Total revenues	1,327,275	268,056	472,084	2,067,415
Current expenditures:				
General government	150,372	-	290,473	440,845
Public safety	792,917	-	61,508	854,425
Code enforcement	41,188	-	3,440	44,628
Environmental and health services	-	-	15,691	15,691
Streets, public works, and transportation	97,301	-	29,272	126,573
Equipment and building services	21,651	-	3,532	25,183
Culture and recreation	132,749	-	17,163	149,912
Housing	2,707	-	-	2,707
Human services	-	-	21,806	21,806
Debt service:				
Principal	29,237	159,341	15,937	204,515
Interest and fiscal charges	3,287	101,684	721	105,692
Capital outlay	14,030	-	282,382	296,412
Total expenditures	1,285,439	261,025	741,925	2,288,389
Excess (deficiency) of revenues over (under) expenditures	41,836	7,031	(269,841)	(220,974)
Other financing sources (uses):				
Transfers in	34,809	5,232	57,276	97,317
Transfers out	(29,488)	(9)	(13,863)	(43,360)
Proceeds from sale of capital assets	320	-	-	320
Premium on debt issued	-	-	3,798	3,798
Issuance of certificates of obligation	-	-	45,665	45,665
Inception of capital lease	-	-	2,456	2,456
Issuance of notes	-	-	160,000	160,000
Total other financing sources (uses)	5,641	5,223	255,332	266,196
Net change in fund balances	47,477	12,254	(14,509)	45,222
Fund balances, beginning of year	297,154	34,300	998,826	1,330,280
Fund balances, end of year	$ 344,631	$ 46,554	$ 984,317	$ 1,375,502

The notes to finanical statements are an integral part of this statement.

CITY OF DALLAS, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2020
(in thousands)

Net change in fund balances-total governmental funds			$ 45,222
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.			
Capital outlay	296,412		
Capital contributions	6,219		
Capital assets acquired through developer payable	3,750		
Depreciation expense	(132,079)		
Net adjustment			174,302
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.			
Proceeds from sale of capital assets	(320)		
Net gain on disposal of capital assets	15		
			(305)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This adjustment is to recognize the net change in “unavailable” revenues.			(365)
The issuance of long-term debt (e.g., bonds, certificates of obligation) provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.			
Debt issued:			
Premium on debt issued		(3,798)	
General obligation bonds		(45,665)	
Notes payable		(160,000)	
Capital leases		(2,456)	
Repayments:			
Capital lease liability		23,187	
Sales tax refund liability		3,618	
Note principal payment		18,369	
Bond principal payments		159,341	
Net adjustment			(7,404)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.			
Decrease in accrued interest payable		493	
Amortization of premium, discount and refunding deferral		29,012	
Accretion on capital appreciation bonds		(761)	
Decrease in pollution remediation liability		177	
Increase in compensated absences		(6,193)	
Increase in developer payable		28,988	
Total adjustment			51,716
Internal service funds are used by management to charge the costs of certain activities, such as fleet management, insurance, compensated absences, and computer replacement, to individual funds. The change in net position for these funds is reported with the governmental activities.			(38,649)
Changes to net pension liability and pension related deferred outflows and inflows of resources do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.			182,071
Changes to other postemployment benefits and related deferred inflows and outflows of resources do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.			(6,380)
Change in net position of governmental activities			$ 400,208

The notes to financial statements are an integral part of this statement.

CITY OF DALLAS, TEXAS
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-NON-GAAP BUDGETARY BASIS

Year Ended September 30, 2020
(in thousands)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (Budgetary Basis)	Variance with Final Budget-Positive (Negative)
Revenues:				
Ad valorem taxes	$ 787,420	$ 787,421	$ 789,114	$ 1,693
Sales tax	325,566	325,566	310,737	(14,829)
Other tax and franchise revenues	129,340	122,740	120,944	(1,796)
Licenses and permits	5,154	5,154	4,486	(668)
Intergovernmental	11,383	13,049	15,670	2,621
Services to others	127,077	123,317	104,353	(18,964)
Fines and forfeitures	27,222	27,222	24,313	(2,909)
Investment income	4,664	4,664	5,544	880
Misc revenue	6,685	6,685	7,530	845
Total revenues	1,424,511	1,415,818	1,382,691	(33,127)
Expenditures:				
General government				
City attorney's office	18,483	18,483	16,884	1,599
City auditor's office	3,399	3,399	2,584	815
Office of budget	3,879	3,879	3,628	251
Non-departmental	105,564	101,709	97,015	4,694
Independent audit	945	945	729	216
City controller's office	7,211	7,761	6,504	1,257
City manager's office	2,937	2,937	2,468	469
Municipal court - Judiciary	3,807	3,807	3,604	203
Court and detention services	22,637	20,980	19,756	1,224
Jail contract-Lew Sterrett	9,158	9,158	9,157	1
Civil service	3,275	3,275	2,708	567
Sustainable development and construction	1,859	1,859	2,300	(441)
Office of economic development	5,366	5,366	4,696	670
Mayor and city council	5,018	5,118	4,476	642
Office of management services	36,995	37,111	29,471	7,640
Human resources	6,557	6,466	5,711	755
Procurement services	3,021	3,021	2,374	647
Elections	99	99	84	15
City secretary's office	3,039	3,039	2,871	168
Total general government	243,249	238,412	217,020	21,392
Public safety				
Dallas police department	516,967	516,967	495,085	21,882
Dallas fire department	317,747	320,300	305,117	15,183
9-1-1 systems operations	15,293	15,293	14,505	788
Total public safety	850,007	852,560	814,707	37,853
Code enforcement				
Code compliance	30,477	30,477	28,355	2,122
Dallas animal services	15,635	15,635	13,739	1,896
Total code enforcement	46,112	46,112	42,094	4,018

continued

The notes to finanical statements are an integral part of this statement.

CITY OF DALLAS, TEXAS
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-NON-GAAP BUDGETARY BASIS (continued)
Year Ended September 30, 2020
(in thousands)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (Budgetary Basis)	Variance with Final Budget-Positive (Negative)
Public works and transportation				
Public works	$ 77,176	$ 78,609	$ 77,261	1,348
Transportation	45,271	44,588	41,463	3,125
Total public works and transportation	122,447	123,197	118,724	4,473
Building services	23,311	23,111	22,034	1,077
Culture and recreation				
Library	33,876	32,276	28,553	3,723
Office of cultural affairs	20,866	20,866	18,497	2,369
Park and recreation	98,596	93,337	90,711	2,626
Total culture and recreation	153,338	146,479	137,761	8,718
Housing and neighborhood revitalization	3,270	3,270	2,885	385
Planning and urban design	3,397	3,397	2,946	451
Total expenditures	1,445,131	1,436,538	1,358,171	78,367
Excess (deficiency) of revenues over (under) expenditures	(20,620)	(20,720)	24,520	45,240
Other financing sources (uses):				
Interfund transfers in	25,695	25,695	25,695	-
Interfund reserved and transfers out	(8,251)	(8,251)	(3,000)	5,251
Total other financing sources (uses)	17,444	17,444	22,695	5,251
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	(3,176)	(3,276)	47,215	50,491
Fund balances, beginning of year	219,839	219,839	219,839	-
Fund balances, end of year	$ 216,663	$ 216,563	$ 267,054	$ 50,491

CITY OF DALLAS, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2020
(in thousands)

	Business-Type Activities Enterprise Funds						
	Dallas Water Utilities	Convention Center	Airport Revenues	Sanitation	Nonmajor Enterprise Funds	Total	Governmental Activities- Internal Service Funds
Assets							
Current assets:							
Pooled cash and cash equivalents	$ 212,799	$ 131,394	$ 51,938	$ 30,523	$ 62,885	$ 489,539	$ 130,165
Receivables:							
Accounts	88,310	3,935	16,846	17,848	687	127,626	61
Taxes	-	1,684	-	-	-	1,684	-
Accrued interest	1,029	177	142	43	54	1,445	52
Allowance for uncollectible accounts	(12,226)	(368)	(257)	(7,014)	(14)	(19,879)	-
Due from other governments	123	-	663	-	-	786	-
Due from other funds	268	-	-	-	-	268	-
Prepaid items	8,384	88	434	-	-	8,906	29
Inventories, at cost	15,025	789	1,317	273	-	17,404	3,329
Restricted assets:							
Customer assessments	634	-	50	-	-	684	-
Pooled cash and cash equivalents for current debt service	163,328	4,160	-	-	-	167,488	-
Cash and cash equivalents Held for construction purposes	49,739	3,669	-	-	-	53,408	-
Customer deposits:							
Pooled cash and cash equivalents	19,748	-	-	1,173	-	20,921	-
Other assets	-	-	-	-	-	-	2,804
Total current assets	547,161	145,528	71,133	42,846	63,612	870,280	136,440
Noncurrent assets:							
Capital Assets:							
Land	125,672	82,728	131,184	3,759	900	344,243	1,696
Artwork	-	-	5,574	-	-	5,574	-
Construction in progress	1,158,158	1,385	20,405	-	207	1,180,155	129
Water rights	353,910	-	-	-	-	353,910	-
Buildings	524,746	599,488	893,472	5,267	337	2,023,310	4,435
Improvements other than buildings	81,851	64,381	447,457	27,916	273	621,878	1,069
Infrastructure assets	581,526	12,652	4,896	6,003	-	605,077	1,822
Equipment	660,465	46,243	98,261	71,986	5,199	882,154	115,162
Utility property	4,533,289	-	-	-	-	4,533,289	-
Accumulated depreciation	(2,523,683)	(391,852)	(393,283)	(49,479)	(4,512)	(3,362,809)	(102,848)
Total capital assets	5,495,934	415,025	1,207,966	65,452	2,404	7,186,781	21,465
Other noncurrent assets:							
Restricted assets:							
Future pipeline reserve capacity rights	66,079	-	-	-	-	66,079	-
Held for construction purposes:							
Cash and cash equivalents	-	-	4,595	-	-	4,595	-
Pooled cash and cash equivalents for future debt service	25,821	19,481	29,061	-	-	74,363	-
Pooled cash and cash equivalents for emergency repairs and replacements	-	-	5,000	-	-	5,000	-
Pooled cash and cash equivalents for operation and maintenance expenses	-	-	13,784	-	-	13,784	-
Pooled cash and cash equivalents for passenger facility charges	-	-	96,899	-	-	96,899	-
Other investments for future debt service at fair value	90,000	4,000	19,130	-	-	113,130	-
Cash and cash equivalents held by escrow agent	170,627	-	-	-	-	170,627	-
Notes receivable from other funds	5,659	-	-	-	-	5,659	-
Prepaid escrow	24,657	-	-	-	-	24,657	-
Total other noncurrent assets	382,843	23,481	168,469	-	-	574,793	-
Total noncurrent assets	5,878,777	438,506	1,376,435	65,452	2,404	7,761,574	21,465
Total assets	6,425,938	584,034	1,447,568	108,298	66,016	8,631,854	157,905
Deferred outflows of resources							
Deferred loss on refunding	53,654	1,683	7	25	14	55,383	-
Deferred outflows of resources related to pensions	109,686	9,042	19,488	37,464	25,343	201,023	54,247
Deferred outflows of resources related to other postemployment benefits	5,634	130	1,157	2,055	1,146	10,122	2,408
Total deferred outflows of resources	$ 168,974	$ 10,855	$ 20,652	$ 39,544	$ 26,503	$ 266,528	$ 56,655

CITY OF DALLAS, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS (continued)
September 30, 2020
(in thousands)

	Business-Type Activities Enterprise Funds						Governmental
	Dallas Water Utilities	Convention Center	Airport Revenues	Sanitation	Nonmajor Enterprise Funds	Total	Activities- Internal Service Funds
Liabilities							
Current liabilities:							
Accrued payroll	$ 2,207	$ 123	$ 455	$ 873	$ 541	$ 4,199	$ 1,272
Accounts payable	13,546	5,135	9,316	2,916	406	31,319	14,783
Compensated absences	4,690	159	843	1,162	1,090	7,944	2,579
Due to other governments	-	16	81	595	-	692	-
Unearned revenue	-	-	4,747	88	6,803	11,638	-
Estimated unpaid health claims	-	-	-	-	-	-	8,375
Estimated unpaid claims - general	-	-	-	-	-	-	4,454
Workers' compensation	-	-	-	-	-	-	7,054
Accrued interest payable on notes	232	15	20	97	39	403	-
General obligation bonds	-	-	-	1,912	-	1,912	-
Pension obligation bonds	5,559	397	521	1,817	1,012	9,306	-
Pollution remediation	-	63	151	971	-	1,185	-
Obligation for revenue credit agreement	-	-	8,840	-	-	8,840	-
Landfill closure/postclosure	-	-	-	286	-	286	-
Capital leases	-	-	1,296	6,099	-	7,395	-
Other liabilities	-	-	-	-	2,410	2,410	5,973
Total current liabilities	26,234	5,908	26,270	16,816	12,301	87,529	44,490
Current liabilities (payable from restricted assets):							
Construction accounts payable	58,456	370	10,924	-	-	69,750	-
Accrued interest payable on bonds	39,291	1,741	13,155	-	-	54,187	-
Water transmission facilities financing agreement	10,042	-	-	-	-	10,042	-
Revenue bonds	119,175	9,550	8,640	-	-	137,365	-
Total current liabilities (payable from restricted assets)	226,964	11,661	32,719	-	-	271,344	-
Total current liabilities	253,198	17,569	58,989	16,816	12,301	358,873	44,490
Noncurrent liabilities:							
Commercial paper notes payable	52,900	-	-	-	-	52,900	-
Revenue bonds	2,517,619	258,180	221,500	-	-	2,997,299	-
Obligation for revenue credit agreement	-	-	393,582	-	-	393,582	-
Accreted interest on pension obligation bonds	30,573	2,181	2,865	9,996	5,567	51,182	-
General obligation bonds	-	-	-	2,544	-	2,544	-
Pension obligation bonds	56,791	4,040	5,320	18,566	10,347	95,064	-
Water transmission facilities financing agreement	404,715	-	-	-	-	404,715	-
Capital leases	-	-	68,090	10,430	-	78,520	-
Total long-term debt	3,062,598	264,401	691,357	41,536	15,914	4,075,806	-
Other long-term liabilities:							
Estimated unpaid claims - general	-	-	-	-	-	-	55,496
Other postemployment benefits	60,983	4,568	10,229	20,664	11,134	107,578	25,708
Net pension liability	389,659	26,182	55,041	124,747	80,641	676,270	176,693
Workers' compensation	-	-	-	-	-	-	34,306
Customer deposits	19,748	1,139	-	1,173	-	22,060	-
Customer construction advances	3,563	-	-	-	-	3,563	-
Pollution remediation	-	-	360	-	-	360	-
Landfill closure/postclosure	-	-	-	44,930	-	44,930	-
Compensated absences	6,323	214	1,137	1,566	1,471	10,711	3,477
Total other long-term liabilities	480,276	32,103	66,767	193,080	93,246	865,472	295,680
Total noncurrent liabilities	3,542,874	296,504	758,124	234,616	109,160	4,941,278	295,680
Total liabilities	3,796,072	314,073	817,113	251,432	121,461	5,300,151	340,170
Deferred inflows of resources							
Deferred inflows of resources related to pensions	32,255	1,455	5,756	11,813	7,150	58,429	14,067
Deferred inflows of resources related to other postemployment benefits	7,896	231	1,622	2,897	1,654	14,300	3,477
Total deferred inflows of resources	40,151	1,686	7,378	14,710	8,804	72,729	17,544
Net Position							
Net investment in capital assets	2,673,126	150,596	519,033	44,467	2,404	3,389,626	21,465
Restricted:							
Debt service	239,858	25,900	15,692	-	-	281,450	-
Emergency repairs and replacements	-	-	5,000	-	-	5,000	-
Operation and maintenance expenses	24,657	-	13,784	-	-	38,441	-
Passenger facility charges	-	-	96,899	-	-	96,899	-
Unrestricted (deficit)	(178,952)	102,634	(6,679)	(162,767)	(40,150)	(285,914)	(164,619)
Total net position (deficit)	$ 2,758,689	$ 279,130	$ 643,729	$ (118,300)	$ (37,746)	$ 3,525,502	$ (143,154)

The notes to financial statements are an integral part of this statement.

CITY OF DALLAS, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended September 30, 2020
(in thousands)

	Business-Type Activities Enterprise Funds						
	Dallas Water Utilities	Convention Center	Airport Revenues	Sanitation	Nonmajor Enterprise Funds	Total	Governmental Activities- Internal Service Funds
Operating revenues:							
Customer charges	$ 635,940	$ 29,725	$ 131,171	$ 122,154	$ 34,366	$ 953,356	$ -
Charges to other City departments	-	-	-	-	-	-	290,947
Charges to employees/retirees	-	-	-	-	-	-	60,682
Intergovernmental	-	2,712	28,383	-	-	31,095	-
Other revenues	-	80	291	100	150	621	737
Total operating revenues	635,940	32,517	159,845	122,254	34,516	985,072	352,366
Operating expenses:							
Personnel services	126,139	1,580	23,561	46,650	28,207	226,137	72,572
Supplies and materials	80,988	3,278	7,157	7,587	399	99,409	26,159
Contractual and other services	142,441	46,997	46,975	51,650	9,755	297,818	280,883
Depreciation	133,860	17,968	40,646	8,739	203	201,416	3,972
Total operating expenses	483,428	69,823	118,339	114,626	38,564	824,780	383,586
Operating income (loss)	152,512	(37,306)	41,506	7,628	(4,048)	160,292	(31,220)
Nonoperating revenues (expenses):							
Investment income	11,974	2,514	2,916	569	850	18,823	999
Alcohol beverage tax	-	9,747	-	-	-	9,747	-
Hotel occupancy tax	-	41,602	-	-	-	41,602	-
Passenger facility charges	-	-	15,805	-	-	15,805	-
Interest on bonds and notes	(108,084)	(15,146)	(33,928)	(2,117)	(895)	(160,170)	-
Net gain (loss) on property disposals	(180)	-	-	-	-	(180)	394
Total nonoperating revenues (expenses)	(96,290)	38,717	(15,207)	(1,548)	(45)	(74,373)	1,393
Income (loss) before contributions and transfers	56,222	1,411	26,299	6,080	(4,093)	85,919	(29,827)
Contributions and transfers							
Capital contributions	18,910	500	2,593	-	-	22,003	-
Transfers in	-	-	-	-	-	-	3,372
Transfers out	(28,862)	(7,413)	(388)	(8,234)	(238)	(45,135)	(12,194)
Total contributions and transfers	(9,952)	(6,913)	2,205	(8,234)	(238)	(23,132)	(8,822)
Change in net position	46,270	(5,502)	28,504	(2,154)	(4,331)	62,787	(38,649)
Net position (deficit), beginning of year	2,712,419	284,632	615,225	(116,146)	(33,415)	3,462,715	(104,505)
Net position (deficit), end of year	$ 2,758,689	$ 279,130	$ 643,729	$ (118,300)	$ (37,746)	$ 3,525,502	$ (143,154)

“Our Product is Service”
Empathy | Ethics | Excellence | Equity

CITY OF DALLAS, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2020
(in thousands)

	Business-Type Activities Enterprise Funds			
	Dallas Water Utilities	Convention Center	Airport Revenues	Sanitation
Cash flows from operating activities:				
Cash received from customers	$ 645,228	$ 30,541	$ 151,187	$ 121,081
Cash payments to suppliers for goods and services	(68,961)	(6,991)	(3,171)	(13,475)
Cash payments to employees for services	(95,604)	(2,205)	(21,060)	(39,053)
Cash payments for contractual services	(142,450)	(46,997)	(47,161)	(49,579)
Other operating cash receipts	-	80	291	100
Net cash provided by (used in) operating activities	338,213	(25,572)	80,086	19,074
Cash flows from non-capital financing activities:				
Taxes	-	58,623	-	-
Principal paid on pension obligation bonds	(1,610)	(115)	(151)	(526)
Interest paid on pension obligation bonds	(5,321)	(379)	(499)	(1,740)
Transfers from other funds	-	-	-	-
Transfers to other funds	(28,862)	(7,413)	(388)	(8,234)
Net cash provided by (used in) non-capital financing activities	(35,793)	50,716	(1,038)	(10,500)
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(259,808)	(44)	(43,256)	(7,805)
Proceeds from sale of capital assets	-	-	-	-
Proceeds from obligation for revenue bonds	783,087	-	-	-
Proceeds from notes payable and other obligations	-	-	-	6,057
Payment to refunded bond escrow agent	(456,260)	-	-	-
Principal paid on bonds	(105,560)	(9,095)	(8,230)	(821)
Principal paid on notes payable and other obligations	-	-	(9,725)	(6,435)
Interest paid on bonds, notes, and other obligations	(118,802)	(14,386)	(36,180)	(604)
Bond issuance costs	(1,722)	-	-	-
Proceeds from sale of commercial paper notes	147,500	-	-	-
Retirement of commercial paper notes	(259,100)	-	-	-
Passenger facility charges	-	-	17,035	-
Capital contribution income	-	500	-	-
Net cash provided by (used in) capital and related financing activities	(270,665)	(23,025)	(80,356)	(9,608)
Cash flows from investing activities:				
Maturity of investments	-	-	15,574	-
Investment income	12,030	21,551	2,984	562
Net cash provided by (used in) investing activities	12,030	21,551	18,558	562
Net increase (decrease) in cash and cash equivalents	43,785	23,670	17,250	(472)
Cash and cash equivalents, beginning of year	598,277	135,034	184,027	32,168
Cash and cash equivalents, end of year	$ 642,062	$ 158,704	$ 201,277	$ 31,696

Nonmajor Enterprise Funds	Total	Governmental Activities- Internal Service Funds
$ 32,621	$ 980,658	$ 350,985
(273)	(92,871)	(26,869)
(23,694)	(181,616)	(58,929)
(10,088)	(296,275)	(236,034)
150	621	1,406
(1,284)	410,517	30,559
-	58,623	-
(293)	(2,695)	-
(969)	(8,908)	-
-	-	3,372
(238)	(45,135)	(12,194)
(1,500)	1,885	(8,822)
(276)	(311,189)	(6,026)
-	-	492
-	783,087	-
-	6,057	-
-	(456,260)	-
-	(123,706)	-
-	(16,160)	-
-	(169,972)	-
-	(1,722)	-
-	147,500	-
-	(259,100)	-
-	17,035	-
-	500	-
(276)	(383,930)	(5,534)
-	15,574	-
860	37,987	1,057
860	53,561	1,057
(2,200)	82,033	17,260
65,085	1,014,591	112,905
$ 62,885	$ 1,096,624	$ 130,165

continued

CITY OF DALLAS, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (continued)
For the Year Ended September 30, 2020
(in thousands)

	Business-Type Activities Enterprise Funds			
	Dallas Water Utilities	Convention Center	Airport Revenues	Sanitation
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	$ 152,512	$ (37,306)	$ 41,506	$ 7,628
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	133,860	17,968	40,646	8,739
Change in assets and liabilities				
(Increase) Decrease in accounts and other receivables	1,256	(368)	(9,669)	(2,092)
(Increase) Decrease in customer assessments receivable	(8)	-	-	-
(Increase) Decrease in inventories	833	68	247	6
(Increase) Decrease in other assets	7,992	-	-	-
(Increase) Decrease in due from other governments	526	12	(138)	(124)
(Increase) Decrease in deferred outflows for other postemployment benefits	1,928	55	393	701
(Increase) Decrease in deferred outflows for pension contributions	123,889	4,528	12,457	37,635
Increase (Decrease) in accounts payable	3,202	(3,781)	3,739	(5,894)
Increase (Decrease) in accrued payroll	599	(42)	146	366
Increase (Decrease) in due to other funds	-	-	-	(526)
Increase (Decrease) in compensated absences	(284)	70	91	(278)
Increase (Decrease) in allowance for uncollectibles	6,665	(119)	237	962
Increase (Decrease) in unearned revenue	-	-	1,065	(11)
Increase (Decrease) in customer deposits	849	(1,409)	-	68
Increase (Decrease) in other postemployment benefits	(3,569)	(77)	(746)	(1,327)
Increase (Decrease) in customer construction advances	(9)	-	-	-
Increase (Decrease) in estimated unpaid health claims	-	-	-	-
Increase (Decrease) in estimated unpaid claims - general	-	-	-	-
Increase (Decrease) in workers' compensation	-	-	-	-
Increase (Decrease) in landfill liability	-	-	-	1,750
Increase (Decrease) in net pension liability	(48,714)	(2,258)	(9,347)	(17,635)
Increase (Decrease) in other liabilities	-	(12)	(48)	971
Increase (Decrease) in deferred inflows for other postemployment benefits	2,496	(9)	542	949
Increase (Decrease) in deferred inflows for pension contributions	(45,810)	(2,892)	(1,035)	(12,814)
Total adjustments	185,701	11,734	38,580	11,446
Net cash provided by (used in) operating activities	338,213	(25,572)	80,086	19,074
Current Assets:				
Pooled cash and cash equivalents	$ 212,799	$ 131,394	$ 51,938	$ 30,523
Pooled cash and cash equivalents for current debt service	163,328	4,160	-	-
Held for construction purposes	49,739	3,669	-	-
Customer deposits pooled cash and cash equivalents	19,748	-	-	1,173
Non-current Assets:				
Cash and cash equivalents				
Held by escrow agent	170,627	-	-	-
Held for construction purposes	-	-	4,595	-
For future debt service	25,821	19,481	29,061	-
For emergency repairs and replacements	-	-	5,000	-
For operation and maintenance expenses	-	-	13,784	-
For passenger facility charges	-	-	96,899	-
Total cash and cash equivalents end of year	$ 642,062	$ 158,704	$ 201,277	$ 31,696
Noncash investing, capital, and financing activities:				
Capital contributions	$ 18,910	$ -	$ 2,593	$ -
Prepaid escrow	(7,992)	-	-	-
Change in fair value of non-pooled investments	100	-	-	-
Premium/discount amortization	(17,397)	(136)	(2,398)	(671)
Accretion on capital appreciation bonds	209	15	19	68
Amortization of deferred gain/loss on refunding	(7,876)	(558)	(3)	(10)

The notes to financial statements are an integral part of this statement.

Nonmajor Enterprise Funds	Total	Governmental Activities- Internal Service Funds
$ (4,048)	$ 160,292	$ (31,220)
203	201,416	3,972
		-
(130)	(11,003)	25
-	(8)	-
-	1,154	68
-	7,992	-
-	276	-
389	3,466	817
22,566	201,075	51,317
126	(2,608)	(778)
140	1,209	475
-	(526)	-
163	(238)	178
-	7,745	-
(1,615)	(561)	-
-	(492)	-
(780)	(6,499)	(1,698)
-	(9)	-
-	-	6,666
-	-	48,155
-	-	(235)
-	1,750	-
(11,381)	(89,335)	(25,097)
(333)	578	(3,306)
579	4,557	1,136
(7,163)	(69,714)	(19,916)
2,764	250,225	61,779
(1,284)	410,517	30,559
$ 62,885	$ 489,539	$ 130,165
-	167,488	-
-	53,408	-
-	20,921	-
-	170,627	-
-	4,595	-
-	74,363	-
-	5,000	-
-	13,784	-
-	96,899	-
$ 62,885	$ 1,096,624	$ 130,165
$ -	$ 21,503	-
-	(7,992)	-
-	100	-
(125)	(20,727)	-
38	349	-
(6)	(8,453)	-

CITY OF DALLAS, TEXAS
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
September 30, 2020
(in thousands)

	Agency Funds	Pension Trust Funds (1)
Assets		
Pooled cash and cash equivalents	$ 5,177	$ -
Cash and cash equivalents	-	200,958
Invested securities lending collateral	-	221,393
Receivables:		
Accounts	32	499,577
Accrued interest	2	18,338
Short-term investments	-	25,311
Equity securities	-	555,230
Domestic equities	-	1,361,555
U.S. and foreign government fixed income securities	-	754,971
Domestic corporate fixed income	-	797,531
International equities and fixed income	-	511,041
Commingled index funds	-	176,734
Real assets	-	797,370
Private equities and venture capital funds	-	535,008
Forward currency contracts	-	652
Prepaid expenses	-	402
Capital assets, net	-	17,774
Total assets	5,211	6,473,845
Liabilities		
Accounts payable	2,959	11,997
Payable for securities purchased	-	69,841
Securities lending obligation	-	221,393
Other liabilities	2,252	437,361
Total liabilities	5,211	740,592
Net Position		
Net investment in capital assets	-	17,774
Restricted for pensions	-	5,715,478
Total net position	$ -	$ 5,733,252

(1) Information presented for the pension trust funds is as of December 31, 2019.

The notes to financial statements are an integral part of this statement.

CITY OF DALLAS, TEXAS
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
For the Year Ended September 30, 2020
(in thousands)

	Pension Trust Funds (1)
Additions:	
Contributions:	
Employer	$ 219,428
Employee	110,693
Total contributions	330,121
Net investment income:	
Interest and dividends	151,798
Net depreciation in fair value of investments	547,965
Securities lending income	1,525
Less investment expenses:	
Investment management fees	(25,419)
Custody fees	(125)
Consultant fees	(452)
Securities lending management fees	(282)
Total investment expenses	(26,278)
Net investment income	675,010
Other income	659
Total increases	1,005,790
Deductions:	
Benefit payments	588,015
Refund of contributions	13,055
Administrative expenses	14,013
Total deductions	615,083
Change in net position	390,707
Net position	
Beginning of year	5,342,545
End of year	$ 5,733,252

(1) Information presented for the pension trust funds is for the year ended December 31, 2019.

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Note 1. Summary of Significant Accounting Policies

A. General

The City of Dallas, Texas (“the City”) is a municipal corporation incorporated under Article XI, Section 5 of the Constitution of the State of Texas (Home Rule Amendment). The City operates under the Council-Manager form of government and provides such services as are authorized by its charter to advance the welfare, health, comfort, safety, and convenience of the city and its inhabitants.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Unless otherwise indicated, amounts are presented in thousands (000’s). The more significant accounting and reporting policies and practices used by the City are described below.

B. Reporting Entity

The accompanying basic financial statements present the City and its component units, entities for which the government is considered to be financially accountable. The criteria considered in determining activities to be reported within the City’s basic financial statements include whether:

- the organization is legally separate (can sue and be sued in their own name);
- the City appoints a voting majority of the organization’s board;
- the City is able to impose its will on the organization;
- the organization has the potential to impose a financial benefit/burden on the City; and
- there is fiscal dependency by the organization on the City.

The City’s municipal services, which include public safety (police and fire), environmental and health services, code enforcement, streets, public works, and transportation, equipment and building, culture and recreation, housing and human services, and general administrative services, are included in the accompanying basic financial statements.

In addition, the City owns and operates certain enterprise funds including water utilities, convention services, airport, sanitation, and other enterprise activities that are also included in the accompanying basic financial statements.

Blended Component Units

Blended component units, although legally separate entities, are included as part of the primary government because they meet the above criteria as well as serve or benefit the City exclusively. Thus, blended component units are appropriately presented as funds of the primary government. The information reported for the pension trust funds is as of December 31, 2019 and the Trinity River Corridor Local Government Corporation and Love Field Airport Modernization Corporation (LFAMC) is as of September 30, 2020.

- Pension Trust Funds – The Pension Trust Funds have a December 31 year-end. The primary functions of the pension entities are investment and benefit management activities. Each board has contracted with various investment managers and banks for management of the portfolios of the plans. The City contributes on behalf of its employees to three defined benefit pension plans administered by two legally separate entities: the Employees’ Retirement Fund of the City of Dallas, at 1920 McKinney Avenue, 10th Floor, Dallas, TX 75201; and Dallas Police and Fire Pension System, at 4100 Harry Hines Boulevard, Ste. 100, Dallas, TX 75219. Complete financial statements of each plan may be obtained at the administrative offices.
- Love Field Airport Modernization Corporation (LFAMC) – The City created the LFAMC, a Texas nonprofit local government corporation organized under Subchapter D of Chapter 431 of the Texas Transportation Code. The Corporation was formed to serve as a conduit financing entity for the purpose of issuing bonds to promote the development of the geographic area of the city included at or in the vicinity of Love Field Airport to promote, develop, and maintain the employment, commerce, aviation activity, tourism, and economic development in the City. This component unit is blended with the Airport Revenues Fund.
- Trinity River Corridor Local Government Corporation – The Corporation was organized for aiding, assisting, and acting on behalf of the City in the performance of its governmental functions; namely, the design, planning, development, financing, operation, and maintenance of public recreation uses of City fee-owned property located in a portion of the Trinity River Corridor. This component unit is blended with the Stormwater Operations special revenue fund.

Note 1. Summary of Significant Accounting Policies (continued)

Discretely Presented Component Units – The following legally separate entities are reported as discretely presented component units of the City because the City appoints a voting majority of the boards, approves budgets, and maintains the ability to impose its will on the entities. The discretely presented component units of the governmental activities and the business-type activities are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the government. The information reported for the Dallas Convention Center Hotel Development Corporation and the Housing Finance Corporation is as of December 31, 2019, and all others are as of September 30, 2020.

- Housing Finance Corporation – organized to issue tax-exempt mortgage revenue bonds to encourage opportunities for single-family residential home ownership among low to moderate-income citizens.
- Housing Acquisition and Development Corporation – organized solely and exclusively for the public purpose of providing safe, affordable housing facilities for low and moderate-income persons.
- Dallas Development Fund – organized to assist in carrying out the economic development program and objectives of the City by generating private investment capital through the New Markets Tax Credit Program to be made available for investment in low-income communities.
- Downtown Dallas Development Authority – The primary function of the Downtown Dallas Development Authority (DDDA) is to increase the property tax base in the downtown area of the city. The DDDA operates in a manner similar to other tax increment financing zones of the City but has a separate board. Its primary purpose is to issue revenue bonds to finance major improvements by developers.
- North Oak Cliff Municipal Management District – organized to promote, develop, encourage and maintain employment, commerce, transportation, housing, tourism, recreation and the arts, entertainment, economic development, safety, the public welfare in the District, and educational scholarships for college-bound students residing in or out of the District.
- Cypress Waters Municipal Management District – organized to promote, develop, encourage and maintain employment, commerce, transportation, housing, tourism, recreation and the arts, entertainment, economic development, safety, and the public welfare in the District.
- Dallas Convention Center Hotel Development Corporation – organized to promote the development of the geographic area of the city included at or in the vicinity of the Dallas Convention Center, in furtherance of the promotion, development, encouragement, and maintenance of employment, commerce, convention and meeting activity, tourism, and economic development in the city, including specifically, without limitation, the development and financing of a convention center hotel which is located within 1,000 feet of the Dallas Convention Center.

Entity financial statements are available for all of the above entities by contacting the City Controller's Office, 1500 Marilla, Room 2BS, Dallas, TX 75201.

Related Organizations

City officials are also responsible for appointing members to the boards of the following organizations, but the City's accountability for the organization does not extend beyond making appointment.

The Dallas/Fort Worth International Airport (DFW Airport) is jointly governed by the cities of Dallas and Fort Worth. The Cities approve the Airport's annual budget and all bond sales but have no responsibility for the DFW Airport's debt service requirements. DFW Airport is governed by a 12-member board (Board) comprised of seven members representing the City of Dallas, four members representing the City of Fort Worth, and on an annual basis, one non-voting member from the neighboring cities of Irving, Grapevine, Euless and Coppell. Members of the Board are appointed by the respective city councils. The Board is a semi-autonomous body charged with governing the DFW Airport and may enter into contracts without approval of the city councils.

The Dallas Housing Authority (Authority) is an independent organization, which has a scope of public service within the geographic boundaries of the city. Under Texas State Statutes, the responsibility for the administration and operations of the Authority is vested solely with the Authority's Board of Commissioners. The Authority is dependent on Federal funds from the Department of Housing and Urban Development and, as a result, is not financially dependent on the City. In addition, the City is not responsible for any deficits incurred and has no fiscal management control. The governing body of the Authority is its Board of Commissioners, composed of five members appointed by the Mayor of the City of Dallas. The Authority is not considered a component unit of the City, as defined by GASB since the City is not financially accountable for the operations of the Authority, has no responsibility to fund deficits or receive surpluses, and has not guaranteed the Authority's debt.

Note 1. Summary of Significant Accounting Policies (continued)

The Dallas Area Rapid Transit (DART) is a regional transportation authority under Chapter 452 of the Texas Transportation Code and is controlled by a 15-member board. The Dallas City Council appoints seven members and participating suburban city councils appoint eight board members. Its purpose is to provide transportation services in the DART service area. The voters in the DART service area approved a one percent sales tax to fund the authority annually. DART is not fiscally dependent on the City.

C. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on the primary government and its non-fiduciary component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function or segment.

Taxes and other items are reported as general revenues, rather than as program revenues.

Separate fund level financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and individual enterprise funds are reported as separate columns in the fund financial statements.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. The agency fund financial statements have no measurement focus, but do employ the accrual basis of accounting for purposes of asset and liability recognition. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows; however, agency funds report only assets and liabilities and have no measurement focus.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues received within 60 days of year-end to be available, in accordance with the City's accounting policy, except as noted in the paragraph below.

Revenues susceptible to accrual include ad valorem taxes, sales tax, ambulance fees, parking fines, franchise fees, and interest. In applying the susceptible to accrual concept to Federal and State grants, revenues are recognized when applicable eligibility requirements, including time requirements, are met. The grant revenues and developer and intergovernmental contributions availability period is considered to be one year. All other revenue items are considered to be measurable and available only when the City receives the cash as the resulting net receivables are deemed immaterial, such as court fines and fees.

Expenditures are generally recorded when the liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences, arbitrage rebates, claims and judgments, other postemployment benefits, and pollution remediation are recorded only when matured and payment is due.

Note 1. Summary of Significant Accounting Policies (continued)

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest, and related costs.

The City reports the following non-major governmental funds:

The Capital Project Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

The Special Revenue Funds are used to account for proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

The Permanent Funds are used to account for private endowments whereby interest earnings are restricted in accordance with the endowment terms.

Proprietary Funds and Pension Trust Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of operating income, change in net position, financial position, and cash flow. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources are included on the statement of net position.

The City reports the following major proprietary funds:

The Dallas Water Utilities Fund accounts for water and wastewater services for Dallas, area customer cities, and governmental entities. Activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, finance, and related debt service.

The Convention Center Fund accounts for convention and event services for the Dallas Convention Center. Activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, finance, and related debt service.

The Airport Revenues Fund accounts for the Dallas Airports System, which includes airport services and administration of Dallas Love Field, Executive Airport, and the Heliport. Activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, finance, and related debt service. DFW airport activity is not included in the financial statements.

The Sanitation Fund accounts for solid waste collection and disposal services for residential and commercial customers in Dallas. Activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, finance, and related debt service.

The City reports the following non-major proprietary funds:

The non-major proprietary funds consist of Enterprise Funds, which are used to account for operations, other than the major proprietary funds listed above, and are operated in a manner similar to private business enterprises. Non-major Enterprise Funds include the operation of the municipal radio station and building inspections.

Additionally, the City reports the following funds:

The Internal Service Funds are used to allocate associated costs of centralized services on a cost-reimbursement basis. The services provided to other City departments are vehicles, vehicle maintenance, fuel and lubrication, communication services, data processing and programming services, office supplies, printing, copying and mailing services, risk financing, including insurance-related activities, and bond program administration.

Note 1. Summary of Significant Accounting Policies (continued)

The Pension Trust Fund accounts for the activities of the Employees' Retirement System, Police and Fire Pension System, and Supplemental Police and Fire Pension Plan. The three contributory defined benefit plans are used to accumulate resources for pension benefits payments to qualified employees.

The Agency Funds are used to account for assets held by the City, as an agent for individuals (cash escrow, confiscated money, and deferred compensation fund), and other funds for assets held by the City, in a trustee capacity (employee benefits and the Dallas Tourism Public Improvement District deposit account).

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes (PILOT) and other charges between the Dallas Water Utilities Fund and various other funds of the City. Elimination of these charges would distort the direct costs and program revenues reported for various functions concerned.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations.

Operating revenues of the City's enterprise funds are charges to customers for sales and services, charges to other City departments, services to others, intergovernmental revenue, and other revenues. Operating expenses include cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

E. Cash, Cash Equivalents, and Investments

Cash and cash equivalents include amounts in pooled cash as well as short-term investments with the exception of the Pension Trust Funds (which consider short-term investments as regular investments). Investment income on the pooled investments is prorated monthly based upon the average daily cash balance in each fund.

Investments in U.S. government obligations are recorded at fair value based on observable inputs; investments in money market funds and hedge funds are measured at Net Asset Value (NAV); local government investment pools are measured at amortized cost, with the exception of Texas CLASS, which is reported at fair value. Other investments, except hedge funds, held in trusts for various permanent funds are recorded at fair value based on quoted market prices. Pension investments are recorded at fair value based on quoted market values, when available. The amounts recorded in the Pension Trust Funds for real estate funds and venture capital funds represent estimated fair values based upon appraised values or other comparable methods. The Commingled Index Funds estimated fair values are based upon audited financial statements.

F. Property Taxes

The City's property tax is levied each October 1 on the assessed value as of the previous January 1 for all real and income-producing (or business personal) property. Appraised values are established by the Dallas, Denton, Collin, and Rockwall Central Appraisal Districts equal to 100 percent of appraised market value as required under the State Property Tax Code. The value of real property within the Appraisal District must be reviewed every three years. The City may challenge appraised values established by the Appraisal District through various appeals and, if necessary, legal action. The City establishes tax rates on property within its jurisdiction. If the adopted tax rate, excluding tax rates for bonds and other contractual obligations, exceeds the effective tax rate by more than eight percent, qualified voters of the city may petition for an election to determine whether to limit the tax rate increase to no more than eight percent above the effective tax rate. Property taxes attach as an enforceable lien on property as of January 1 of the subsequent year.

Taxes are due October 1. Full payment can be made prior to the following January 31 to avoid penalty and interest charges. Current tax collections for the year ended September 30, 2020 were 97.97 percent of the tax levy. The City is permitted by Article XI, Section 5 of the State of Texas Constitution to levy taxes up to $2.50 per one hundred dollars of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The tax rate for fiscal year 2020 was $0.7766 per $100 dollars of assessed valuation, $0.5691 for general governmental services and $0.2075 for the payment of principal and interest on general obligation long-term debt.

Note 1. Summary of Significant Accounting Policies (continued)

G. Federal and State Grants and Entitlements

Grants and entitlements received for purposes normally financed through the general government are accounted for within the Special Revenue Funds. Grants and similar items are recognized as revenue as soon as all applicable eligibility requirements, excluding time requirements, have been met. Amounts received before time requirements are met, but after all other eligibility requirements have been met are reported as a deferred inflow of resources. Amounts received before eligibility requirements have been met are reported as unearned revenue.

H. Inventories

Inventory is valued at average cost. Inventory for all funds generally consists of expendable supplies held for consumption and are recorded as expenditures (or expenses) when consumed.

I. Prepaid Items

Prepaid items are payments made to vendors for services that will benefit periods beyond September 30, 2020. Prepaid items are recorded using the consumption method.

J. Restricted Assets

Proceeds of Enterprise Fund revenue bonds, commercial paper notes, and other financing arrangements, as well as resources set aside for revenue bond repayment, are classified as restricted assets on the statement of net position when their use is limited by applicable covenants. The Capital Project Funds record proceeds of debt issuances restricted for construction. The current Debt Service Funds are used to segregate resources accumulated for debt service payments over the next 12 months.

The assets restricted for revenue bond future debt service are used to report resources set aside to fulfill revenue bond debt reserve requirements. Other restricted assets include funds restricted for construction from revenue bond proceeds, contractual obligation debt service funds, unspent grant proceeds, escrow deposits, and customer deposits. Assets restricted for a specific purpose are utilized before the use of unrestricted assets to pay related obligations when authorized to do so.

K. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (examples include streets and bridges), are reported in the applicable governmental or business-type activities columns, in both the government-wide and proprietary fund level statement of net position. Generally, equipment with an individual cost of at least $5 thousand, infrastructure with a cost of at least $25 thousand, and buildings with a cost of at least $50 thousand and an estimated useful life of more than one year, are capitalized. Purchased or constructed capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Assets acquired by donation are recorded at acquisition value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital asset additions and improvements are capitalized as projects are constructed.

Depreciation, which includes amortization of assets under capital leases, is computed using the straight-line method over the estimated useful or service lives of the related assets beginning on the date of acquisition or the date placed in service.

Note 1. Summary of Significant Accounting Policies (continued)

The estimated useful lives of the primary government's capital assets are as follows:

	Useful Life	
	Governmental Activities	Business-type Activities
Infrastructure	10-50 years	50-100 years
Reservoirs and water rights	N/A	100 years
Buildings	10-50 years	10-50 years
Improvements other than buildings	10-50 years	10-100 years
Equipment	3-20 years	3-25 years
Utility property	N/A	33-75 years

Artwork is capitalized but not depreciated. These assets are maintained for public exhibition, education, or research and are being preserved for future generations. The proceeds from sales of any pieces of the collection are used to purchase other items for the collection.

L. Compensated Absences

The City's employees earn vacation, sick, and attendance incentive leave which may be used or accumulated up to certain amounts. Unused vacation and attendance incentive leave is paid upon death, retirement, or termination. Unused sick leave is reduced to a specified limit when paid upon retirement, certain terminations, or death.

In accordance with the criteria established in the Codification of Governmental Accounting Standards, Section C60, "Compensated Absences," a liability is recorded for vacation leave earned by employees attributable to past service and sick leave earned by employees attributable to past service only to the extent it is probable that such leave will result in termination pay. In addition, a liability has been recorded for certain salary related payments associated with the payment of accrued vacation and sick leave.

In the government-wide and proprietary fund statements of net position, all compensated absence liabilities incurred are recorded as liabilities. However, a liability is recorded in the governmental funds balance sheet only if they have matured and are due as a result of employee resignations, retirements, or termination.

M. Risk Management

The City is self-funded for workers' compensation, employee health insurance, most property damage, and the majority of tort liability exposures. Commercial insurance is used where it is legally required, contractually required, or judged to be the most effective way to finance risk. Indemnity and insurance protection are also required for all City contractors, vendors, lessees, and permit holders. Claims and judgments are recorded when it is probable that an asset has been impaired or a liability has been incurred, and the amount of loss can be reasonably estimated. The recorded estimated liability for claims and judgments includes a provision for Incurred but Not Reported (IBNR) liabilities for workers' compensation, tort cases, and employee health insurance.

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Note 1. Summary of Significant Accounting Policies (continued)

N. Deferred Outflows/Inflows of Resources

In addition to assets, the balance sheet and statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category:

- Deferred charges on refunding – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension contributions after measurement date – The pension contributions made from the measurement date of the pension plan to the current fiscal year end are deferred and will be recognized in the subsequent fiscal year.
- Net difference in projected and actual earnings on pension assets and difference between estimated and actual experience related to pensions – These are amortized as a component of pension expense over a closed period of five years.
- Difference between estimated and actual experience related to pensions and other postemployment benefits (OPEB) - These are amortized as a component of pension and OPEB expense over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions and benefits through the pension and OPEB plans (active employees and inactive employees) determined as of the beginning of the measurement period.
- Changes in assumptions related to pensions and OPEB – These are amortized as a component of pension and OPEB expense over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions and benefits through the pension and OPEB plans (active employees and inactive employees) determined as of the beginning of the measurement period.

In addition to liabilities, the balance sheet and statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has the following items that qualify for reporting in this category:

- Unavailable revenue – This item arises only under the modified accrual basis of accounting. Accordingly, unavailable revenue, is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The deferred inflow is reclassified to revenue on the government-wide financial statements.
- Net difference in projected and actual earnings on pension assets and difference between estimated and actual experience related to pensions – These are amortized as a component of pension expense over a closed period of five years.
- Difference between estimated and actual experience related to pensions and other postemployment benefits (OPEB) - These are amortized as a component of pension and OPEB expense over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions and benefits through the pension and OPEB plans (active employees and inactive employees) determined as of the beginning of the measurement period.
- Changes in assumptions related to pensions and OPEB – These are amortized as a component of pension and OPEB expense over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions and benefits through the pension and OPEB plans (active employees and inactive employees) determined as of the beginning of the measurement period.
- The Dallas Convention Center Hotel Development Corporation discretely presented component unit also reports a deferred inflow as a result of the advance for the Build America Bonds rebate.

O. Long-term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund financial statements of net position.

General obligation bonds are issued to fund capital projects of both the general government and certain proprietary funds, and are to be repaid from tax revenues of the City. Accreted interest on capital appreciation bonds is reflected as interest expense in the governmental activities statement of activities and as an addition to non-current liabilities in the statement of net position.

Note 1. Summary of Significant Accounting Policies (continued)

P. Bond Premiums, Discounts, and Issuance Costs

In the government-wide financial statements and proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable premium or discount. Issuance costs, except any portion related to prepaid insurance costs (if applicable), are recognized as an expense in the period incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as issuance costs in the current period. The face amount of debt issued is reflected as other financing sources. Premiums are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Q. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the fund level balance sheets/statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.” Short-term and long-term interfund loans are classified as notes receivable or payable from other funds with an interest rate of 4.25 to 5.44 percent.

R. Transactions Between Funds

Transactions between funds, which would have been treated as revenues, expenditures, or expenses if they involved organizations external to the government unit, are accounted for as revenues, expenditures, or expenses in the funds involved. Transactions which constitute reimbursements of a fund for expenditures or expenses initially made from that fund which are properly applicable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditure or expenses in the fund reimbursed. All other nonreciprocal transactions between funds which are not reimbursements and where the funds do not receive equivalent goods or services for the transaction are classified as transfers.

S. Deferred Compensation Plans

The City sponsors three deferred compensation plans. Two of these plans are voluntary for City employees who participate in the City’s pension plans. The third plan is mandatory for all employees and council members who are not covered by the City’s pension plans. These plans comply with sections 401(k) and 457(b) of the Internal Revenue Code.

Participants in the City’s voluntary 457(b) and 401(k) plans have full discretion to choose investments from a list of standard plan options, a linked brokerage account, and a commingled pool managed by Fidelity Management Trust Company. The list of standard plan options includes mutual funds with varying styles and levels of investment risk. All the account balances in the mandatory 457(b) plan are invested in the same commingled pool. All contributions to these plans are deferred by plan participants from their compensation and all the earnings are allocated to each participant’s account. Distributions from all the deferred compensation plans are available after termination of employment. Additionally, participants in the City’s voluntary plans may also take out loans and may receive hardship withdrawals in accordance with federal regulations. The assets held in these plans are not included in the City’s financial statements and cannot be used for purposes other than the exclusive benefit of the participants or their beneficiaries or to pay the reasonable expenses of plan administration.

T. Net Position

In the government-wide and proprietary funds financial statements, the net position is reported in three components: (1) net investment in capital assets; (2) restricted; and (3) unrestricted. Net investment in capital assets represents the City’s total investment in capital assets, net of depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Nonexpendable restricted net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained in perpetuity, and invested for the purpose of producing present and future income, which may be either expended or added to principal. The City is subject to the State of Texas Uniform Prudent Management of Institutional Funds Act (UPMIFA) in relation to endowment funds.

Note 1. Summary of Significant Accounting Policies (continued)

The Risk Fund has a deficit net position of $64 million associated with the City's self-insured workers' compensation, auto, and general liability activities. The deficit results from the recognition of certain liabilities that will be paid in future periods. These liabilities will be funded in the fiscal year in which they will be paid through annual budget appropriations. The City's approach for addressing this deficit is consistent with the budgetary basis of accounting for all funds as indicated in Note 2.B. The Sanitation, Municipal Radio, Building Inspection, Equipment Services, Communication Equipment Services, Information Systems, and Bond Program Administration funds had deficit net positions of $118.3 million, $4.9 million, $32.8 million, $24.9 million, $3.7 million, $23.5 million, and $29.1 million respectively, due to the recognition of the net pension liability and the other postemployment benefit liability. The City's approach for addressing this deficit is to enhance revenues and to employ cost reduction measures.

U. Statement of Cash Flows

For purposes of the statement of cash flows, the City considers pooled cash and all highly liquid debt instruments purchased with an original maturity of three months or less or that have general characteristics of demand deposits in that additional funds may be deposited or withdrawn at any time without prior notice or penalty to be cash equivalents.

V. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

W. New Accounting Pronouncements

The City was not required to implement any Governmental Accounting Standards Board (GASB) Statements during fiscal year 2020.

The GASB has issued the following statements which will be effective in future years as described below:

GASB Statement No. 84, "Fiduciary Activities," will be implemented as required by GASB during the fiscal year ending September 30, 2021. This Statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The City is currently evaluating potential changes to the financial statements as a result of the implementation of this statement.

GASB Statement No. 87, "Leases," will be implemented as required by GASB during the fiscal year ending September 30, 2022. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundation principle that leases are financings of the right to use an underlying asset. The City is currently evaluating potential changes to the financial statements as a result of implementation of this Statement.

GASB Statement No. 90, "Majority Equity Interest – an amendment of GASB Statements No. 14 and No. 61," will be implemented as required by GASB during the fiscal year ending September 30, 2021. The objective of this statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engage only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments: or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The City is currently evaluating potential changes to the financial statements as a result of implementation of this Statement.

Note 1. Summary of Significant Accounting Policies (continued)

GASB Statement No. 91, “Conduit Debt Obligations,” will be implemented as required by GASB during the fiscal year ending September 30, 2022. The primary objectives of the Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with: (1) commitments extended by issuers; (2) arrangements associated with conduit debt obligations; and (3) related not disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving require not disclosures. The City is currently evaluating potential changes to the financial statements as a result of implementation of this Statement.

GASB Statement No. 92, “Omnibus 2020,” will be implemented as required by GASB during fiscal years ending September 30, 2021, except for the requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The objectives of the Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The City is currently evaluating potential changes to the financial statements as a result of implementation of this Statement.

GASB Statement No. 93, “Replacement of Interbank Offered Rates,” will be implemented as required by GASB during fiscal years ending September 30, 2021 and September 30, 2022. The objective of this Statement is to address the accounting and financial reporting effects that result from the replacement of interbank offered rates with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. The City is currently evaluating potential changes to the financial statements as a result of implementation of this Statement.

GASB Statement No. 94, “Public-Private and Public-Public Partnerships and Availability Payment Arrangements,” will be implemented as required by GASB during fiscal year ending September 30, 2023. The objective of this Statement is to better meet the information needs of financial statement users by improving the comparability of financial statements among governments that enter into Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs) and by enhancing the understandability, reliability, relevance, and consistency of information about PPPs and APAs. The City is currently evaluating potential changes to the financial statements as a result of implementation of this Statement.

GASB Statement No. 95, “Postponement of the Effective Dates of Certain Authoritative Guidance,” will be implemented immediately as required by GASB. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 83, Certain Asset Retirement Obligations;
- Statement No. 84, Fiduciary Activities;
- Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements;
- Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period;
- Statement No. 90, Majority Equity Interests;
- Statement No. 91, Conduit Debt Obligations;
- Statement No. 92, Omnibus 2020;
- Statement No. 93, Replacement of Interbank Offered Rates;
- Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting);
- Implementation Guide No. 2018-1, Implementation Guidance Update-2018;
- Implementation Guide 2019-1, Implementation Guidance Update-2019; and
- Implementation Guide No. 2019-2, Fiduciary Activities.

Note 1. Summary of Significant Accounting Policies (continued)

GASB Statement No. 96, “Subscription-Based Information Technology Arrangements,” will be implemented as required by GASB during fiscal year ending September 30, 2023. The objective of the Statement is to better meet the information needs of financial statement users by (a) establishing uniform accounting and financial reporting requirements of subscription-based information technology arrangements (SBITAs); (b) improving the comparability of financial statements among governments that have entered in to SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITAs. The City is currently evaluating potential changes to the financial statements as a result of implementation of this Statement.

GASB Statement No. 97, “Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an amendment of GASB Statements No. 14 and No. 84, and supersession of GASB Statement No. 32,” will be implemented as required by GASB. The requirements in (1) paragraph 4 of this Statement as it applies to defined contributions pension plans, defined contribution OPEB Plans, and other employee benefit plans and (2) paragraph 5 of this Statement are effective immediately. The requirements in paragraphs 6 – 9 of this Statement are effective for fiscal years beginning after June 15, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The implementation of paragraphs 4 and 5 of this statement did not result in any changes to the financial statements, and the City is currently evaluating potential changes to the financial statements as a result of implementation of the remaining paragraphs of this Statement.

Note 2. Stewardship, Compliance, and Accountability

A. Legal Compliance – Budgets

The City Council adheres to the following procedures in establishing the budgets reflected in the accompanying financial statements.

1) By the fifteenth day of August each year, the City Manager is required to submit to the City Council a proposed budget for the fiscal year beginning the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2) Public hearings are conducted to obtain taxpayers’ comments.
3) Prior to October 1, the budget is legally enacted by the City Council through passage of an ordinance.
4) The City Manager is authorized to transfer budgeted amounts between accounts within any department; however, any revisions that alter the total expenditures of any department must be approved by the City Council. The legal level of budgetary control is the department level.
5) Formal budgetary integration is employed as a management control device during the year for the General Fund and Debt Service Fund. Formal budgetary integration is employed as a management control device in the capital project funds for the life of the projects.
6) Annual budgets are legally adopted for the General Fund, Debt Service Fund, and proprietary funds. Certain differences exist between the basis of accounting used for budgetary purposes and that used for financial reporting in accordance with GAAP. Budgets for the capital project funds are normally established pursuant to the terms of the related bond ordinances on a project basis.

Note 2. Stewardship, Compliance, and Accountability (continued)

B. Budgets and Budgetary Basis of Accounting

The City prepares its annual appropriated General Fund, Debt Service Fund, and proprietary operating funds' budgets on the budget basis which differs from the GAAP basis. The budget and all transactions of the general fund are presented in accordance with the City's budget basis in the general fund statement of revenues, expenditures, and changes in fund balances – non-GAAP budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget and GAAP basis are attributable to the elimination of certain revenues and expenditures budgeted on a non-annual basis and the fact that encumbrances are recorded as the equivalent of expenditures (budget) rather than fund balance (GAAP) in the governmental funds. Adjustments necessary to convert the excess of revenues and other financing sources over expenditures and other uses on the budget basis to a GAAP basis for the General Fund are provided below:

Excess of revenues and other financing sources over expenditures and other uses--budgetary basis	$ 47,215
Change in fair value of investments	746
Change in encumbrances	8,636
Funds not included in general fund budget	(8,964)
Revenue recognized for GAAP basis but not budgetary basis	1,212
Other items budgeted on a non-GAAP basis	(1,368)
Excess of revenues and other financing sources over expenditures and other financing uses--GAAP basis	$ 47,477

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to assign that portion of the applicable appropriation, is utilized as an extension of formal budgetary integration in the governmental funds. For budgetary purposes, appropriations lapse at fiscal year-end except for that portion related to encumbered amounts. For the General Fund, outstanding encumbrances are reported as assigned fund balances. These balances do not constitute expenditures or liabilities for GAAP purposes since the goods and services have not been received.

Encumbrances outstanding at year-end are carried forward to the new fiscal year. Such encumbrances constitute the equivalent of expenditures for budgetary purposes and, accordingly, the accompanying financial statements present comparisons of actual results to budget of governmental funds on the budget basis of accounting.

Nature and Purpose of Classifications of Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The non-spendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Fund balance should be reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provision or enabling legislation. Fund balance should be reported as committed when amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Committed fund balance also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. Fund balance should be reported as assigned for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by the governing body itself or a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. Unassigned fund balance is the residual classification for the General Fund and includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

The City Council is the City's highest level of decision-making authority, and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution approved by the City Council. This can also be done through adoption or amendment of the budget. The resolution must either be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.

Note 2. Stewardship, Compliance, and Accountability (continued)

The City Council has authorized the City Manager as the official authorized to assign fund balance up to $50 to $70 thousand per transaction, depending on the type of goods or services by administrative action, pursuant to Section 2-30 of the City Code. Such assignments cannot exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund.

When multiple categories of fund balance are available for expenditure (for example, a construction project is being funded partly by a grant, funds set aside by the City Council, and unassigned fund balance), the City will start with the most restricted category and spend those funds first before the next category with available funds.

It is the desire of the City to maintain adequate General Fund balance to maintain liquidity and in anticipation of economic downturns or natural disasters. The City Council has adopted a financial standard to maintain an unassigned General Fund balance, which includes the Emergency and Contingency Reserves, at a level not less than 30 days of the General Fund operating expenditures, less debt service.

The table on the following page presents additional detail of fund balances as of September 30, 2020.

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Note 2. Stewardship, Compliance, and Accountability (continued)

	General	Debt Service	Non-major Govermental Funds	Total
Fund balances				
Nonspendable				
Inventory	$ 15,336	$ -	$ -	$ 15,336
Prepaid items	49	-	-	49
Permanent fund principal	-	-	10,326	10,326
Total nonspendable	15,385	-	10,326	25,711
Restricted for				
9 -1 -1	8,724	-	-	8,724
Debt service	-	46,554	-	46,554
Culture and recreation:				
Culture and recreation services	-	-	44,575	44,575
Library facilities	-	-	8,227	8,227
Parks and recreation facilities	-	-	17,096	17,096
Culture and arts facilities	-	-	13,995	13,995
Public safety:				
Police services	-	-	13,487	13,487
Homeland security	-	-	292	292
Fire station facilities	-	-	198	198
Police headquarters and safety facilities	-	-	12,910	12,910
Community development	-	-	12,448	12,448
Health and human services	-	-	1,497	1,497
Public-private partnerships	-	-	32,076	32,076
Municipal court technology	-	-	2,246	2,246
Public television cable system	-	-	12,430	12,430
Grants and other purposes	-	-	26,982	26,982
Storm water operations	-	-	74,471	74,471
Streets and transportation:				
Repairs	-	-	16,382	16,382
Improvements	-	-	113,843	113,843
Flood protection	-	-	252,750	252,750
Trinity River project	-	-	73,937	73,937
Capital reserve and assessments	-	-	10,794	10,794
Neighborhood projects:				
Tax increment financing	-	-	83,810	83,810
Economic development incentives	-	-	34,756	34,756
City-wide capital improvements	-	-	83,008	83,008
Farmers' Market improvements	-	-	445	445
City animal shelter facilities	-	-	130	130
Municipal court facilities	-	-	468	468
Homeless facilities	-	-	545	545
Public improvement district services	-	-	16	16
Total restricted	8,724	46,554	943,814	999,092
Committed to				
Risk reserve	2,000	-	-	2,000
Culture and recreation services	-	-	30,177	30,177
Total committed	2,000	-	30,177	32,177
Assigned to				
Code enforcement services	1,746	-	-	1,746
Communication and information technology services	358	-	-	358
Community development services	244	-	-	244
Cultural affairs services	1,462	-	-	1,462
Fire safety services	4,525	-	-	4,525
Library services	211	-	-	211
Municipal court services	198	-	-	198
Parks and recreation services	1,790	-	-	1,790
Police safety services	4,363	-	-	4,363
Streets, public works and transportation maintenance	19,249	-	-	19,249
General government services	6,925	-	-	6,925
Total assigned	41,071	-	-	41,071
Unassigned	277,451	-	-	277,451
Total fund balance	$ 344,631	$ 46,554	$ 984,317	$ 1,375,502

Note 3. Joint Ventures

Dallas/Fort Worth International Airport (D/FW Airport)

Dallas/Fort Worth International Airport (D/FW Airport) was created by contract and agreement between the City of Fort Worth and the City of Dallas for the purpose of developing and operating an airport as a jointly governed organization between the two Cities. The D/FW Airport is governed by a 12-member board comprised of seven members representing the City of Dallas, four members representing the City of Fort Worth, and on an annual basic, one non-voting member chosen from the neighboring cities of Irving, Grapevine, Euless, and Coppell. The Board must submit an expenditure budget for each fiscal year to the City Manager of each city by July 15. The governing body of each city must approve the budget by September 1. The City is a member of the Revenue Sharing Agreement, as originally adopted on May 1, 2001. Total revenue for the year ended September 30, 2020, was approximately $8 million from this agreement. Financial statements of the Airport are not included in the City's financial statements because the Airport is not under the sole control of the Dallas City Council and the City has no ongoing financial interest or responsibility for the airport. Separate audited financial statements, which are publicly available, may be obtained by contacting the D/FW Airport at 2400 Aviation Drive, P.O. Box 619428, DFW Airport, Texas 75261-9428 or at www.dfwairport.com.

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Note 4. Tax Abatements

As of September 30, 2020, the City provides tax abatements through three programs: the Historic Preservation Program, the Public Private Partnership Program, and the Tax Increment Financing Program. The table below describes each of these programs:

Tax Abatement Programs Administered by the City of Dallas			
Tax Abatement Disclosure as required by Statement No. 77 of the Government Accounting Standards Board	Historic Preservation Program	Public Private Partnership Program (PPP Program)	Tax Increment Financing Program (TIF Program)
1. Purpose of program	To encourage economic development through the revitalization and preservation of the City's historic properties, including residential properties, and to assist in accomplishing the following goals: revitalize older neighborhoods to build and capture a stable tax base; support private sector investment in historic properties; encourage home ownership; promote pedestrian oriented, ground floor retail in the urban historic districts; support new uses for vacant and deteriorated historic buildings; and encourage low and moderate income families to invest in historic districts.	To stimulate private investment and job creation.	To promote development or redevelopment in the City. The City reinvests a portion of property tax revenues generated from new real estate development into the area to encourage the implementation of redevelopment plans.
2. Tax being abated	City of Dallas real property tax.	Real and/or business personal property, retail sales taxes, and hotel occupancy tax.	City of Dallas real property tax.
3. Authority for abatement agreements	Dallas City Code, Article XI, "Historic Preservation Tax Exemptions and Economic Development Incentives for Historic Properties."	Texas Tax Code Chapter 312, "Property Redevelopment and Tax Abatement Act" and Texas Tax Code Chapter 380, "Miscellaneous Provisions Relating to Municipal Planning and Development."	Texas Tax Code Chapter 311, "Tax Increment Financing Act."

Note 4. Tax Abatements (continued)

Tax Abatement Programs Administered by the City of Dallas			
Tax Abatement Disclosure as required by Statement No. 77 of the Government Accounting Standards Board	Historic Preservation Program	Public Private Partnership Program (PPP Program)	Tax Increment Financing Program (TIF Program)
4. Criteria for abatement eligibility	To be eligible for the program, the building must be a contributing structure within any City historic district. It must be designated as a City of Dallas historic district or an individual historic district. The type of abatement available depends on how much is invested in rehabilitation and where the property is located. Abatements are obtained through application by the property owner prior to commencing the improvements and require subsequent provision by the owner for proof that the improvements have been made.	The P/PP Program is intended to provide City support for development projects that have financial gaps or for projects that otherwise represent a competitive situation for the City against non-Dallas locations. Companies pursuing incentives under the P/PP Program must provide written assurance that "but for" the incentives, the proposed project would not occur, or would otherwise be substantially altered so that the economic returns or other associated public benefits secured by the City's participation would be reduced.	The TIF program is intended to provide City financial support for projects that 1) support goals of specific redevelopment plans for each TIF District and 2) fill funding gaps in projects. Development pursuing incentives must provide detailed financial information about the project/financing gaps; show how project meets objectives of TIF plan for district, and; meet rigorous design review process requirements.
5. How recipients' taxes are reduced	The property tax due is net of the abated amount.	1. The property tax due is net of the abated amount, or the property tax may be paid by the taxpayer and subsequently refunded by the City. 2. The sales tax abatement is refunded after the taxpayer pays the sales tax. 3. The hotel occupancy tax abatement is refunded after the taxpayer pays the hotel occupancy tax.	Property taxes are paid by the taxpayer and subsequently refunded by the City to the taxpayer.
6. How amount of abatement is determined	The property tax abatement amount is based on the improvement expenditures for the structure as a percentage of the pre-rehabilitation value of the structure. The range of the abatement amount available is equal to the tax on the added value of the structure and land up to 100 percent of the total property tax.	1. The property tax may be abated up to 90 percent of the property tax paid depending on the type of project. 2. The sales tax abated is equal to 50 percent of sales tax receipts for the first 10 years and 25 percent for the next 5 years. 3. The hotel occupancy tax is abatement is equal to 100 percent of the hotel occupancy tax collected.	TIF financial incentives are based on a number of factors: 1) financial gap; 2) ability of project to meet objectives of TIF district; and 3) adequate revenue stream.

Note 4. Tax Abatements (continued)

Tax Abatement Programs Administered by the City of Dallas			
Tax Abatement Disclosure as required by Statement No. 77 of the Government Accounting Standards Board	Historic Preservation Program	Public Private Partnership Program (PPP Program)	Tax Increment Financing Program (TIF Program)
7. Provisions for recapturing abated taxes	There is an obligation by the owner to repay any taxes that were exempted under this program if the historic property is ever demolished or materially altered by the willful act or negligence of the owner without necessary City approvals.	If there is failure to comply with the agreement and in the case of default, all taxes which otherwise would have been paid to the City without the benefit of tax abatement, including interest and penalties thereon, will become a debt to the City and shall become due.	TIF incentives may or may not have a recapture provision. Each project is negotiated separately.
8. Type of commitments made by the City other than to reduce taxes	No other commitments were made by the City as part of these agreements.	No other commitments were made by the City as part of these agreements.	No other commitments were made by the City as part of these agreements.
9. Gross dollar amount, on accrual basis, by which the City's tax revenues were reduced as a result of abatement agreement (in thousands).	Property taxes: $1,575	Property tax: $6,206 Sales tax: N/A (1) Hotel occupancy tax: 1,866 Total: $8,072 (1) Texas Tax Code, Chapter 321, "Municipal Sales and Use Tax," Section 3022 - Information received by a municipality or other local governmental entity under this section is confidential, is not open to public inspection, and in general may only be used for internal purposes	The TIF program: $49,741

Note 5. Cash, Deposits, and Investments

A. General

The City maintains a cash and investment pool available for use by all City funds. Each fund's portion of this pool is displayed on the balance sheet/statement of net position as "Pooled cash and cash equivalents." The City treats pooled investments and short-term non-pooled investments as cash equivalents. Long-term non-pooled investments are reported as "Other investments, at fair-value" in the appropriate funds. In addition, several City funds have investments, which are separately held. A fund may overdraw its account in the pool, with the overdrafts reported as liabilities (due to other funds) on the balance sheet.

Note 5. Cash, Deposits, and Investments (continued)

In 1987, the City Council adopted the City's Investment Policy which was in compliance with Federal and State law and the City Charter. Subsequent amendments were made by the City Council to incorporate changes to the Public Funds Investment Act (Chapter 2256, Texas Government Code) and to improve management of the City's investments. The Public Funds Investment Act requires that investments shall be made in accordance with written policies approved at least annually by the governing body. Investment policies must address safety of principal, liquidity and yield, with primary emphasis on safety of principal. In accordance with this Policy, the City may invest in direct or guaranteed obligations of the U.S. Treasury, certain U.S. agencies and instrumentalities, and direct obligations of states and local governments with a credit rating no less than Aa3 or its equivalent; fully collateralized certificates of deposit and repurchase agreements; no-load money market mutual funds and local government investment pools with credit ratings no less than Aaa or its equivalent. The City's Investment Pool is an aggregation of the majority of City funds which includes tax receipts, enterprise fund revenues, fine and fee revenues, as well as some, but not all, bond proceeds, grants, gifts, and endowments. This portfolio is maintained to meet anticipated daily cash needs for City of Dallas operations, capital projects, and debt service. The City is precluded from investing in bankers' acceptances, commercial paper, and collateralized mortgage obligations, all of which are authorized by State law.

The Employees' Retirement Fund and the Dallas Police and Fire Pension Systems, component units of the City, are included under Pension Trust in the following table. Police and Fire Pension Plans include Dallas Police and Fire Pension Combined Plan (Combined Plan) and Supplemental Police and Fire Pension Plan (Supplemental Plan). A summary of pooled cash and other investments for all City funds, including blended component units and $5.2 million held in agency funds is presented below. Balances are presented as of September 30, 2020 or December 31, 2019, depending on the fiscal year of the entity.

	Cash and Pooled Investments with City Treasury	Other Cash and Investments Held in Trusts - Permanent Funds	Other Cash and Investments Held in Pension Trust	Total
Cash and cash equivalents	$ 1,358,166	$ -	$ 200,958	$ 1,559,124
Other investments	3,235	10,326	5,736,796	$ 5,750,357
Restricted cash and investments	1,532,201	-	-	1,532,201
Total	$ 2,893,602	$ 10,326	$ 5,937,754	$ 8,841,682

A summary of the carrying amount of cash on hand, deposits, and investments at September 30, 2020, is as follows:

	Cash and Pooled Investments with City Treasury	Other Cash and Investments Held in Trusts - Permanent Funds	Other Cash and Investments Held in Pension Trust	Total
Deposits	$ 283,235	$ -	$ 200,958	$ 484,193
Investments	2,610,367	10,326	5,736,796	8,357,489
Total	$ 2,893,602	$ 10,326	$ 5,937,754	$ 8,841,682

Primary Government	Carrying Value	Bank Balance
Pooled Demand Deposits	$ 283,235	$ 311,595
Cash and cash equivalents - Pension Trust Funds	200,958	200,958
Total	$ 484,193	$ 512,553

Note 5. Cash, Deposits, and Investments (continued)

B. City of Dallas

The City of Dallas categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, level 2 inputs are significant other observable inputs, and level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of September 30, 2020:

		Fair Value Measurements Using	
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments by Fair Value Level			
Federal Agricultural Mortgage Corporation Notes	$ 255,943	$ -	$ 255,943
Federal Farm Credit Bank Notes	245,653	-	245,653
Federal Home Loan Bank Notes	99,949	-	99,949
Federal Home Loan Mortgage Corporation Notes	89,997	-	89,997
Treasury Bond	242,539	242,539	-
Exchange-Traded Funds - Equities	7,793	7,793	-
Exchange-Traded Funds - Fixed Income	2,364	2,364	-
Total Investments by Fair Value Level	944,238	$ 252,696	$ 691,542
Investments Measured at Fair Value			
Local Government Investment Pools	365,695		
Investments Measured at Net Asset Value (NAV)			
Money Market Mutual Funds	577,334		
Investments Measured at Amortized Cost			
Local Government Investment Pools	714,296		
Other Investments Measured at Purchase Cost			
Repurchase Agreements	19,130		
Total Investments	$ 2,620,693		

The City invests in LOGIC, TexSTAR, Texas CLASS, TexPool, and TexasTERM, which are Local Government Investment Pools (LGIPs) created under the Interlocal Cooperation Act, Texas Government Code Chapter 791, and the Public Funds Investment Act, Texas Government Code Chapter 2256. These two acts provide for the creation of LGIP's and authorize eligible governmental entities to invest their public funds and funds under their control through the investment pools. The LGIPs follow all requirements of the Public Funds Investment Act, including being rated by a nationally recognized rating agency, using amortized cost valuation, and, to the extent reasonably possible, stabilize at a $1 net asset value.

Note 5. Cash, Deposits, and Investments (continued)

J.P. Morgan Investment Management Inc. and First Southwest Company (a division of Hilltop Securities) serve as co-administrators for the TexSTAR & LOGIC programs under agreements with each pool's respective board of directors. The TexSTAR governing board is a five-member Board consisting of three representatives of employees, officers or elected officials of participating government entities, and one member designated by each of the co-administrators. In addition, TexSTAR has an Advisory Board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool. The governing body of LOGIC is a five-member board of directors comprised of employees, officers or elected officials of participating government entities, or individuals who do not have a business relationship with LOGIC and are qualified to advise the pool. A maximum of two Advisory Board members represent the co-administrators of LOGIC.

Public Trust Advisors, LLC provides investment advisory services and administration and marketing services to Texas CLASS. Texas CLASS Board of Trustees oversees Texas CLASS. The Board is comprised of active members of the pool and elected by the Participants, guided by the Advisory Board. The Board is responsible for selecting the Administrator and Investment Advisors.

The Comptroller of Public Accounts for the State of Texas is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company, which is authorized to operate TexPool and TexPool Prime. Pursuant to the TexPool Participation Agreement, administrative and investment services to the TexPool Portfolios are provided by Federated Investors, Inc., under an agreement with the State Comptroller, acting on behalf of the Trust Company. In addition, TexPool has an Advisory Board composed equally of participants in the TexPool Portfolios and other persons who do not have a business relationship with the TexPool Portfolios who are qualified to advise the TexPool Portfolios.

PFM Asset Management LLC serves as Investment Advisor and Administrator of TexasTERM. An Advisory Board is responsible for the overall management of the pool, including formation and implementation of its investment and operating policies. The members of the Advisory Board are local government officials elected by Texas TERM's investors.

Deposit and Investment Risk Disclosures

GASB Statement No. 40, "Deposit and Investment Risk Disclosures," requires disclosure information related to common risks inherent in deposit and investment transactions. Investments are subject to certain types of risks, including custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. Exposure of deposited funds and investment risk are disclosed in the following sections of this note.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its deposit or collateral securities that are in the possession of an outside party. As of September 30, 2020, $109.3 million was fully collateralized by municipal bonds rated not less than A or its equivalent, $150 million was fully collateralized by letter of credit issued to the City by Federal Home Loan Bank, and $250 thousand was insured by the Federal Deposit Insurance Corporation. The collateral pledged to the City is held in the City's name at the Bank of New York Mellon. The FDIC insures demand accounts up to $250 thousand in the aggregate. At September 30, 2020, all deposits were either insured or collateralized.

Fully collateralized and insured deposits held by custodian banks:

Demand Deposits	$ 259.6 million

Safekeeping of investment securities is provided by the City's depository and trust institutions. Securities are held in street name with the bank as nominee. As of September 30, 2020, the City's investments held by the counterparty, and not insured, are as follows:

Security Type	Fair Value
U.S. Agency Securities and Treasury Notes	$ 934,081

Note 5. Cash, Deposits, and Investments (continued)

Concentration of Credit Risk

The City's concentration of credit risk for investments is shown below. Investments issued or explicitly guaranteed by the U.S. government, and investments in mutual funds and external investment pools, are excluded.

Agency Securities by Issuer	Fair Value	Percent of Total Portfolio
Federal Agricultural Mortgage Corporation Notes	$ 255,943	27.40%
Federal Farm Credit Bank Notes	245,653	26.30%
Federal Home Loan Bank Notes	99,949	10.70%
Federal Home Loan Mortgage Corporation Notes	89,997	9.63%
Treasury Bond	242,539	25.97%
Total Agency Securities	$ 934,081	100.00%

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Money market mutual funds and local government investment pools in the City's portfolio are rated AAA by Standard & Poor's and/or Aaa by Moody's. U.S. Treasury Notes and Bills are obligations of the U.S. government and are not considered to have credit risk and thus are not rated (NR). Long-term bond ratings are used for the U.S. Government Agencies except for Federal Agricultural Mortgage Corporation (FAMC) Notes. U.S. Government Agencies are direct obligations of the United States agencies, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of the United States agencies. Ratings for the City's portfolio are listed on the following table.

Security Type	Fair Value	Percent of Total Portfolio	S&P/Moody's Ratings
Money Market Mutual Funds and Local Government Investment Pools	$ 1,486,698	61.42%	AAAm/Aaa
Federal Agricultural Mortgage Corporation Notes	255,943	10.57%	Not Rated
Other U.S. Agency Securities and Treasury Bond	678,138	28.01%	AA+/Aaa
Total Portfolio	$ 2,420,779	100.00%	
Repurchase Agreements and Investment Portfolios Held by Various Trusts	29,287		
Total Investments	$ 2,450,066		

Interest Rate Risk

In order to ensure the ability of the City to meet obligations and to minimize potential liquidation losses, the dollar-weighted average stated maturity of the Investment Pool shall not exceed 1.5 years. The weighted average maturities of the City's investments at September 30, 2020 are shown on the following page.

Note 5. Cash, Deposits, and Investments (continued)

Security Type	Fair Value	Weighted Average Maturity (days)
Money Market Mutual Funds	$ 577,334	1
Local Government Investment Pools	1,079,991	12
U.S. Agency Securities and Treasury Bond	934,081	355
Total Portfolio	2,591,406	142
Repurchase Agreeements and Investment Portfolios Held by Various Trusts	29,287	
Total Investments	$ 2,620,693	

C. Employees' Retirement Fund

The Employees' Retirement Fund measures and categorized its investments according to fair value hierarchy guidelines established by Generally Accepted Accounting Principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices in active market; and
- Level 3: Significant Unobservable inputs.

At December 31, 2019, the Plan had the following recurring fair value measurements.

		Fair Value Measurements Using		
	Total	Level 1	Level 2	Level 3
Investments by Fair Value Level				
Cash and Short Term Investment:				
Short-Term Investment Fund	$ 111,496	$ 111,496	$ -	$ -
Fixed Income:				
Foreign Government Bonds	8,164	-	8,164	-
US Government and Agency Obligations	191,422	-	191,422	-
Corporate and Taxable Municipal Bonds	749,152	-	749,061	91
Total Fixed Income	948,738	-	948,647	91
Equity:				
Domestic Common and Preferred Stock	1,153,068	1,150,914	244	1,910
International Common and Preferred Stock	503,270	502,896	374	-
Total Equity	1,656,338	1,653,810	618	1,910
Directly-Owned Real Estate	230,183	-	-	230,183
Total Investments by Fair Value Level	2,946,755	$ 1,765,306	$ 949,265	$ 232,184
Investments Measured at Net Asset Value				
Commingled Funds	441,371			
Alternative Investments - Private Equity	267,422			
Total Investments Measured at Net Asset Value	$ 708,793			

Note 5. Cash, Deposits, and Investments (continued)

Custodial Credit Risk

As of December 31, 2019, the Employees' Retirement Fund had $3.6 million, or 0.1 percent of the total Plan investments of $3.6 billion exposed to custodial credit risk as follows:

Uninsured and uncollateralized held by custodian bank outside the United States	$3.6 million

Concentration of Credit Risk

The Employees' Retirement Fund board has contracted with investment managers to manage the investment portfolio of the Plan, subject to the policies and guidelines established by the board. Northern Trust Company, as the Plan's custodian bank, had responsibility for the safekeeping of certain investments, handling of transactions based on the instructions of investment managers, and accounting for the investment transactions. The Plan had no investments that individually represented 5 percent or more of the net position available for benefits at December 31, 2019. The Plan's concentration of credit risk policy is communicated to individual managers in their guidelines through limitations or restrictions to securities, sectors, debt ratings, and other factors that may be applicable to a particular manager.

Credit Risk

The Employees' Retirement Fund Investment policy allocates 30 percent of the total assets to fixed income. The policy provides for investments of up to 15 percent of fixed income assets in investment grade assets, up to 10 percent of fixed income assets in below investment grade assets, and up to 5 percent for Opportunistic Credit. The investment grade allocation allows the managers to invest up to 20 percent of their portfolio assets in non-US dollar issues on an opportunistic basis. Long term bond ratings for the Employees' Retirement Fund as of December 31, 2019 are shown on the following page.

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Note 5. Cash, Deposits, and Investments (continued)

Quality Rating	Fair Value	Percent of Bond Portfolio
AAA	$ 36,777	3.69%
AA+	158,783	15.93%
AA	3,490	0.35%
AA-	7,134	0.72%
A+	4,221	0.42%
A	11,090	1.11%
A-	27,103	2.72%
BBB+	23,644	2.37%
BBB	17,590	1.76%
BBB-	17,343	1.74%
BB+	21,242	2.13%
BB	51,300	5.13%
BB-	57,767	5.79%
B+	53,685	5.38%
B	33,181	3.33%
B-	32,453	3.25%
CCC+	10,898	1.09%
CCC	2,488	0.25%
CCC-	187	0.02%
D	482	0.05%
Not Rated	234,837	23.56%
U.S. Government fixed income securities - NR	191,422	19.21%
Total	$ 997,117	100.00%

Interest Rate Risk

In the Employees' Retirement Fund, Government Mortgage-Backed Securities are most sensitive to changes in interest rates as their payments can vary significantly with interest rate changes. This change in prepayments will generally cause the duration, or interest rate risk, of these securities to increase when interest rates rise and decrease when interest rates fall. These securities represent 11 percent of the total fixed income portfolio with a fair value of $109.2 million at December 31, 2019. The Employees' Retirement Fund communicates its policy for interest rate risk to the Fixed Income managers through the Fixed Income Asset Policy and each manager's guidelines.

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Note 5. Cash, Deposits, and Investments (continued)

As of December 31, 2019, the Employees' Retirement Fund weighted-average maturities of the fixed income securities are as follows:

Fixed Income Securities	Fair Value	Weighted Average Maturity (Years)
Asset Backed Securities	$ 35,985	11.89
Bank Loans	22,159	4.88
Commercial Mortgage-Backed	32,264	28.21
Corporate Bonds	545,278	7.61
Government Agencies	99,371	37.01
Government Bonds	133,870	8.76
Government Mortgage-Backed Securities	72,918	21.40
Index Lined Government Bonds	1,062	29.15
Municipal/Provincial Bonds	22,071	19.71
Non-Government Backed CMOs	32,139	22.89
Total	$ 997,117	
Portfolio weighted average maturity in years:		11.74

Foreign Currency Risk

The Employees' Retirement Fund investment policies limit the aggregate amount that can be invested in each class of investments. The equity investment policy sets an allocation of 12.5 percent of assets to international equity, 7.5 percent of the assets to global equity, and 12.5 percent to global low volatility equity. The fixed income policy permits up to 15 percent of the global manager's portfolio to be invested in global investment grade fixed income bonds. The Fund's positions in these equity securities, invested directly and through commingled funds, was 29.1 percent of invested assets at December 31, 2019. The Fund's positions in Global Fixed income assets invested were 5.16 percent of invested assets at December 31, 2019. Employees' Retirement Fund non-US Dollar denominated investments at December 31, 2019 were as shown on the following page.

Currency	Investment Type	Balances (U.S. Dollars)
Various Foreign Currencies	Equity	$ 625,254
Various Foreign Currencies	Fixed Income	8,767
Various Foreign Currencies	Currency Forward	219,642
Total non-US denominated instruments		$ 853,663

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Note 5. Cash, Deposits, and Investments (continued)

Securities Lending Transactions

The board of the Employees' Retirement Fund has authorized the Plan to enter into agreements for the lending of certain of the Plan's securities (the "Securities Lending Program" or Program) including, but not limited to, stocks and bonds to counter party brokers and banks ("borrowers"), for a predetermined period of time and fee. Such transactions are not prohibited by State statute.

During the fiscal year ended December 31, 2019, Northern Trust ("Northern") lent, on behalf of the Employees' Retirement Fund, securities held by Northern, as a custodian, and received United States dollar cash, United States government agency securities, agency securities, and irrevocable bank letters of credit as collateral. Northern did not have the ability to pledge or sell collateral securities absent a borrower default. Northern Trust's Core USA Collateral Section establishes requirements for participation, collateralization levels, cash and non-cash collateral guidelines, and investment guidelines for the collateral received from borrowers. Borrowers were required to put up collateral for each loan equal to: (i) in the case of loaned securities, the collateral for which is all denominated in the same currency as the loaned securities, 102 percent of the fair value of the loaned securities plus any accrued but unpaid distributions thereon, and (ii) in the case of loaned securities, the collateral for which is denominated in a different currency from the loaned securities, 105 percent of the fair value of the loaned securities plus any accrued but unpaid distributions thereon. Additionally, the guidelines set maturity/liquidity requirements for the collateral received from borrowers. At year-end, the Plan had no credit risk exposure to borrowers because the amounts of collateral held by the Plan exceed the amounts the borrowers owe the Plan. The collateral held for the Plan as of December 31, 2019 was $208 million and is reported as an asset on the Statement of Net Position for the fiduciary funds.

The Board did not impose any restrictions during the fiscal year on the amount of the loans that Northern made on their behalf. There were no failures by any borrowers to return the loaned securities or pay distributions thereon during the fiscal year. Moreover, there were no losses during the fiscal year resulting from a default of the borrowers or Northern. Northern is contractually obligated to fully indemnify the Plan for a borrower's failure to return the loaned securities.

During the fiscal year, the Board and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral was invested, together with the collateral of other qualified tax-exempt plan lenders, in collective investment pools maintained by Northern. The relationship between the average maturities of the investment pools and the Plans' loans were affected by the maturities of the loans made by other plans' entities that invested cash collateral in the collective investment pools, which the Board could not determine.

D. Dallas Police and Fire Pension System

Investment in Group Master Trust

The Dallas Police and Fire Pension System's (the System) investments are held in the Group Master Trust (Group Trust). JP Morgan Chase served as custodian for the year ended December 31, 2019. The book value of the System interests in the Group Trust is based on the unitized interests that it has in the Group Trust. The Combined Plan's interest in the Group Trust was approximately 99.2 percent at December 31, 2019. The Supplemental Plan's interest in the Group Trust was approximately 0.8 percent at December 31, 2019. The allocation of investment income between the Combined Plan and the Supplemental Plan is based on the number of units owned of the Group Trust. Benefits, contributions, and administrative expenses are allocated to each plan directly.

Note 5. Cash, Deposits, and Investments (continued)

GASB No. 72 requires all investments be categorized under a fair value hierarchy. Fair value of investments is determined based on both observable and unobservable inputs. Investments are categorized within the fair value hierarchy established by GASB and the levels within the hierarchy are as follows:

- Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date;
- Level 2: Inputs (other than quoted pries included within Level 1) that are observable for an asset or liability, either directly or indirectly. These inputs can include quoted prices for similar assets or liabilities in active or inactive markets, or market-corroborated inputs; and
- Level 3: Significant unobservable inputs for an asset or liability.

The remaining investments not categorized under the fair value hierarchy are shown at NAV. These are investments in non-governmental entities for which a readily determinable fair value is not available, such as member units or an ownership interest in partners' capital to which a proportionate share of net assets is attributed. Investments at NAV are commonly calculated by subtracting the fair value of liabilities from the fair value of assets.

The table on the following page presents a summary of the Group Trust's investments by type as of December 31, 2019, at fair value.

		Fair Value Measurements Using		
	Total	Level 1	Level 2	Level 3
Investments by Fair Value Level				
Short-term investment funds	$ 25,311	$ 25,311	$ -	$ -
Fixed income securities				
US Treasury bonds	118,853	-	118,853	-
US Government Agencies	12,870	-	12,870	-
Corporate bonds	278,775	-	278,775	-
Foreign-denominated bonds	28,846	-	28,846	-
Municipal bonds	4,655	-	4,655	-
Equity securities				
Domestic	279,709	279,709	-	-
Foreign	275,522	275,522	-	-
Real assets				
Real estate	254,812	-	-	254,812
Timberland	8,771	-	-	8,771
Farmland	92,235	-	-	92,235
Private equity	92,064	-	-	92,064
Forward currency contracts	652	-	652	-
Total Investments by Fair Value Level	1,473,075	$ 580,542	$ 444,651	$ 447,882
Investments Measured at Net Asset Value				
Fixed income - commingled funds	111,385			
Real assets	211,369			
Private Equity	175,523			
Total Investments Measured at Net Asset Value	498,277			
Total Investments Measured at Fair Value	$ 1,971,352			

Custodial Credit Risk

DPFP does not have a formal policy for custodial credit risk of its deposits. The Federal Depository Insurance Corporation (FDIC) insures any deposits of an employee benefit plan in an insured depository institution on a "pass-through" basis, in the amount of up to $250,000 for the non-contingent interest of each plan participant at each financial institution. The pass-through insurance applies only to vested participants. DPFP believes the custodial credit risk for deposit, if any, is not material.

Note 5. Cash, Deposits, and Investments (continued)

Credit Risk

The Dallas Police and Fire Pension System does not have a formal policy limiting investment credit risk, but rather mandates such limits within the Investment Management Services Contract. The System's exposure to investment credit risk in fixed income securities as of December 31, 2019 is shown below.

Quality Rating	Corporate Bonds	Municipal Bonds	U.S. Government Securities	Foreign Government Securities	Grand Total Book Value	Percentage of Holdings
AAA	$ 49,269	$ -	$ 1,022	$ 1,906	$ 52,197	11.76%
AA+	4,203	-	130,701	1,406	136,310	30.70%
AA	3,039	1,588	-	-	4,627	1.04%
AA-	4,173	-	-	-	4,173	0.94%
A+	8,784	-	-	-	8,784	1.98%
A	12,043	1,364	-	-	13,407	3.02%
A-	22,655	-	-	5,813	28,468	6.41%
BBB+	37,102	1,703	-	8,378	47,183	10.63%
BBB	19,539	-	-	2,611	22,150	4.99%
BBB-	8,670	-	-	3,074	11,744	2.65%
BB+	6,636	-	-	-	6,636	1.49%
BB	9,568	-	-	2,778	12,346	2.78%
BB-	14,934	-	-	2,880	17,814	4.01%
B+	7,785	-	-	-	7,785	1.75%
B	7,155	-	-	-	7,155	1.61%
B-	8,483	-	-	-	8,483	1.91%
Below B-	9,214	-	-	-	9,214	2.08%
Not Rated	45,523	-	-	-	45,523	10.25%
Subtotal	$ 278,775	$ 4,655	$ 131,723	$ 28,846	$ 443,999	100.00%
Total credit risk debt securities					$ 443,999	22.52%
Other investments					1,527,353	77.48%
Total investments					$ 1,971,352	100.00%

Interest Rate Risk

As of December 31, 2019, the Dallas Police and Fire Pension Plans had the following investments and maturities:

		Investment Maturity in Years			
Investment Type	Total	Less Than 1 Year	1 - 5 Years	6 - 10 Years	More Than 10 Years
Fixed maturity domestic:					
U.S. Treasury Bonds	$ 118,853	$ 7,855	$ 107,044	$ -	$ 3,954
U.S. Government Agencies	12,870	-	1,021	2,541	9,308
Corporate Bonds	278,775	26,848	137,524	40,570	73,833
Municipal Bonds	4,655	-	3,067	-	1,588
Foreign-denominated Bonds	28,846	1,579	10,860	7,332	9,075
Total	$ 443,999	$ 36,282	$ 259,516	$ 50,443	$ 97,758

While the Plans do not have a specific investment policy to limit investment maturities as a means of managing their exposure to interest rate risk, the Plans do manage this exposure by mandating maturity limits within the Investment Management Service Contracts.

Note 5. Cash, Deposits, and Investments (continued)

Foreign Currency Risk

Police and Fire Pension Plans do not have specific policy guidelines other than the constraints included in the individual investment manager contracts. Police and Fire Pension Plans non-US Dollar denominated investments at December 31, 2019 is shown below.

Currency	Investment Type	Balance of Investment (U.S. Dollars)
Various Foreign Currencies	Fixed Income	$ 28,846
Various Foreign Currencies	Equity	222,361
Various Foreign Currencies	Real Assets	31,968
Total non-US denominated instruments		$ 283,175

Securities Lending Transactions

The board of Dallas Police and the Dallas Fire Pension System has authorized the System to enter into agreements for the lending of certain of the System's securities (the "Securities Lending Program" or Program) including, but not limited to, stocks and bonds to counter party brokers and banks ("borrowers"), for a predetermined period of time and fee. Such transactions are not prohibited by State statute.

During the fiscal year ended December 31, 2019, JP Morgan Chase ("JP Morgan") lent, on behalf of the Dallas Police and Fire Pension System, securities held by JP Morgan as a custodian, and received United States dollar cash and United States Government securities as collateral. JP Morgan did not have the ability to pledge or sell collateral securities absent a borrower default. Borrowers were required to put up collateral for each loan equal to: (i) in the case of loaned securities denominated in United States dollars or whose primary trading market was in the United States or sovereign debt issued by foreign governments, 102 percent of the fair value of the loaned securities, and (ii) in the case of loaned securities not denominated in United States dollars or whose primary trading market was not in the United States dollars, 105 percent of the fair value of the loaned securities. At year-end, the System has no credit risk exposure to borrowers because the amounts of collateral held by the System exceed the amounts the borrowers owe the System. The collateral held for the System as of December 31, 2019 was $13 million and is reported as an asset on the Statement of Net Position for the fiduciary funds.

The Board did not impose any restrictions during the fiscal year on the amount of the loans that JP Morgan made on their behalf. There were no failures by any borrowers to return the loaned securities or pay distributions thereon during the fiscal year. Moreover, there were no losses during the fiscal year resulting from a default of the borrowers or JP Morgan.

During the fiscal year, the Board and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral was invested, together with the collateral of other qualified tax-exempt plan lenders, in collective investment pools maintained by and JP Morgan. The relationship between the average maturities of the investment pools and the Plans' loans were affected by the maturities of the loans made by other plans' entities that invested cash collateral in the collective investment pools, which the Board could not determine.

Note 6. Receivables

Receivables at September 30,2020 for the government's individual major and nonmajor governmental and internal service funds, including the applicable allowances for uncollectible accounts, consist of the following:

	General	Debt Service	Nonmajor	Internal Service Funds	Total Governmental Activities
Receivables:					
Ad valorem tax	$ 31,959	$ 12,637	$ -	$ -	$ 44,596
Sales tax	48,360	-	-	-	48,360
Notes	341	-	58,391	-	58,732
Special Assessments - paving notes	-	-	5,889	-	5,889
Accounts	101,649	-	45,423	61	147,133
Accrued interest	407	28	1,178	52	1,665
Due from other governments	11,661	-	40,651	-	52,312
Gross receivables	194,377	12,665	151,532	113	358,687
Less allowance for uncollectible accounts	(54,690)	(10,837)	(31,126)	-	(96,653)
Net total receivables	$ 139,687	$ 1,828	$ 120,406	$ 113	$ 262,034

Receivables at September 30, 2020 for the primary government's individual major and nonmajor enterprise funds in the aggregate including the applicable allowances for uncollectible accounts, consist of the following:

	Dallas Water Utilities	Convention Center	Airport Revenues	Sanitation	Nonmajor Enterprise	Total Business-type Activities
Receivables:						
Accounts	$ 88,310	$ 3,935	$ 16,846	$ 17,848	$ 687	$ 127,626
Taxes	-	1,684	-	-	-	1,684
Accrued interest	1,029	177	142	43	54	1,445
Due from other governments	123	-	663	-	-	786
Gross receivables	89,462	5,796	17,651	17,891	741	131,541
Less allowance for uncollectible accounts	(12,226)	(368)	(257)	(7,014)	(14)	(19,879)
Net total receivables	$ 77,236	$ 5,428	$ 17,394	$ 10,877	$ 727	$ 111,662

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Intergovernmental revenues and related receivables arise through funding received from federal and state grants. These revenues and receivables are earned through expenditures of monies for grant purposes. At September 30, 2020, the various components of deferred inflows of resources – unavailable revenue and unearned revenue reported in the governmental funds were as follows:

	Total Governmental Unearned	Deferred Inflows of Resources Unavailable Revenue
Taxes	$ -	$ 3,534
Accounts	3,063	54,164
Intergovernmental	136,862	44,618
Total	$ 139,925	$ 102,316

Note 7. Restricted Assets

The primary government's governmental and business-type restricted assets of $812 million and $812 million, respectively, are composed of the following at September 30, 2020:

	Governmental Activities	Business-Type Activities
Cash and investments:		
Pooled cash and cash equivalents	$ 811,986	$ 607,085
Other investments	-	113,130
Future pipeline reserve capacity rights	-	66,079
Customer assessments	-	684
Escrow deposit	-	24,657
Total	$ 811,986	$ 811,635

The restricted amounts are for accumulated resources for debt service payments, deposits from service users, unspent bond and other proceeds for construction, retention guarantees from contractors, future pipeline reserve capacity rights, and escrow deposits (see Notes 11.S and 19 for additional information).

Note 8. Capital Assets

Capital asset activity for the year ended September 30, 2020 is as follows:

	Balance, September 30, 2019	Additions	Deletions	Balance, September 30, 2020
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 514,468	$ 1,559	$ -	$ 516,027
Artwork	49,806	147	-	49,953
Construction in progress	426,813	256,235	(141,247)	541,801
Total capital assets, not being depreciated	991,087	257,941	(141,247)	1,107,781
Capital assets, being depreciated:				
Buildings	1,459,776	6,445	(91)	1,466,130
Improvements other than buildings	734,602	19,560	(582)	753,580
Equipment	757,849	46,094	(16,672)	787,271
Infrastructure assets	2,822,635	124,106	-	2,946,741
Total capital assets, being depreciated:	5,774,862	196,205	(17,345)	5,953,722
Less accumulated depreciation for:				
Buildings	(608,009)	(30,062)	92	(637,979)
Improvements other than buildings	(254,436)	(17,980)	-	(272,416)
Equipment	(558,908)	(35,348)	16,358	(577,898)
Infrastructure assets	(1,067,877)	(52,661)	-	(1,120,538)
Total accumulated depreciation	(2,489,230)	(136,051)	16,450	(2,608,831)
Total capital assets being depreciated, net	3,285,632	60,154	(895)	3,344,891
Governmental activities capital assets, net	$ 4,276,719	$ 318,095	$ (142,142)	$ 4,452,672

Note 8. Capital Assets (continued)

Depreciation expense charged to functions:

General government	$	16,444
Public safety		12,019
Code enforcement		231
Environment and health services		292
Streets, public works, and transportation		65,865
Equipment and building services		15,635
Culture and recreation		25,147
Housing		418
Total depreciation expense - governmental activities	$	136,051

(includes $3,972 of depreciation expense for the Internal Service Funds)

	Balance, September 30, 2019	Additions	Deletions	Balance, September 30, 2020
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	$ 341,478	$ 2,765	$ -	$ 344,243
Artwork	3,402	2,172	-	5,574
Construction in progress	1,236,992	282,562	(339,399)	1,180,155
Total capital assets, not being depreciated	1,581,872	287,499	(339,399)	1,529,972
Capital assets, being depreciated:				
Water rights	353,910	-	-	353,910
Buildings	2,015,622	7,706	(18)	2,023,310
Improvements other than buildings	538,743	83,135	-	621,878
Equipment	843,920	52,449	(14,215)	882,154
Infrastructure assets	604,771	306	-	605,077
Utililty property	4,308,334	225,426	(471)	4,533,289
Total capital assets, being depreciated:	8,665,300	369,022	(14,704)	9,019,618
Less accumulated depreciation for:				
Water rights	(127,530)	(3,542)	-	(131,072)
Buildings	(737,904)	(43,732)	-	(781,636)
Improvements other than buildings	(182,261)	(20,991)	-	(203,252)
Equipment	(552,280)	(33,859)	14,101	(572,038)
Infrastructure assets	(276,365)	(10,531)	5	(286,891)
Utility property	(1,299,578)	(88,760)	418	(1,387,920)
Total accumulated depreciation	(3,175,918)	(201,415)	14,524	(3,362,809)
Total capital assets being depreciated, net	5,489,382	167,607	(180)	5,656,809
Business-Type Activities capital assets, net	$ 7,071,254	$ 455,106	$ (339,579)	$ 7,186,781

Depreciation expense charged to business-type activities:

Dallas Water Utillities	$	133,860
Convention Center		17,968
Airport Revenues		40,646
Sanitation		8,739
Nonmajor Enterprise Funds		202
Total depreciation expense - business-type activities	$	201,415

Note 9. Interfund Receivables, Payables, and Transfers

Due to Other Funds/From Other Funds

A portion of the interfund payable due from nonmajor governmental funds to the General Fund was a result of a bank overdraft from other fund's share of pooled cash.

Amounts due from and due to other funds at September 30, 2020 were as follows:

		Due to Other Funds	
Due From Other Funds	Amount	General	Nonmajor Governmental
General	$ 5,884	$ -	$ 5,884
Dallas Water Utilities	268	268	-
Total	$ 6,152	$ 268	$ 5,884

Interfund Notes Receivable and Payable

Interfund notes receivable and payable balances at September 30, 2020 were as follows:

	Note Payable
Note receivable	Nonmajor Governmental
Nonmajor governmental	$ 4,161
Dallas Water Utilities	5,659
Total	$ 9,820

These balances relate to long-term borrowings to finance various capital acquisitions and equipment purchases.

Transfers In/Out

Transfers made between funds during the fiscal year are listed below:

		Transfers In			
Transfers Out	Amount Transferred	General	Debt Service	Nonmajor Governmental	Internal Service
General	$ 29,488	$ -	$ 706	$ 26,138	$ 2,644
Debt Service	9	-	-	9	-
Nonmajor Governmental	13,863	-	1,090	12,753	20
Dallas Water Utilities	28,862	16,384	-	12,400	78
Convention Center	7,413	4,866	-	2,547	-
Airport Revenues	388	-	383	-	5
Sanitation	8,234	4,444	75	3,429	286
Nonmajor Enterprise	238	-	235	-	3
Internal Service	12,194	9,115	2,743	-	336
Total	$ 100,689	$ 34,809	$ 5,232	$ 57,276	$ 3,372

These transfers were primarily for support of operation and maintenance, construction projects, asset purchases, and to service the debt associated with the respective funds. Transfers were also made from the Dallas Water Utilities fund for payments-in-lieu-of-taxes (PILOT), which are recorded as transfers rather than operation and maintenance expenses due to the nonreciprocal nature of the transactions. Under the terms of the bond ordinance, PILOT and other similar payments are not considered operation and maintenance of the Dallas Water Utilities Fund; therefore, they are not included in the debt coverage calculation.

Note 10. Accounts Payable and Accrued Expenses

The primary government's accounts payable and accrued expenses at September 30, 2020 are as follows:

	General	Nonmajor Governmental	Internal Service	Total Governmental Activities
Accrued payroll	$ 8,569	$ 763	$ 1,272	$ 10,604
Accounts payable	35,215	28,173	14,783	78,171
Due to other governments	3,550	1	-	3,551
Contracts payable	-	83,339	-	83,339
Other liabilities	30,110	643	5,973	36,726
Construction accounts payable	-	15,224	-	15,224
Total	$ 77,444	$ 128,143	$ 22,028	$ 227,615

	Dallas Water Utilities	Convention Center	Airport Revenues	Sanitation	Nonmajor	Total Business-type Activities
Accrued payroll	$ 2,207	$ 123	$ 455	$ 873	$ 541	$ 4,199
Accounts payable	13,546	5,135	9,316	2,916	406	31,319
Due to other governments	-	16	81	595	-	692
Other liabilities	-	-	-	-	2,410	2,410
Construction accounts payable	58,456	370	10,924	-	-	69,750
Total	$ 74,209	$ 5,644	$ 20,776	$ 4,384	$ 3,357	$ 108,370

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Note 11. Long-Term Debt

A. Governmental Activities

The changes in the governmental activities long-term liabilities for the year ended September 30, 2020 are as follows:

General Obligation Bonds	Balance, September 30, 2019	Additions	Deletions	Balance, September 30, 2020	Due Within One Year
Refunding Series 2010A	$ 35,285	$ -	$ 35,285	$ -	$ -
Building America Bonds Series 2010B	79,420	-	6,135	73,285	6,320
Refunding Bonds Series 2010C	51,303	-	8,154	43,149	18,978
Refunding Bonds Series 2012	154,105	-	20,795	133,310	20,830
Refunding Bonds Series 2013A	133,050	-	10,235	122,815	10,235
Refunding Bonds Series 2013B	5,060	-	5,060	-	-
Refunding Bonds Series 2014	457,915	-	15,950	441,965	44,890
Refunding Bonds Series 2015	162,555	-	10,840	151,715	10,840
Refunding Bonds Series 2017	281,025	-	17,125	263,900	17,100
Refunding Bonds Series 2018	58,715	-	1,995	56,720	2,095
Refunding Bonds Series 2019A	235,595	-	11,780	223,815	11,780
Refunding Bonds Series 2019B	153,950	-	7,700	146,250	7,700
Tax and Revenue Certificates					
Series 2012	7,610	-	2,410	5,200	2,535
Series 2020	-	16,000	-	16,000	1,600
Certificates of Obligation					
Equipment Acquisition Series 2020	-	29,665	-	29,665	5,935
Pension Obligation Bonds					
Taxable Series 2005A	77,365	-	1,714	75,651	19,745
Series 2005B	35,017	-	3,950	31,067	-
Taxable Refunding Bonds Series 2010	52,198	-	213	51,985	549
Total Bonds, Obligations, and Certificates	1,980,168	45,665	159,341	1,866,492	181,132
Add: Unamortized Premium/Discount	236,917	3,798	33,354	207,361	-
Add: Accretion	110,848	13,878	13,118	111,609	-
Total Bonds, Obligations, and Certificates	2,327,933	63,341	205,813	2,185,462	181,132
Direct borrowings and placements					
Commercial paper notes payable	3,500	160,000	-	163,500	-
Notes payable	43,853	-	18,369	25,484	6,380
Capital leases	118,916	2,456	23,187	98,185	20,868
Total direct borrowings and placements	166,269	162,456	41,556	287,169	27,248
Other liabilities:					
Compensated absences	115,827	51,293	44,922	122,198	53,752
Other postemployment benefits	451,293	26,169	54,051	423,411	-
Pollution remediation	3,463	3,595	3,772	3,286	2,992
Developer payable	164,134	32,005	60,993	135,146	19,872
Estimated unpaid claims	61,072	163,620	115,007	109,685	19,883
Net pension liability	3,973,315	856,745	813,059	4,017,001	-
Sales tax refund liability	3,618	-	3,618	-	-
Total other liabilities	4,772,722	1,133,427	1,095,422	4,810,727	96,499
Total governmental long-term liabilities	$ 7,266,924	$ 1,359,224	$ 1,342,791	$ 7,283,358	$ 304,879

Note 11. Long-Term Debt (continued)

The liability for commercial paper notes will be fully liquidated by the Debt Service Fund. The liabilities for the compensated absences, net pension liability, and other postemployment benefits will be liquidated by General Fund, Community Development Fund, Health and Human Services Fund, Library Fund, Police Fund, Recreation Fund, Management Improvement Fund, Storm Water Operations Fund, Municipal Fund, General Citizen Fund, Equipment Services Fund, Communication Equipment Services Fund, Office Services Fund, Information Systems Fund, the Risk Fund, and the Bond Program Administration Fund. The liability for the developer payable will be liquidated by the Neighborhood Projects Fund. The entire estimated unpaid claims liability of $110 million is reported in the Risk Fund, and the claims will be liquidated by that fund. The liabilities for pollution remediation, notes payable, and capital leases will be liquidated by the General Fund.

B. Governmental General Obligation Bonds (GO Bonds), Certificates of Obligation and General Obligation Pension Obligation Bonds

In fiscal year 2020 and in prior years, the City issued GO Bonds, Certificates of Obligation, GO Pension Obligation Bonds, and Equipment Acquisition Contractual Obligations. These bonds are direct obligations of the City for which its full faith and credit are pledged and are payable from taxes levied on all taxable property located within the City. Events of default include nonpayment events and covenant noncompliance. In the event of default, registered owners may seek a writ of mandamus to compel officials of the City to carry out their legally imposed duties with respect to the bonds.

In July 2020, the City issued Equipment Acquisition Contractual Obligations, Series 2020, of $29.7 million with a premium of $3.6 million, a stated interest rate of 5%, and a final maturity of February 15, 2025. The certificates will be used for financing the purchase of City equipment.

In July 2020, the City issued Certificates of Obligation, Series 2020, of $16 million with a premium of $0.2 million, a stated interest rate range of 1.125% to 4.125% and a final maturity of February 15, 2030. The bonds were issued for the purpose of financing capital improvements to City facilities damages by severe storms, pursuant to the authority granted by Subchapter C of Chapter 271, Texas Local Government Code (the certificate of Obligation Act of 1971”), as amended.

The General Obligation Bonds outstanding as of September 30, 2020 are as follows:

	Final	Interest Rates	Amount
Series 628	2030	4.39% to 5.61%	$ 73,285
Series 631	2023	3.0% to 5.0%	43,149
Series 637	2026	2.0% to 5.0%	133,310
Series 638	2032	0.76% to 5.0%	122,815
Series 1692	2034	4.0% to 5.0%	441,965
Series 1700	2034	5.00%	151,715
Series 1843	2037	3.0% to 5.0%	263,900
Series W257	2038	3.0% to 5.0%	56,720
Series 1886	2039	3.0% to 5.0%	223,815
Series 1887	2039	3.0% to 5.0%	146,250
Total			$ 1,656,924

The Certificates of Obligation outstanding as of September 30, 2020 are as follows:

	Final	Interest Rates	Amount
Series 635	2022	2.00% to 5.00%	$ 5,200
Series 644	2030	2.00% to 5.00%	16,000
Total			21,200

Note 11. Long-Term Debt (continued)

The Equipment Acquisition Contractual Obligations outstanding as of September 30, 2020 are as follows:

	Final	Interest Rates	Amount
Series 643	2025	3.00% to 4.00%	$ 29,665

The Pension Obligation Bonds outstanding as of September 30, 2020 are as follows:

	Final	Interest Rates	Amount
Series 600	2035	3.24% to 5.19%	$ 75,651
Series 601	2035	4.10% to 5.48%	31,067
Series 632	2024	0.295% to 4.66%	51,985
Total			$ 158,703

C. Long-Term Notes Payable (Direct Borrowings)

HUD Section 108 Loans

In previous fiscal years, the City borrowed money from the United States Department of Housing and Urban Development (HUD) and loaned it to developers. The developers in turn construct and improve real property in the City. The City has pledged only certain grant revenues and certain program income as well as all funds or investments in the accounts established for these loans as collateral for repayment. Events of default with respect to the Section 108 loans include nonpayment events and noncompliance with covenants. In the event of default, HUD may accelerate the due date of the principal amount outstanding for the note, together with accrued and unpaid interest.

State Energy Conservation Office (SECO) Loans

In fiscal year 2020 and previous fiscal years, the City borrowed money from the Texas State Energy Conservation Office for the purpose of making utility efficiency improvements to various buildings owned by the City and for building improvements. Events of default with respect to these loans include nonpayment events and noncompliance with covenants. In the event of default, all principal and unearned interest on the loans shall become immediately due.

The total outstanding notes payable as of September 30, 2020 are as follows:

	Final Maturity	Payments Due	Interest Rates	Amount
State Energy Conservation Office CL245	2022	Quarterly	2.50%	1,470
State Energy Conservation Office CL247	2026	Quarterly	2.50%	1,434
State Energy Conservation Office CL272	2026	Quarterly	2.00%	5,317
State Energy Conservation Office CL273	2027	Quarterly	2.00%	4,498
Section 108 B-09-MC-48-0009-B	2022	Quarterly	Variable	3,193
Section 108 B-12-MC-48-0009	2027	Semi-Annually	2.75%	9,572
Total				$ 25,484

D. General Obligation Commercial Paper Notes (Direct Borrowing)

The commercial paper notes Series A and Series B are supported by a credit agreement with JPMorgan Chase Bank, N.A., and extends through November 27, 2020. The Series A and Series B notes have an aggregate available amount not to exceed approximately $375.9 million, which includes $350 million of principal together with approximately $25.9 million of accrued interest for a maximum maturity date not to exceed 270 days at a rate not to exceed 10 percent per annum. The two commercial paper programs constitute an obligation subordinate to the City's general obligation bonds. Any advances for payments of commercial paper under the line of credit are secured by proceeds of the applicable portion of the tax levy as set forth in the Credit Agreements. During fiscal year 2020, $160 million was issued, and no commercial paper was repaid. Upon maturity, the notes will be remarketed by the commercial paper dealers or extinguished with long-term debt. The City's unused line of credit on the notes was $186.5 million at September 30, 2020.

Note 11. Long-Term Debt (continued)

These notes are direct obligations of the City for which its full faith and credit are pledged and are payable from taxes levied on all taxable property located within the City. Events of default include nonpayment of fees, breach of covenants, unsatisfied judgements over $20 million, acceleration of other debt in an amount greater than $25 million, bond ratings downgraded below Baa1/BBB+/BBB+ and nonpayment of note principal. In the event of default, the lender may utilize multiple remedies, including default rates on unpaid principal and interest, discontinuation of advances on the notes, and/or immediate termination of the agreement. The lender may seek a writ of mandamus to compel officials of the City to carry out their legally imposed duties with respect to the notes. Additionally, amounts drawn as advances or term loans are subject to acceleration in an uncured event of default, with such acceleration to take place at the earlier of (1) date on which legally expendable funds are appropriated and available or (2) February 1 of the calendar year following the next year the City levies ad valorem taxes.

E. Governmental Capital Leases (Direct Borrowings)

Equipment Master Lease

During a prior fiscal year, the City entered into a Master Lease Agreement (the Agreement) with a bank (the Lessor). Each fiscal year since 2017, the City has entered into separate repayment schedules under the Agreement for the lease-purchase of vehicles and other equipment, and each has a maximum allowable amount equal to the principal due on that schedule. Vehicles and equipment purchased through Agreement are pledged as security for repayment of the lease liability. Events of default under the Master Lease Agreement include nonpayment events and covenant noncompliance. In the event of default, the Lessor may declare the entire amount of payments to the end of the term immediately past due and payable, initiate court action against the City to enforce performance per the Agreement, take possession of the vehicles and equipment, and/or terminate the Agreement.

Garage Lease

During a prior fiscal year, the City entered into a capital lease for a parking garage near the Dallas Police Department headquarters. The leased property serves as collateral for non-payment. Events of default under the lease agreement include nonpayment events and covenant noncompliance. In the event of default, the Lessor has the right to terminate the lease and/or recover all damages associated with the default.

For more information on capital leases, please refer to Note 12.

F. Governmental Debt Service Requirements

The future debt service principal and interest payment requirements for the City's General Obligation Bonds, Tax and Revenue Certificates, and Pension Obligation Bonds at September 30, 2020 are as follows:

Fiscal Year	Principal	Interest	Total
2021	$ 181,132	$ 82,327	$ 263,459
2022	181,144	73,077	254,221
2023	181,950	64,088	246,038
2024	176,231	55,289	231,520
2025	147,213	70,886	218,099
2026-2030	532,463	283,284	815,747
2031-2035	347,240	210,751	557,991
2036-2040	119,119	6,492	125,611
Total	$ 1,866,492	$ 846,194	$ 2,712,686

Note 11. Long-Term Debt (continued)

The future principal and interest payment requirements for the City's long-term notes payable, all of which are direct borrowings, at September 30, 2020 are as follows:

Fiscal Year	Principal	Interest	Total
2021	$ 6,380	$ 540	$ 6,920
2022	2,947	462	3,409
2023	2,410	401	2,811
2024	2,464	349	2,813
2025	2,519	295	2,814
2026-2030	8,764	430	9,194
Total	$ 25,484	$ 2,477	$ 27,961

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Note 11. Long-Term Debt (continued)

G. Business-Type Activities

The changes in the business-type activities long-term liabilities for the year ended September 30, 2020 are as follows:

	Balance, September 30, 2019	Additions	Deletions	Balance, September 30, 2020	Due Within One Year
Dallas Water Utilities					
City of Dallas Waterworks and Sewer System Revenue Refunding and Improvement Bonds					
Series 2010	$ 104,700	$ -	$ 96,175	$ 8,525	$ 8,525
Series 2011	134,265	-	99,640	34,625	13,820
Series 2012	270,465	-	109,640	160,825	19,495
Series 2013	142,550	-	110,790	31,760	3,310
Series 2015	591,670	-	16,070	575,600	45,460
Series 2016	486,615	-	31,560	455,055	4,860
Series 2017	168,750	-	2,930	165,820	3,080
Series 2018C	` 152,965	-	2,580	150,385	2,710
Series 2020C	-	281,825	-	281,825	5,615
Series 2020D	-	363,665	-	363,665	2,340
City of Dallas Waterworks and Sewer System Revenue Refunding and Improvement Bonds (Direct Placements)					
Series 2009B	5,505	-	5,005	500	500
Series 2009C	58,733	-	53,353	5,380	5,380
Series 2018A	22,000	-	675	21,325	675
Series 2018B	44,000	-	1,295	42,705	1,300
Series 2019A	22,000	-	-	22,000	720
Series 2019B	44,000	-	-	44,000	1,385
Series 2020A	-	22,000	-	22,000	-
Series 2020B	-	44,000	-	44,000	-
Total Revenue Bonds Payable	2,248,218	711,490	529,713	2,429,995	119,175
Add: Unamortized Premium	171,915	71,598	36,714	206,799	-
Total Revenue Bonds of Water Utilities	2,420,133	783,088	566,427	2,636,794	119,175
Pension Obligation Bonds	45,088	-	1,610	43,478	5,559
Add: Net premium/discount	19,560	-	688	18,872	-
Add: Accretion	30,364	3,802	3,593	30,573	-
Total Water Utilities Bonds	2,515,145	786,890	572,318	2,729,717	124,734
Direct borrowings					
Commercial paper notes payable	164,500	147,500	259,100	52,900	-
Water transmission facilities financing agreement	425,442	-	10,685	414,757	10,042
Total direct borrowings	589,942	147,500	269,785	467,657	10,042
Other liabilities:					
Compensated absences payable	11,297	4,259	4,543	11,013	4,690
Other postemployment benefits	64,552	3,350	6,919	60,983	-
Net pension liability	438,373	84,108	132,822	389,659	-
Arbitrage rebate	188	-	188	-	-
Total other liabilities	514,410	91,717	144,472	461,655	4,690
Total long-term liabilities for Dallas Water Utilities	3,619,497	1,026,107	986,575	3,659,029	139,466
Convention Center					
Civic Center Refunding and Improvement Revenue Bonds, Series 2009	279,475	-	9,095	270,380	9,550
Add: Net premium/discount	(2,563)	-	(87)	(2,650)	-
Total Convention Center Revenue Bonds	276,912	-	9,008	267,730	9,550
Pension Obligation Bonds	3,205	-	115	3,090	397
Add: Net premium/discount	1,396	-	49	1,347	-
Add: Accretion	2,168	271	256	2,183	-
Total Convention Center Bonds	283,681	271	9,428	274,350	9,947
Other liabilities:					
Compensated absences	303	146	76	373	159
Pollution remediation	75	-	12	63	63
Other postemployment benefits	4,645	73	150	4,568	-
Net pension liability	28,440	3,900	6,158	26,182	-
Total long-term labilities for Convention Center	$ 317,144	$ 4,390	$ 15,824	$ 305,536	$ 10,169

Note 11. Long-Term Debt (continued)

	Balance, September 30, 2019	Additions	Deletions	Balance, September 30, 2020	Due Within One Year
Airport Revenues					
General Airport Revenue Bonds 2015	$ 105,350	$ -	$ 4,075	$ 101,275	$ 4,280
General Airport Revenue Bonds 2017	116,850	-	4,155	112,695	4,360
Add: Net Premium/Discount	18,426	-	2,256	16,170	-
Total Airport Revenue Bonds	240,626	-	10,486	230,140	8,640
Pension Obligation Bonds	4,224	-	151	4,073	521
Add: Net Premium/Discount	1,833	-	65	1,768	-
Add: Accretion	2,846	356	337	2,865	-
Total Airport Bonds	249,529	356	11,039	238,846	9,161
Direct borrowings					
Capital leases payable	70,611	-	1,225	69,386	1,296
Obligation for revenue credit agreement	415,960	-	8,500	407,460	8,840
Revenue credit agreement Net premium/discount	(4,896)	311	453	(5,038)	-
Total direct borrowing	481,675	311	10,178	471,808	10,136
Other Liabilities:					
Compensated absences	1,889	1,017	926	1,980	843
Pollution remediation	559	163	211	511	151
Other postemployment benefits	10,975	700	1,446	10,229	-
Net pension liability	64,388	16,136	25,483	55,041	-
Total other liabilities	77,811	18,016	28,066	67,761	994
Total long-term liabilities for Airport Revenues	809,015	18,683	49,283	778,415	20,291
Sanitation					
2010C GO Refunding General Obligation Bonds	5,167	-	821	4,346	1,912
Add: Net premium/discount	185	-	75	110	-
Total Sanitation General Obligation Bonds	5,352	-	896	4,456	1,912
Pension Obligation Bonds	14,740	-	526	14,214	1,817
Add: Net premium/discount	6,394	-	225	6,169	-
Add: Accretion	9,927	1,243	1,175	9,995	-
Total Sanitation Bonds	36,413	1,243	2,822	34,834	3,729
Direct borrowing					
Capital leases	16,908	6,056	6,435	16,529	6,099
Other liabilities:					
Compensated absences	3,006	1,003	1,281	2,728	1,162
Landfill closure/postclosure	43,466	1,929	179	45,216	286
Pollution remediation	-	1,000	29	971	971
Other postemployment benefits	21,991	1,244	2,571	20,664	-
Net pension liability	142,382	30,449	48,084	124,747	-
Total other liabilities	210,845	35,625	52,144	194,326	2,419
Total long-term liabilities for Sanitation	264,166	42,924	61,401	245,689	12,247
Non-Major Business-Type					
Pension Obligation Bonds	8,216	-	293	7,923	1,012
Add: Net premium/discount	3,561	-	125	3,436	-
Add: Accretion	5,529	692	654	5,567	-
Total Non-Major Business-Type Bonds	17,306	692	1,072	16,926	1,012
Other liabilities:					
Compensated absences	2,398	1,217	1,054	2,561	1,090
Other postemployment benefits	11,914	730	1,510	11,134	-
Net pension liability	92,022	19,650	31,031	80,641	-
Total other liabilities	106,334	21,597	33,595	94,336	1,090
Total long-term liabilities for Non-Major Business-type Activities	123,640	22,289	34,667	111,262	2,102
Total Business-Type Activities - Long-Term Liabilities	$ 5,133,462	$ 1,114,393	$ 1,147,750	$ 5,099,931	$ 184,275

Note 11. Long-Term Debt (continued)

H. Water Works and Sewer System Revenue Bonds and Pension Obligation Bonds

In prior fiscal years, Dallas Water Utilities issued Waterworks and Sewer System Revenue Bonds to fund capital construction projects. These bonds are special obligations of the City, payable solely from and secured by a first lien on and pledge of the pledged revenues of the system, which include the net revenues of the system remaining after deduction of current expenses of operation and maintenance. Events of default include nonpayment events and covenant noncompliance. In the event of default, registered owners may seek a writ of mandamus to compel officials of the City to carry out their legally imposed duties with respect to the bonds.

I. Water Works and Sewer System Revenue Bonds

In July 2020, Dallas Water Utilities issued Waterworks and Sewer System Revenue Bonds Series 2020C and Series 2020D of $645.5 million and interest rates ranging from 4.0 percent to 5.0 percent. Final maturity will occur on October 1, 2049. The bonds were issued to refund previously issued waterworks and sewer system bonds and to refund outstanding commercial paper used by Dallas Water Utilities to fund capital construction projects. Proceeds of $456.3 million were deposited with an escrow agent to be used to pay the outstanding amount of the refunded bonds. As a result, $424.2 million of these bonds are considered defeased and the liability for the refunded portion of these bonds has been removed from the financial statements. The refunding resulted in a difference of $13.5 million between the net carrying amount of the old debt and the reacquisition price. This difference, reported in the accompanying financial statement as a deferred outflow of resources, is being amortized to interest expense over the life of the old bonds. Total debt service payments decreased by $118.5 million as a result of the refunding. The City also incurred an economic gain (difference between the present value of the old debt and new debt service payments) of $92.6 million.

J. Water Works and Sewer System Revenue Bonds and Pension Obligation Bonds (Direct Placements)

In fiscal year 2020, and prior years Dallas Water Utilities issued Waterworks and Sewer System Revenue Bonds to fund capital construction projects. These were direct placements facilitated by the Texas Water Development Board. These bonds are special obligations of the City, payable solely from and secured by a first lien on and pledge of the pledged revenues of the system, which include the net revenues of the system remaining after deduction of current expenses of operation and maintenance. Events of default include nonpayment events and covenant noncompliance. In the event of default, registered owners may seek a writ of mandamus to compel officials of the City to carry out their legally imposed duties with respect to the bonds.

In May 2020, Dallas Water Utilities issued Waterworks and Sewer System Revenue Bonds Series 2020A and Series 2020B of $66 million and interest rates ranging from 0.03 percent to 0.63 percent. Final maturity will occur on October 1, 2049. The bonds were issued to fund capital construction projects.

K. Water Works and Sewer Debt Service Requirements

The Waterworks and Sewer System debt service fund provides for the payment of principal and interest on the water department outstanding revenue bonds. Operating revenues from water operations and interest earned on the cash balance in the debt service fund are pledged for repayment of the debt. Revenues are transferred from the Water Operating Fund to the debt service fund to meet annual principal and interest obligations. Pension Obligation bonds are paid through increased contributions to the debt service fund. The Water Works and Sewer System bonds outstanding as of September 30, 2020 are as follows:

Note 11. Long-Term Debt (continued)

Series Description	Final Maturity	Interest Rates	Amount
625 Rev Bonds	2021	3.00% - 5.00%	$ 500
634 Rev Bonds	2023	3.00% - 5.00%	34,625
636 Rev Bonds	2033	0.595% - 5.000%	160,825
639 Rev Bonds	2028	2.00% - 5.00%	31,760
9712 Rev Bonds	2045	1.00%-5.00%	575,600
1727 Rev Bonds	2046	3.00%-5.00%	455,055
W208 Rev Bonds	2048	4.00%-5.00%	165,820
W339 Rev Bonds	2048	4.00%-5.00%	150,385
637 Rev Bonds	2050	1.730%-5.000%	645,490
626 Rev Bonds	2021	1.303%-2.877%	5,380
630 Rev Bonds	2021	0.148%-3.018%	8,525
W309 Rev Bonds	2048	0.02%-1.70%	64,030
FS40 Rev Bonds	2050	0.02%-1.70%	66,000
FW40 Rev Bonds	2050	0.03%-1.34%	66,000
Total Revenue Bonds			2,429,995
Pension Obligation Bonds	2035	0.295% - 5.48%	43,478
Total Outstanding			$ 2,473,473

Utility Revenues Pledged

The City has pledged future water and wastewater customer revenues, net of specified operating expenses, to repay $2.4 billion in water and wastewater system revenue bonds, of which $711.5 million was issued during the current fiscal year and the remaining balance in prior fiscal years. Proceeds from the bonds provided financing for capital assets. The bonds are payable solely from water customer net revenues and are payable through fiscal year 2050. Net revenues, as defined in the bond documents, for each year are expected to be at least equal to 1.25 times the principal and interest requirements of all outstanding previously issued bonds and additional bonds for the year. The total principal and interest remaining to be paid on the bonds at September 30, 2020 is $3.5 billion. Principal and interest paid during fiscal year 2020 were $105.6 million and $90.6 million, respectively.

L. Convention Center (Revenue Bonds and Pension Obligation Bonds)

In previous fiscal years, the City issued Convention Center Revenue Bonds. The 7 percent Hotel Occupancy Tax, operating revenues of the Convention Center Complex, and interest earned on cash balances in the bond reserve and debt service funds are pledged for repayment of the debt. Events of default with respect to these include nonpayment events and noncompliance with covenants. In the event of default, registered owners may seek a writ of mandamus to compel officials of the City to carry out their legally imposed duties with respect to the bonds.

Pension Obligation Bonds are paid through increased contributions to the Debt Service Fund. Additionally, the City has covenanted to provide the payment of operating and maintenance expenses of the Convention Center Complex, should a shortfall in Convention Center revenues occur. Revenue from the Convention Center operating fund is transferred to the debt service fund to meet annual principal and interest payments. The Convention Center bonds outstanding as of September 30, 2019 are as follows:

The Convention Center bonds outstanding as of September 30, 2020 are as follows:

Series Description	Final Maturity	Interest Rates	Amount
Civic Center Convention Complex	2038	3.00% - 5.25%	$ 270,380
Pension Obligation Bonds	2035	0.295% - 5.48%	3,090
Total Outstanding			$ 273,470

Note 11. Long-Term Debt (continued)

M. Airport Revenues (General Airport Revenue Bonds and Pension Obligation Bonds)

During December 2016, the Love Field Airport Modernization Corporation (LFAMC) issued $116.85 million in General Airport Revenue Bonds, Series 2017 with a premium of $13.6 million. The stated rate on the bonds is 5 percent with a final maturity on November 1, 2036. Proceeds from the sale of the Bonds were used to complete the design and construction costs of an approximately 5,000 space parking garage and related improvements to increase public parking capacity at Love Field Airport, fund approximately 22 months of capitalized interest, which is intended to cover the period commencing with the date of issuance of the Bonds through 12 months following substantial completion of construction of the project, fund a bond debt service reserve fund, and pay cost of issuance.

In a previous year, the Love Field Airport Modernization Corporation (LFAMC) issued $109.2 million in General Airport Revenue Bonds, Series 2015 with a premium of $13.6 million. The stated interest rate on the bonds is 5 percent with a final maturity on November 1, 2035. Proceeds from the sale of the Bonds were used to fund design and construction costs of an approximately 5,000 space parking garage and related improvements to increase public parking capacity at Love Field Airport, fund approximately 27 months of capitalized interest (which is intended to cover the period commencing with the date of issuance of the Bonds through 12 months following substantial completion of construction of the parking garage, fund a bond debt service reserve fund, and pay cost of issuance for the bonds.

Operating revenues from Airport operations and interest earned on the cash balance in the debt service fund are pledged for repayment of both issues of the General Airport Revenue Bonds. Revenues are transferred from the Airport Revenues operating fund to the Airport Revenues debt service fund to meet the annual principal and interest obligations. Events of default include nonpayment events and noncompliance with covenants. In the event of default, registered owners may seek a writ of mandamus to compel officials of the City to carry out their legally imposed duties with respect to the bonds.

Pension Obligation bonds are paid through increased contributions to the Debt Service Fund. Operating revenues from Airport operations and interest earned on the cash balance in the debt service fund are pledged for repayment of the debt. Revenues are transferred from the Airport operating fund to the debt service fund to meet annual principal and interest obligations.

Airport revenue and pension obligation bonds outstanding as of September 30, 2020 are as follows:

Series Description	Final Maturity	Interest Rates	Amount
General Airport Revenue Bonds 2015	2036	5.00%	$ 101,275
General Airport Revenue Bonds 2017	2036	5.00%	112,695
Pension Obligation Bonds	2035	0.295% - 5.48%	4,073
Total			$ 218,043

N. Airport Revenues Conduit Debt and Revenue Credit Agreement (Direct Borrowing)

The Love Field Airport Modernization Corporation (LFAMC), a Texas non-profit “local government corporation” and blended component unit of the City, issued $310 million in Special Facilities Revenue Bonds during November 2010, and $146.26 million in May 2012. The bonds were issued to finance the acquisition, construction, expansion, installation and equipping of certain capital improvements at Dallas Love Field Airport. Major construction commenced during fiscal year 2010 and was substantially completed during fiscal year 2015.

Prior to the issuance of the bonds, the City entered into two separate funding agreements with an airline carrier: (1) a “Facilities Agreement” pursuant to which the airline carrier is obligated to make debt service payments on the principal and interest amounts associated with the bonds (Facilities Payments), less other sources of funds the City may apply to the repayment of the bonds (including, but not limited to, passenger facility charges collected from passengers originating from Love Field Airport); and (2) a “Revenue Credit Agreement” pursuant to which the City will reimburse the airline carrier for the Facilities Payments made by the carrier.

In the event the airline carrier fails to make payments under the Facilities Agreement the City is no longer obligated to make any further payments under the Revenue Credit Agreement, and that agreement shall terminate.

Note 11. Long-Term Debt (continued)

A majority of the monies transferred from the City to the airline carrier under the Revenue Credit Agreement are expected to originate from a reimbursement account created in a "Use and Lease Agreement" between the City and the airline carrier. The Use and Lease Agreement is a 20-year agreement providing for, among other things, the lease of space at the Airport from the City. The remainder of such monies transferred from the City to the airline carrier under the Revenue Credit Agreement is expected to originate from (1) use and lease agreements with other airlines, (2) various concession agreements, and (3) other miscellaneous revenues generated at Love Field Airport.

All of the assets ultimately acquired by the bonds belong to the City at the time of acquisition pursuant to an Agreement for Donation and Assignment entered into between the City and the airline carrier. The bonds are a special obligation for which the airline carrier has guaranteed the principal and interest payments on the bonds, payable solely from the facilities payments to be made pursuant to the terms of the Special Facilities Agreement and other funds constituting the trust estate under the indenture, including any amounts received under the guaranty. The bonds do not constitute a debt or pledge of the faith and credit of the LFAMC, the City, the County, or the State of Texas, and accordingly have not been reported in the accompanying financial statements. At September 30, 2020, the Special Facilities Revenue Bonds outstanding was $403 million.

O. Airport Revenues Obligation for Revenue Credit Agreement (Direct Borrowing)

The revenue credit agreement entered into between the City and the airline carrier was made possible as a result of the rate making provisions of the Airport Use and Lease Agreement which provide for the annual calculation of airline rates and charges sufficient to recover among other things, debt service on the bonds. While the crediting back of money to the airline carrier under the revenue credit agreement will be done pursuant to a contractual agreement between the City and the airline carrier, such revenue credits are not pledged to the payment of debt service on the Bonds. The City has determined the obligation under the revenue credit agreement to be a liability, and accordingly has recorded the obligation in the accompanying financial statements. The interest rates for the obligation range between 4.39 percent to 5.48 percent, and the obligation will be amortized over a period of 30 years. The balance of the obligation for the revenue credit agreement was $408 million less the net premium/discount of $5 million for a total balance of $403 million, at September 30, 2020. The schedule of principal and interest payments required for the obligation is provided below (in thousands):

	Airport Revenue - LFAMC Obligation for Revenue Credit Agreement		
Fiscal Year	Principal	Interest	Total
2021	$ 8,840	$ 20,927	$ 29,767
2022	9,280	20,474	29,754
2023	9,745	19,998	29,743
2024	10,230	19,499	29,729
2025	10,745	18,975	29,720
2026-2030	70,985	85,621	156,606
2031-2035	110,975	61,534	172,509
2036-2040	143,325	28,330	171,655
Thereafter	33,335	875	34,210
Total	$ 407,460	$ 276,233	$ 683,693

P. Business-type Activities Capital Leases (Direct Borrowings)

Airport Parking Capital Leases

During a prior fiscal year, the City entered into capital leases for two parking lots near Love Field Airport. The leased property serves as collateral for non-payment. Events of default under the lease agreements include nonpayment events and covenant noncompliance. In the event of default, the Lessor has the right to terminate the leases and/or recover all damages associated with the default.

Note 11. Long-Term Debt (continued)

Equipment Master Lease

During a prior fiscal year, the City entered into a Master Lease Agreement (the Agreement) with a bank (the Lessor). Each fiscal year since 2017, the City has entered into separate repayment schedules under the Agreement for the lease-purchase of vehicles and other equipment, and each has a maximum allowable amount equal to the principal due on that schedule. Vehicles and equipment purchased through Agreement are pledged as security for repayment of the lease liability. Events of default under the Master Lease Agreement include nonpayment events and covenant noncompliance. In the event of default, the Lessor may declare the entire amount of payments to the end of the term immediately past due and payable, initiate court action against the City to enforce performance per the Agreement, take possession of the vehicles and equipment, and/or terminate the Agreement.

For more information on capital leases, please refer to Note 12.

Q. Sanitation Enterprise Fund (General Obligation Bonds and Pension Obligation Bonds)

The Sanitation Fund provides for the payment of principal and interest on a portion of the 2010 General Obligation Refunding Bonds and the Pension Obligation Bonds, which are paid through increased contributions to the Debt Service Fund. The bonds outstanding as of September 30, 2020 are as follows:

Series Description	Final Maturity	Interest Rates	Amount
Series 631 General Obligation Bonds	2023	3.0% to 5.0%	$ 4,346
Pension Obligation Bonds	2035	0.295% to 5.48%	14,214
Total Outstanding			$ 18,560

R. Non-Major Enterprise Fund (Pension Obligation Bonds)

The non-major enterprise funds provide for the payment of principal and interest on a portion of Pension Obligation Bonds, which are paid through increased contributions to the Debt Service Fund. The bonds outstanding as of September 30, 2019 are as follows:

Series Description	Final Maturity	Interest Rates	Amount
Pension Obligation Bonds	2035	0.295% - 5.48%	$ 7,923

S. Business-Type Activities Debt Service Requirements

The debt service principal and interest payment requirement to maturity at September 30, 2020 for the business-type activities Revenue Bonds and Pension Obligation Bonds are as follows:

	Dallas Water Utilities					
	Revenue Bonds			Revenue Bonds-Direct Placements		
Fiscal Year	Principal	Interest	Total	Principal	Interest	Total
2021	$ 109,215	$ 80,479	$ 189,694	$ 9,960	$ 1,487	$ 11,447
2022	119,295	81,961	201,256	6,340	1,438	7,778
2023	113,625	78,101	191,726	6,350	1,425	7,775
2024	102,995	74,263	177,258	6,365	1,409	7,774
2025	94,635	70,388	165,023	6,385	1,390	7,775
2026-2030	449,390	298,284	747,674	32,310	6,576	38,886
2031-2035	437,605	208,276	645,881	33,215	5,664	38,879
2036-2040	413,910	119,408	533,318	34,550	4,315	38,865
2041-2045	273,175	53,018	326,193	36,320	2,564	38,884
2046-2050	114,240	8,746	122,986	30,115	604	30,719
Total	$ 2,228,085	$ 1,072,924	$ 3,301,009	$ 201,910	$ 26,872	$ 228,782

Note 11. Long-Term Debt (continued)

	Dallas Water Utilities		
	Pension Obligation Bonds		
Fiscal Year	Principal	Interest	Total
2021	$ 5,559	$ 1,575	$ 7,134
2022	6,081	1,281	7,362
2023	6,685	976	7,661
2024	7,248	657	7,905
2025	1,513	6,909	8,422
2026-2030	7,548	38,607	46,155
2031-2035	8,844	44,782	53,626
Total	$ 43,478	$ 94,787	$ 138,265

	Convention Center					
	Revenue Bonds			Pension Obligation Bonds		
Fiscal Year	Principal	Interest	Total	Principal	Interest	Total
2021	$ 9,550	$ 13,932	$ 23,482	$ 397	$ 112	$ 509
2022	10,030	13,454	23,484	434	91	525
2023	10,530	12,953	23,483	477	70	547
2024	11,055	12,426	23,481	517	47	564
2025	11,610	11,873	23,483	96	493	589
2026-2030	67,355	50,057	117,412	538	2,754	3,292
2031-2035	86,600	30,812	117,412	631	3,195	3,826
2036-2038	63,650	6,797	70,447	-	-	-
Total	$ 270,380	$ 152,304	$ 422,684	$ 3,090	$ 6,762	$ 9,852

	Airport Revenues					
	General Airport Revenue Bonds			Pension Obligation Bonds		
Fiscal Year	Principal	Interest	Total	Principal	Interest	Total
2021	$ 8,640	$ 10,483	$ 19,123	$ 507	$ 148	$ 655
2022	9,075	10,040	19,115	570	120	690
2023	9,530	9,575	19,105	626	91	717
2024	10,005	9,086	19,091	680	62	742
2025	10,505	8,573	19,078	142	647	789
2026-2030	60,945	34,232	95,177	709	3,618	4,327
2031-2035	77,785	16,973	94,758	839	4,196	5,035
Thereafter	27,485	1,163	28,648	-	-	-
Total	$ 213,970	$ 100,125	$ 314,095	$ 4,073	$ 8,882	$ 12,955

	Sanitation					
	General Obligation Bonds			Pension Obligation Bonds		
Fiscal Year	Principal	Interest	Total	Principal	Interest	Total
2021	$ 1,911	$ 170	$ 2,081	$ 1,817	$ 515	$ 2,332
2022	1,606	82	1,688	1,988	419	2,407
2023	829	21	850	2,186	319	2,505
2024	-	-	-	2,370	215	2,585
2025	-	-	-	493	2,259	2,752
2026-2030	-	-	-	2,469	12,621	15,090
2031-2035	-	-	-	2,891	14,640	17,531
Total	$ 4,346	$ 273	$ 4,619	$ 14,214	$ 30,988	$ 45,202

Note 11. Long-Term Debt (continued)

Non-Major Enterprise Funds			
Pension Obligation Bonds			
Fiscal Year	Principal	Interest	Total
2021	$ 1,012	$ 287	$ 1,299
2022	1,107	233	1,340
2023	1,217	178	1,395
2024	1,320	120	1,440
2025	275	1,258	1,533
2026-2030	1,376	7,030	8,406
2031-2035	1,616	8,154	9,770
Total	$ 7,923	$ 17,260	$ 25,183

T. Discretely Presented Component Unit Debt Service Requirements

The changes in the DDDA discretely presented component unit's long- term liabilities for the year ended September 30, 2020 are as follows:

	Balance, September 30, 2019	Additions	Deletions	Balance, September 30, 2020	Due Within One Year
Tax Increment Revenue Bonds					
Series 2006	$ 32,587	$ -	$ 2,386	$ 30,201	$ 2,373
Series 2007	23,692	-	362	23,330	835
Total Bonds	56,279	-	2,748	53,531	3,208
Accretion	36,657	3,926	3,301	37,282	-
Total Bonds	$ 92,936	$ 3,926	$ 6,049	$ 90,813	$ 3,208

The Dallas Convention Center Hotel Development Corporation (the Corporation), a discretely presented component unit of the City, issued revenue bonds in a prior fiscal year. The assets pledged as security for repayment of the bonds include the gross operating revenues of the hotel project, reimbursement for a portion of the interest from the Build America Bonds rebate, the State and Local Hotel Occupancy Tax Rebate, the State Sales Tax rebate, and other property, other than the land, the hotel project constructed on the land, and certain deposits. Events of default include nonpayment events and noncompliance with covenants. In the event of default, the trustee may accelerate principal and interest payments on the bonds, and/or take multiple legal actions, including but not limited to seeking a writ of mandamus to compel officials of the City to carry out their legally imposed duties with respect to the notes.

The changes in the Dallas Convention Center Hotel Development Corporation discretely presented component unit's long-term liabilities for the year ended December 31, 2019 are as shown on the following page.

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Note 11. Long-Term Debt (continued)

	Balance, December 31, 2018	Additions	Deletions	Balance, December 31, 2019	Due Within One Year
2009A Current Interest Bonds	$ 62,165	$ -	$ 8,435	$ 53,730	$ 9,125
2009A Capital Appreciation Bonds	7,139	-	-	7,139	-
2009B Taxable Build America Bonds	388,175	-	-	388,175	-
Total Revenue Bonds	457,479	-	8,435	449,044	9,125
Add: Unamortized Premium	177	-	81	96	-
Less: Unamortized Discount	(124)	-	(28)	(96)	-
Add: Accretion on Capital Appreciation Bonds	5,699	833	-	6,532	-
Key Money Payable	3,500	-	1,200	2,300	1,200
Total Long-Term Debt	$ 466,731	$ 833	$ 9,688	$ 457,876	$ 10,325

The DDDA discretely presented component unit has issued tax increment bonds that are payable solely from the pledged tax increments of the zone. Events of default include nonpayment events and noncompliance with covenants. In the event of default, registered owners may seek a writ of mandamus to compel members of the board of the DDDA or other officers of the issuer to carry out their legally imposed duties with respect to the bonds.

The tax increment bonds outstanding as of September 30, 2020 are as follows:

Series Description	Final Maturity	Interest Rates	Amount
Series DDDA - Series 2006	2036	5.25% - 5.66%	$ 30,201
Series DDDA - Series 2007	2036	5.49% - 6.28%	23,330
Total Outstanding			$ 53,531

The Dallas Convention Center Hotel Development Corporation discretely presented component unit bonds outstanding as of December 31, 2019 are as follows:

Series Description	Final Maturity	Interest Rates	Amount
2009A Current Interest Bonds	2024	4.25% - 5.25%	$ 53,730
2009A Capital Appreciation Bonds	2026	5.43% - 6.46%	7,139
2009B Taxable Build America Bonds	2042	7.09%	388,175
Total Outstanding			$ 449,044

The debt service principal and interest payment requirement to maturity at September 30, 2020 for the DDDA discretely presented component unit activities tax increment financing bonds and at December 31, 2019 for the Dallas Convention Center Hotel Development Corporation bonds are as shown on the following page.

Note 11. Long-Term Debt (continued)

Fiscal Year	DDDA Principal	DDDA Interest	DDDA Total	Calendar Year	Dallas Convention Center Hotel Development Corporation Principal	Interest	Total
2021	3,208	4,600	$ 7,808	2020	9,125	30,041	$ 39,166
2022	3,243	4,914	8,157	2021	9,890	29,558	39,448
2023	3,249	5,161	8,410	2022	10,690	29,025	39,715
2024	3,088	5,578	8,666	2023	11,554	28,441	39,995
2025	2,743	5,673	8,416	2024	12,470	27,826	40,296
2026-2030	13,948	29,766	43,714	2025-2029	61,390	142,739	204,129
2031-2035	19,832	29,679	49,511	2030-2034	99,410	101,593	201,003
2036	4,220	5,680	9,900	2035-2039	133,895	60,483	194,378
Total	$ 53,531	$ 91,051	$ 144,582	2040-2042	100,620	10,962	111,582
				Total	$ 449,044	$ 460,668	$ 909,712

U. Bonds Authorized and Unissued

The following is a schedule of authorized but unissued bonds at September 30, 2020:

	Date of Authorization	Amount Authorized	Amount Unissued
2017 Capital Improvement Program	11/7/2017	$ 1,050,000	$ 728,498

V. Compliance with Debt Covenants

For the year ended September 30, 2020, management of the City believes that it was in compliance with all financial bond covenants on outstanding revenue and general obligation bonded debt.

W. Dallas Water Utilities Commercial Paper Notes (Direct Borrowing)

The commercial paper program constitutes an obligation subordinate to the Waterworks and Sewer System revenue bonds. Any advances made by credit providers for payments of commercial paper under the line of credit are secured by water and wastewater pledged revenues.

The commercial paper notes Series D are supported by two liquidity agreements through two banks. The liquidity agreements supporting the Sub-Series D-1 and Sub-Series D-2 notes are through State Street Bank and Trust Company and Bank of America N.A., respectively, and extend to December 30, 2020. The Sub-Series D-1 notes have an aggregate available principal amount not to exceed $241.6 million, which includes $225 million of principal together with approximately $16.6 million of accrued interest for a maximum maturity date not to exceed 270 days at a rate of 10 percent per annum. The Sub-Series D-2 notes have an aggregate available principal amount not to exceed $80.5 million, which includes $75 million of principal together with approximately $5.5 million of accrued interest for a maximum maturity date not to exceed 270 days at a rate of 10 percent per annum.

The commercial paper notes Series E are supported by a liquidity agreement with JPMorgan Chase Bank, N.A., and extend to March 31, 2021. The Series E notes have an aggregate available principal amount not to exceed $322.2 million, which includes $300 million of principal together with approximately $22.2 million of accrued interest for a maximum maturity date not to exceed 270 days at a rate of 10 percent per annum.

Events of default include nonpayment of fees, incorrect or untrue statement made by the City the agreements, breach of covenant, unsatisfied judgements over $10 million, acceleration of other debt in an amount greater than $5 million, filing of bankruptcy, validity of agreement invalidated by any governmental authority, debt moratorium, bond ratings downgraded below Baa3/BBB-, material adverse effects as a result of State law repeal or any event of default as defined in Sub-Series D-1 and Series E credit agreements. The lender may seek a writ of mandamus to compel officials of the City to carry out their legally imposed duties with respect to the notes.

During fiscal year 2020, $147.5 million was issued and $259.1 million was repaid Upon maturity, the notes will be remarketed by the commercial paper dealers or extinguished with long-term debt. The balance of the commercial paper notes payable was $52.9 million at September 30, 2020.

Note 11. Long-Term Debt (continued)

X. Dallas Water Utilities Obligation for Water Transmission Facilities Financing Agreement (Direct Borrowing)

Tarrant Regional Water District (TRWD), a water control and improvement district and political subdivision of the State of Texas, issued Water Facilities Contract Revenue Bonds in February 2012 in the amount of $131.9 million, in January 2014 in the amount of $202.1 million, and in December 2015 in the amount of $140 million. The bonds were issued to finance the DWU share of costs for designing, acquiring, constructing, improving, repairing, rehabilitating, and or replacing water transmission facilities capable of delivering additional raw water supply to the customers of the DWU and TRWD for their respective customers (the Project). The Project is tentatively scheduled to be completed in 2027. The City's share of the total cost of the Project is estimated to be $1 billion. Upon completion of the Project, DWU will have reserved capacity rights in the amount of 150 million gallons per day. Depending on the timing of construction, additional bonds are expected to be issued throughout the construction period.

In order to ensure adequate funding from Dallas Water Utilities for the payment of principal and interest, the City entered into a separate funding agreement with TRWD, a Water Transmission Facilities Financing Agreement (the Agreement). Under this Agreement, the City is obligated to make payments to TRWD for the principal and interest amounts associated with the bonds. The Agreement establishes through State statutes that those payments will be treated as operating and maintenance expenses. The treatment of payments to TRWD as operating and maintenance expenses is only being applied to the Schedule of Revenue Bond Coverage for the Dallas Water Utilities and for purposes of establishing rates.

The Agreement establishes that TRWD shall own and operate the Project, subject to Dallas' reserve capacity rights in the Project. The bonds are a special obligation of TRWD. Principal and interest are secured by, and payable solely from, payments to be received by TRWD from the City to the extent required and provided in the Agreement. The bonds do not constitute a debt or pledge of the faith and credit of the City, and accordingly have not been reported in the accompanying financial statements. At September 30, 2020, the TRWD Water Facilities Contract Revenue Bonds outstanding were $416 million.

The City has determined the obligation under the Agreement to be a liability to the extent that such obligations are for the payment of bonds issued to fund Dallas Water Utilities' share of costs for the Project. The City has capitalized the development of an intangible asset, Pipeline Reserve Capacity Rights, in Construction in Progress for the actual Project costs incurred by TRWD. The unspent proceeds held by TRWD for future construction costs have been recorded in Restricted Assets: Other Noncurrent Assets – Future Pipeline Reserve Capacity Rights. The interest rates for the obligation range from 0.45 percent to 6.0 percent. The obligation will be amortized over a period of 30 years. The balance of the obligation for the Agreement was $415 million at September 30, 2020.

The revenues and income received by the Dallas Water Utilities from the ownership and operation of the system are pledged as security for repayment of the obligation. Events of default include nonpayment events and covenant noncompliance. In the event of default, TRWD may apply the Texas post judgement interest rate to all amounts not paid when due, assess other interest and legal fees, enforce the rights of the holders of the underlying bonds, and/or suspend the use of by Dallas of its reserved capacity rights in the project.

The schedule of principal and interest payments required for the obligation is provided below:

Fiscal Year	Principal	Interest	Total
2021	$ 10,042	$ 16,653	$ 26,695
2022	11,285	16,204	27,489
2023	11,640	15,732	27,372
2024	12,105	15,235	27,340
2025	12,520	14,781	27,301
2026-2030	70,285	66,877	137,162
2031-2035	85,960	52,686	138,646
2036-2040	106,665	33,247	139,912
2041-2045	94,255	9,728	103,983
Total	$ 414,757	$ 241,143	$ 655,900

Note 12. Leases

A. As Lessee

As lessee, the City is committed under various leases for building and office space, data processing, and communications equipment. These leases are considered for accounting purposes to be operating leases. Lease expenditures for the fiscal year ended September 30, 2020, amounted to $13.7 million.

Future minimum lease payments for these leases are as follows:

Year Ending September 30,	Total Rental Payments	Governmental Activities	Business-Type Activities
2021	$ 12,112	$ 2,972	$ 9,140
2022	9,558	2,392	7,166
2023	7,947	1,121	6,826
2024	7,279	780	6,499
2025	6,920	409	6,511
2026-2030	33,175	526	32,649
2031-2035	30,749	54	30,695
Thereafter	62,690	197	62,493
Minimum Future Rentals	$ 170,430	$ 8,451	$ 161,979

The City is also committed under capital leases for the purchase of computer equipment, vehicles and heavy equipment, parking garages, and a parking lot. The liability for future capital lease payments totals $248.3 million. Future minimum lease payments for capital leases including interest and principal are as shown below.

Fiscal Year	Total Rental Payments	Governmental Activities	Business-Type Activities
2021	$ 34,805	$ 23,234	$ 11,571
2022	29,648	18,955	10,693
2023	23,780	15,482	8,298
2024	19,455	12,825	6,630
2025	15,082	9,274	5,808
2026-2030	53,397	27,480	25,917
2031-2035	25,917	-	25,917
Thereafter	52,085	-	52,085
Total minimum future lease payments	254,169	107,250	146,919
Less: Amount representing interest	(70,069)	(9,065)	(61,004)
Present value of net minimum lease payments	$ 184,100	$ 98,185	$ 85,915

Analysis of the City’s investments in capital assets under capital lease arrangements as of September 30, 2020 is as follows:

	Governmental Activities	Business-Type Activities
Building and equipment	$ 131,652	$ 27,655
Land	-	75,270
Less: Accumulated depreciation	(77,135)	(10,383)
Total	$ 54,517	$ 92,542

B. As Lessor

The City is also under several lease agreements as lessor whereby it receives revenues from leasing airport terminal space, hangars, parking spaces, ramps, land, buildings, and office space to air carriers and other tenants. These revenue leases are considered for accounting purposes to be operating leases. Additionally, other City departments receive revenues under various agreements for the operation of concessions. Most of these revenues are determined based on various percentages of gross sales for the concessions.

Note 12. Leases (continued)

Revenues for the fiscal year ended September 30, 2020 were $79.3 million. The following is a schedule of minimum future rentals on non-cancelable operating leases as of September 30, 2020:

Year Ending September 30	Governmental Activities	Dallas Water Utilities	Convention Center	Airport Revenues	Total
2021	$ 2,168	$ 48	$ 937	$ 67,605	$ 70,758
2022	1,021	41	940	62,868	64,870
2023	235	42	940	60,948	62,165
2024	236	42	869	53,751	54,898
2025	236	42	792	52,992	54,062
2026-2030	830	207	4,030	162,672	167,739
2031-2035	174	207	4,242	10,616	15,239
Thereafter	284	2,143	13,268	25,941	41,636
Minimum Future Rentals	$ 5,184	$ 2,772	$ 26,018	$ 497,393	$ 531,367

The above amounts do not include contingent rentals of the Airport Revenues Fund, which may be received under certain leases; such contingent rentals received totaled $882 thousand in fiscal year 2020.

Note 13. Defeasance of Debt

In current and prior years, the City legally defeased certain outstanding general obligation and enterprise revenue bonds by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments of the refunded bonds. Accordingly, the trust accounts and the defeased bonds are not included in the City's basic financial statements.

As of September 30, 2020, the City had a total of $242 million defeased outstanding General Obligation Bonds and $1.1 billion defeased outstanding water and sewer revenue bonds. The bonds defeased during the fiscal year are as follows:

	Balance, September 30, 2019	Additions	Deletions	Balance, September 30, 2020
General Obligation Bonds	$ 252,125	$ -	$ 9,915	$ 242,210
Water and Sewer Revenue Bonds	723,380	424,153	47,670	1,099,863
Total	$ 975,505	$ 424,153	$ 57,585	$ 1,342,073

Note 14. Risk Management – Estimated Claims and Judgments Payable

The City is self-insured for all third-party general liability claims. Claims adjusting services are provided by the City's internal staff. Interfund premiums are based primarily upon the insured funds' claims experience and exposure and are reported as cost reimbursement interfund transactions. The liability for unpaid claims includes the effects of specific incremental claims, adjustment expenses, and, if probable and material, salvage, and subrogation.

All known City property, primarily buildings and contents, is insured through commercial insurance policies, subject to a $750 thousand deductible per loss occurrence. The amount of settlements exceeded the deductible loss per occurrence during the fiscal year ended September 30 2020, but not in the prior two fiscal years.

The City is self-insured for workers' compensation claims that occurred prior to October 1, 1999. Effective October 1, 1999 through January 31, 2013, the City was insured for workers' compensation losses in excess of $750 thousand per occurrence. Effective February 1, 2013, the City was insured for workers' compensation losses in excess of $1 million per occurrence. Effective February 1, 2016, the City is insured for workers' compensation losses in excess of $1.5 million per occurrence. Claims adjusting services are provided by an independent "administrative services" contractor. Workers' compensation premiums are based primarily upon the insured funds' claims experience and exposure, and are reported as cost reimbursement interfund transactions.

Note 14. Risk Management – Estimated Claims and Judgments Payable (continued)

All workers' compensation losses are accumulated in a clearing fund which is being reimbursed by the premiums collected. When losses exceed premiums, the deficiencies are prorated and supplemented by the various applicable funds. Accrued workers' compensation liability consists of incurred but not reported as well as unpaid reported claims of which $41.4 million at September 30, 2020, is recorded in the risk funds. Of this amount, $7.1 million is estimated to be payable in the next fiscal year.

The City maintains a group health insurance plan for employees and dependents which is self-insured by the City. The City also offers enrollment in one health maintenance organization as an alternative. Premiums are determined based on the annual budget. The City also maintains a group life insurance plan which offers term-life and accidental death and dismemberment for employees and dependents. The City is fully insured for employee term-life. Health claims and claims incurred but not reported that are probable and can be reasonably estimated are accrued in the accompanying basic financial statements at September 30, 2020, in the amount of $8.4 million in the risk funds.

At September 30, 2020, the City estimates its general liability at $60.0 million, of which $4.5 million is estimated to be payable in the next fiscal year. The general liability includes $7.6 million for automobile and general liability and $52.4 million for probable claims and lawsuits.

Changes in the balances of claims liabilities during the past fiscal year are as follows:

	Workers' Compensation		Health		General Liability	
	2020	2019	2020	2019	2020	2019
Unpaid claims, beginning of year	$ 41,595	$ 37,374	$ 7,683	$ 8,312	$ 11,794	$ 190,003
Incurred claims, including incurred but not reported claims (IBNRs) and changes in estimates	9,524	15,146	93,103	88,028	51,094	3,554
Claim payments	(10,261)	(11,470)	(100,633)	(94,016)	(4,113)	(177,771)
Changes to prior year estimates (IBNR)	502	545	8,222	5,359	1,175	(3,992)
Unpaid claims, end of year	$ 41,360	$ 41,595	$ 8,375	$ 7,683	$ 59,950	$ 11,794

Note 15. Accrued Landfill Liability

The City owns and operates the McCommas Bluff landfill located in the southern portion of the City. The developed 409.2 acres of the landfill has an estimated remaining useful life of 1 year. The undeveloped 493.2 acres of the landfill has an estimated useful life of 25 years. Closure and post-closure care of this landfill is subject to the requirements of Subtitle D of the Resource Conservation and Recovery Act (P.L. 94-580) and Sections 330.250-256 of Title 30 of the Texas Administrative Code administered by the Texas Commission on Environmental Quality (TCEQ). These regulations require the City to place a final cover on each cell of the landfill when it ceases to accept waste, and perform certain maintenance and monitoring functions for thirty years after the closure of each cell.

Because final contours have not been achieved, the City has not yet initiated closure of any of this landfill or incurred closure expenses. Therefore, the estimated $40.4 million liability for closure/post-closure care is based on 94.3 percent of the capacity of the developed landfill subject to TCEQ regulations--none of which is expected to be paid from current available resources.

The City also owns and operates three transfer stations. The estimated post closure cost is $249 thousand for the transfer stations at September 30, 2020.

The estimated total liability of $42.8 million is based on current dollar average cost per acre calculations for this specific landfill as originally provided by consulting firms and has been revised annually by the City to accommodate inflation, deflation, technology, and developmental or regulation changes. In accordance with the provisions of Codification of Governmental Accounting and Financial Reporting Standards, Section L10, "Landfill Closure and Post Closure Care Costs," the City has recorded a closure and post-closure liability of $40.4 million as a long-term liability. Closure and post-closure care are funded through current Sanitation Fund revenues generated by landfill operations. Effective April 9, 1997, Sections 330.280-284 of Title 30 of the Texas Administrative Code (TAC) require landfill owners to demonstrate financial assurance on an annual basis that they will have sufficient financial resources to satisfy closure and post-closure care expenditures at such time as these become payable.

Note 15. Accrued Landfill Liability (continued)

The City also owns the Deepwood & Loop 12 landfill located at South Miller Road, southwest of Loop 12. This landfill is closed. The estimated total liability for post closure care costs for the entire 47 acres of the closed landfill (132 acres of the Landfill Property) is estimated to be $4.6 million during the next 16 years, of which $286 thousand is due within one year.

The total closure and post-closure liability for both landfills and the three transfer stations at September 30, 2020 is $45.2 million.

Note 16. Pollution Remediation

The City is responsible for following all applicable environmental rules when managing sites with environmental clean-up or management requirements. The Texas Commission on Environmental Quality (TCEQ) is the State regulatory agency that regulates all projects being reported. The method used to calculate the liability is the current value of outlays to remediate the properties – the amount that would be paid if all equipment, facilities, and services included in the estimate were acquired during the current period. The liability is an estimate and is subject to revision because of price increases or reductions, changes in technology, or changes in applicable laws or regulations. As of September 30, 2020, the total environmental remediation liability is $4.8 million, and the current portion of this liability is $4.2 million. At this time, the City is unable to estimate any recoveries to reduce the liability.

Nineteen sites are regulated by the Texas Risk Reduction Program, Texas Administrative Code (TAC) Ch. 350. During the reporting period, the City began remediation activities at five new sites and completed remediation activities at six sites. The total estimated cost is $2.6 million, and the current portion of this liability is $2 million.

A leaking petroleum storage tank site is managed by environmental corrective activities in compliance with the rule for Underground and Aboveground Storage Tanks, TAC Ch 334. During the reporting period, the Certificate of Completion was obtained, and the City paid $83 thousand for remediation activities. There are no additional activities or costs required for this project.

Twelve sites are also managed by testing and removal of asbestos in compliance with Texas Asbestos Health Protection Rules, TAC Ch 295 Occupational Safety and Health Administration (OSHA) Lead Exposure Rules 29 Code of Federal Regulations (CFR) 1926.62. During the reporting period, the City began remediation activities at five new sites and completed remediation activities at one site. The total estimated cost is $1.3 million, and the current portion of this liability is $1.3 million.

A site is managed in compliance with Underground and Aboveground Storage Tank Rules, TAC Ch 334, Texas Asbestos Health Protection Rules, TAC Ch 295, and OSHA Lead Exposure Rules 29 CFR 1926.62. Activities in the reporting period included removal of a 1000-gallon vaulted aboveground storage tank and an oil water separator and asbestos abatement prior to demolition. During the reporting period, the City paid $166 thousand for remediation activities. There are no additional activities or costs required for this project.

A former shingle recycling site is regulated by the Texas Municipal Waste Rules, TAC Ch 330. During fiscal year 2020, the City has completed testing of shingle material from the site to confirm no ACM and that shingles can be disposed of at a Class II landfill. Through a judgment, the City has taken responsibility to remove shingle debris from a private property and transfer the shingles and associated waste to McCommas Bluff Landfill (MBLF). During the reporting period, shingles and associated material has been removed from the property and transported to MBLF landfill. Activities expected to be completed during the current period are completion of removal of shingles and disposal of soil with shingles, and completion of a Phase I and II environmental site assessment. The estimated cost for this project is $971 thousand, and the current portion of this liability is $971 thousand.

Note 16. Pollution Remediation (continued)

The City's pollution remediation for the year ended September 30, 2020 are as follows:

Sites regulated by	Balance, September 30, 2019	Additions	Deletions	Balance, September 30, 2020	Due Within One Year
Governmental Activities:					
Texas Risk Reduction Program	$ 857	$ 1,735	$ 560	$ 2,032	$ 1,738
Underground and Aboveground Storage Tanks	82	1	83	-	-
Texas Asbestos Health Protection Rules	2,359	1,858	2,963	1,254	1,254
Underground and Aboveground Storage, Texas Asbestos Health Protection Rules, and OSHA Lead Exposure	165	1	166	-	-
Total Governmental Activities	3,463	3,595	3,772	3,286	2,992
Business-type Activities					
Convention Center					
Texas Risk Reduction Program	75	-	12	63	63
Airport Revenues					
Texas Risk Reduction Program	559	163	211	511	151
Sanitation					
Texas Municipal Waste Rules	-	1,000	29	971	971
Total Business-type Activities	634	1,163	252	1,545	1,185
Total Pollution Remediation	$ 4,097	$ 4,758	$ 4,024	$ 4,831	$ 4,177

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Note 17. Pension Plans

A. Plan Descriptions

The City participates in funding three single employer, contributory, defined benefit employee pension plans. Membership is a condition of employment for all full-time, permanent employees. The activities of the entities as of December 31, 2019 are reported in the City's Pension Trust Funds. Descriptions of each plan are as follows:

Employees' Retirement Fund (ERF): The legal authority for this plan is Chapter 40A of the Dallas City Code. The fund is for the benefit of all eligible employees of the City, excluding firefighters and police officers. The fund is administered by a seven member board of trustees consisting of three persons appointed by the City Council who may be council members, three employees from different departments of the City who are elected by members of the retirement fund and who are members of the retirement fund, and the City Auditor. The ERF issues a stand-alone financial report which is available at: www.dallaserf.org/publications-resources.

Dallas Police and Fire Pension System Combined Plan (Combined Plan): The legal authority for the Combined Plan is Article 6243a-1 of the Revised Civil Statutes of Texas. In 2017, changes to the plan were implemented by the passing of HB 3158. The Combined Plan is a retirement fund for police officers and firefighters employed by the City of Dallas. The system is administered by an eleven member board of trustees of the Dallas Police and Fire Pension System (DPFP System) composed of one elected from active members of the police department, one elected from active members of the fire rescue department, three elected by the nominations committee, and six appointed by the Mayor in consultation with city council. It is comprised of a single defined benefit pension plan designed to provide retirement, death, and disability benefits for firefighters and police officers (members). All active, eligible police officers and firefighters employed by the City are required to participate. The DPFP System issues a stand-alone financial report which is available at: www.dpfp.org/-Financial-/Financial-Reports.

Supplemental Police and Fire Pension Plan of the City of Dallas (Supplemental Plan): The legal authority for the Supplemental Plan is Subsection 35 of Chapter II of the Charter of the City of Dallas and Ordinance 14084 of 1973. The plan is administered by the board of trustees for the DPFP System. This plan includes officials in the Fire and Police Departments who hold rank higher than the highest corresponding Civil Service rank available as a result of competitive examination and who have elected participation. The Supplemental Plan issues a stand-alone financial report which is available at: www.dpfp.org/-Financial-/Financial-Reports.

B. Benefits provided

ERF: ERF provides retirement, disability, and death benefits to its members in accordance with Chapter 40A of the Dallas City Code. All employees of the City are members except police officers, firefighters, elected officers, non-salaried appointee members of boards or commissions, part-time employees working less than one-half time, temporary employees, individuals working under contract, and individuals whose salaries are paid in part by another government agency. The plan consists of Tier A and Tier B members.

Members hired prior to January 1, 2017 (Tier A) have vested rights to retirement benefits after five years of service or to survivor benefits after two years of service. Benefits are based on credited service and the average monthly earnings for the three highest paid calendar years. Members of the Tier A are entitled to normal retirement pension at age 60; early retirement pension at age 55 if employed prior to May 9, 1972 or age 50 and age plus years of service total 78; service retirement pension at any age after 30 years of credited service and disability retirement pension as determined by the board of trustees. Cost of living adjustments for retirees are made each year on January 1 by adjusting the pension base by the percentage change of the consumer price index, not to exceed 5 percent.

Members hired after December 31, 2016 (Tier B) have vested rights to retirement benefits after five years of service or to survivor benefits after two years of service. Benefits are based on credited service and the average monthly earnings for the five highest paid calendar years. Members of Tier B are entitled to normal retirement pension at age 65; early retirement pension with a reduced benefit prior to age 65 and age plus years of service total 80 and; service retirement pension at any age after 40 years of credited service and disability retirement pension as determined by the board of trustees. Cost of living adjustments for retirees are made each year on January 1 by adjusting the pension base by the percentage change of the consumer price index, not to exceed 3 percent.

Amendments to Chapter 40A of the Dallas City Code, other than provisions required to comply with federal law, may only be made by a proposal initiated by either the board of trustees of the ERF or the City Council which results in an ordinance approved by the board, adopted by the City Council, and approved by a majority of the voters voting at a general or special election.

Note 17. Pension Plans (continued)

Combined Plan: The Combined Plan provides comprehensive retirement, disability, and survivor benefits for the City's police officers, firefighters and their beneficiaries as authorized through Article 6243a-1 of the Revised Civil Statutes of Texas. The Combined Plan consists of Group A and Group B membership. No member elected contribution under Group A.

Under Group A, members may elect to receive one of two benefit structures (Options 1 and 2):

- Option 1 entitles members with 20 years or more of pension service to normal monthly pension benefits beginning at age 50 equal to 50 percent of the base pay as defined as the maximum monthly civil service pay established by the City at the time of retirement plus 50 percent of the longevity pay the member was receiving at the time he or she left active service with the City or the effective date the member joined the Deferred Retirement Option Plan (DROP). Benefit payments are adjusted annually according to changes in active service base pay, if any. Additionally, a member is eligible to receive 50 percent of the difference between any annualized City service incentive pay granted to the member less annual longevity pay.
- Option 2 entitles members with 20 years or more of pension service to normal monthly pension benefits beginning at age 55 equal to 3 percent of the base pay computed, as noted in Option 1, for each year of pension service with a maximum of 32 years. In addition, a member receives 50 percent of the longevity pay and 1/24 of any City service incentive pay the member was receiving at the time he or she left active service with the City or the effective date the member joined DROP. Prior to September 1, 2017, pension benefit payments increased annually on October 1st by 4 percent of the initial benefit amount. After September 1, 2017, pension benefit payments are eligible for an ad hoc cost of living increase as approved by the Board, if certain funding requirement are met.

Under Group B, members receive one of two benefit structures:

- Members who began membership before March 1, 2011 with 5 or more years of pension service are entitled to monthly pension benefits beginning at age 50 equal to 3% of the member's average base pay plus education and longevity pay (Computation Pay) determined over the highest 36 consecutive months of Computation Pay, multiplied by the number of years of pension service prior to September 1, 2017. The monthly pension benefit for service earned after September 1, 2017 is based on the highest 60 consecutive months of Computation Pay multiplied by a 2.5% multiplier at age 58. The multiplier is reduced to between 2.0% and 2.4% for retirement beginning at age 53 and prior to age 58. The member cannot accrue a monthly pension benefit that exceeds 90% of the member's average Computation Pay. Certain members may receive a 2.5% multiplier for pension service after September 1, 2017 prior to age 58 if the combination of their pre and post September 1, 2017 pension service calculations using the 2.5% multiplier for post September 1, 2017 meets or exceeds the 90% maximum benefit. Certain members who meet the service prerequisite or were 45 prior to September 1, 2017 may elect to take early retirement with reduced benefits starting at age 45, or earlier if the member has 20 years of pension service.
- Members who began membership after February 28, 2011 are entitled to monthly pension benefits after accruing 5 years of pension service and the attainment of age 58. Pension benefits are equal to the member's average Computation Pay determined over the highest 60 consecutive months of Computation Pay, multiplied by 2.5% for the number of years of pension service. The member cannot accrue a monthly pension benefit that exceeds 90% of the member's average Computation Pay. Certain members who meet the service prerequisite may elect to take early retirement with reduced benefits starting at age 53.

Members who are eligible to retire are allowed to enter the DROP program. The member's monthly benefit remains in a DROP account which does not accumulate interest. Upon retirement from the City, the member is able to withdraw annuitized benefits from their DROP account; however, under certain circumstances, members may be eligible to withdraw a lump sum amount. The total DROP account balance was $1.04 billion at December 31, 2019.

The Combined Plan documents may be amended only by the Texas State legislature.

Note 17. Pension Plans (continued)

Supplemental Plan: The Supplemental Plan provides benefits designed to supplement Combined Plan Group B benefits for members holding a rank higher than the highest corresponding civil service rank because their Combined Plan benefits are capped by the definition of "considered compensation." Benefits provided by the Supplemental Plan were approved by the Dallas City Council through passage of City Ordinance 14084 of 1973 as authorized in City Charter Chapter II, Subsection 35. Employees with five or more years of service are entitled to annual pension benefits beginning at normal retirement age 50. Members receive a supplemental pension based upon the difference between compensation for the civil service position held before entrance into the Supplemental Plan and compensation while participating in the Supplemental Plan. The formula used to determine the member's Combined Plan Group B benefit is also used to determine the member's benefit under the Supplemental Plan; therefore, the same length of time is used to determine the average computation pay for both the Combined Plan and the Supplemental Plan, as well as provisions for the application for benefits.

Members who are eligible to retire are allowed to enter the DROP program. The member's monthly benefit remains in a DROP account which does not accumulate interest. Upon retirement from the City, the member is able to withdraw annuitized benefits from their DROP account; however, under certain circumstances, members may be eligible to withdraw a lump sum amount. The total DROP account balance was $7.1 million at December 31, 2019.

The Supplemental Plan document can be amended only by the City Council in accordance with City ordinance.

C. Employees covered by benefit terms

At December 31, 2019, the following numbers of employees were covered by the benefit terms:

	ERF	Combined Plan	Supplemental Plan
Retirees and beneficiaries currently receiving benefits	7,405	5,039	139
Inactive members entitled to benefits but not yet receiving them	1,666	242	2
Current members	7,427	5,121	41
Total	16,498	10,402	182

D. Contributions

ERF: Chapter 40A of the Dallas City Code establishes contribution requirements. Changes to the contribution formula may only be made by a proposal initiated by either the board of trustees of the ERF or the City Council which results in an ordinance approved by the board, adopted by the City Council, and approved by a majority of the voters voting at a general or special election.

The City contributes 63 percent of the required contribution and the membership contributes 37 percent. The City's contribution rate covers both the debt service tied to the pension obligation bonds and the contributions to the Employees' Retirement Fund. Although the total contribution is actuarially determined each year, it is adjusted based on the following requirements of Chapter 40A: (1) the maximum contribution percentage of covered wages is 36 percent; (2) the maximum increase or decrease from one year to the next is 10 percent; and (3) the contribution rate changes only if the actuarial valuation develops a rate which differs from the prior rate by more than 300 basis points. The adjusted contribution as a result of Chapter 40A is the Current Adjusted Total Obligation Rate (CATOR). Contribution rates are 13.32 percent of covered wages for employees and 22.68 percent for the City for the City's fiscal year ended September 30, 2020. The City's contribution of 22.68 percent is divided into 14.20 percent cash to the Plan and 8.48 percent for debt service payments on the pension obligation bonds. For fiscal year 2020, the City contribution was $62 million.

Combined Plan: Article 6243a-1 of the Revised Civil Statutes of the State of Texas establishes contribution requirements. The amount of the contribution percentage may be determined only by the State Legislature or by a majority vote of the voters of the City of Dallas.

Prior to September 6, 2017, the City made statutorily required contributions of 27.5 percent of total wages and salaries as defined in the Combined Plan document and Article 6243a-1. After September 1, 2017, the City contributes 34.5 percent of computation pay, with a floor for seven years, plus $13 million per year until 2024. No member elected contribution under Group A. Group B members are required to contribute 13.5 percent of their computation pay. For fiscal year 2020, the City contribution was $159 million.

Note 17. Pension Plans (continued)

Supplemental Plan: Ordinance 14084 of 1973 establishes contribution requirements. Changes to the contribution amounts or percentages may be made by City Council ordinance.

Members of the Supplemental Plan contribute 13.5 percent of their pay that is applicable to the Supplemental Plan. The City makes an annual contribution to the Supplemental Plan based on the results of an actuarial study. For fiscal year 2020, the City contribution was $1.5 million.

E. Net Pension Liability

The City's net pension liability was measured as of December 31, 2019. The total pension liability used to calculate the net pension liability was determined by actuarial valuations as of that date.

F. Actuarial Assumptions

The total pension liabilities in the December 31, 2019 actuarial valuations were determined using the following actuarial assumptions for each of the plans, applied to all periods included in the measurement:

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Note 17. Pension Plans (continued)

	ERF	Combined Plan	Supplemental Plan
Inflation	2.50%	2.50%	2.50%
Salary Increases	3.0% to 8.25%, including inflation	2.5% to 3.25%, including inflation	2.5% to 3.25%, including inflation
Investment Rate of Return	7.25%	7.00%	7.00%
Mortality	**For actives:** Pub-2010 Mortality Table for General Employees projected using Scale UMP (Ultimate MP-2019). **For healthy retirees:** 2019 Texas Municipal Retirees Mortality Table projected using Scale UMP (Ultimate MP-2019). **For all disabled lives:** 2019 Texas Municipal Retirees Mortality Table, set forward four years for males and three years for females, using Scale UMP (Ultimate MP-2019).	**For actives:** Pub-2010 Public Safety Employee Amount-Weighted Mortality Table, set forward five years for males, projected generationally using Scale MP-2019. **For healthy retirees:** Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, set back one year for females, projected generationally using Scale MP-2019. **For all disabled lives:** Pub-2010 Public Safety Disabled Retiree Amount-Weighted Mortality Table, set forward four years for both males and females, projected generationally using Scale MP-2019.	**For actives:** Pub-2010 Public Safety Employee Amount-Weighted Mortality Table, set forward five years for males, projected generationally using Scale MP-2019. **For healthy retirees:** Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, set back one year for females, projected generationally using Scale MP-2019. **For all disabled lives:** Pub-2010 Public Safety Disabled Retiree Amount-Weighted Mortality Table, set forward four years for both males and females, projected generationally using Scale MP-2019.
Cost of Living Adjustments	The percentage of change in the price index for October of the current year over October of the previous year, or the percentage of annual average change in the price index for the 12-month period ending with the effective date of the adjustment. The maximimum COLA for Tier A retirees is 5%, and the maximum for Tier B retirees is 3%.	Ad hoc granted by the Board when the Combined Plan is 70 percent funded after accounting for the COLA. 2% of original benefit, beginning October 1, 2063.	Ad hoc granted by the Board when the Combined Plan is 70 percent funded after accounting for the COLA. 2% of original benefit, beginning October 1, 2063.
Long-term expected rate of return	Estimated using a building block methodology in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real return rates by the target asset allocation percentage and by adding expected inflation.	Estimated using a building block methodology in which best-estimate ranges of expected future real rates of return (expected returns net of pension plan investment expense) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real return rates by the target asset allocation percentage and by adding expected inflation.	Estimated using a building block methodology in which best-estimate ranges of expected future real rates of return (expected returns net of pension plan investment expense) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real return rates by the target asset allocation percentage and by adding expected inflation.

Note 17. Pension Plans (continued)

The target allocation and best estimates of arithmetic real rates of return (RROR) for each of the plans, by major asset class, are summarized in the following table:

	ERF	
Asset Class	Target Allocation	Long-term RROR
Domestic equity	12.5%	6.00%
International equity	12.5%	6.75%
Global equity	7.5%	6.45%
Global low volatility equity	12.5%	6.41%
Investment grade fixed income	15.0%	2.70%
High yield	10.0%	4.20%
Credit opportunities	5.0%	5.35%
Global public infrastructure	5.0%	7.23%
REIT	2.5%	4.70%
Private real estate - core	5.0%	5.40%
Private real estate - value add	2.5%	8.00%
Private equity	7.5%	8.05%
Marketable alternatives	2.5%	4.42%
Total	100.0%	

	Combined Plan		Supplemental Plan	
Asset Class	Target Allocation	Long-term RROR	Target Allocation	Long-term RROR
Global equity	40%	5.29%	40%	5.29%
Emerging markets equity	10%	6.47%	10%	6.47%
Private equity	5%	8.19%	5%	8.19%
Cash	3%	0.62%	3%	0.62%
Short-term investment grade bonds	12%	0.71%	12%	0.71%
Investment grade bonds	4%	1.00%	4%	1.00%
High yield bonds	4%	3.18%	4%	3.18%
Bank loans	4%	2.85%	4%	2.85%
Global bonds	4%	0.97%	4%	0.97%
Emerging markets debt	4%	3.58%	4%	3.58%
Real estate	5%	3.85%	5%	3.85%
Natural resources	5%	5.54%	5%	5.54%
Total	100%		100%	

G. Discount Rate

ERF: The discount rate used to measure the total pension liability was 5.93 percent. This single discount rate was based on the expected rate of return on pension plan investments of 7.25 percent and the municipal bond rate of 2.75 percent. The projection of cash flows used to determine the discount rate assumed that that (1) plan member contributions and City contributions will be made at the projected future contribution rates outlined in Chapter 40A of the Dallas City Code, under which employees contribute 37 percent of the CATOR; the City contributes 63 percent of the CATOR, reduced by the amount required to pay current debt service on the 2005 pension obligation bonds; (2) the ERF annually earns 7.25 percent on its market value of assets; and (3) the number of active members remains constant in the future. Based on those assumptions and the ERF's funding policy, the last year in the single discount rate projection period for which projected benefit payments were fully funded was 2058, and the resulting single discount rate is 5.93 percent.

Note 17. Pension Plans (continued)

Combined Plan: The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that employee and City contributions will be made in accordance with House Bill 3158, including statutory minimums through 2024 and 34.5% of computation pay thereafter. The fiduciary net position of the plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Supplemental Plan: The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the Supplemental Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine total pension liability.

On May 31, 2017, Texas Governor Greg Abbott signed into law House Bill 3158, affecting the Dallas Police and Fire Pension System ("Pension System"). House Bill 3158 primarily amends 6243a-1, Texas Revised Statutes, including amendments to provisions concerning benefits, contributions, and governance, among other things. These changes took effect September 1, 2017 for both the Combined and Supplemental Plans.

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Note 17. Pension Plans (continued)

H. Changes in the Net Pension Liability

The following table shows the net pension liabilities as of December 31, 2019.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Employees' Retirement Fund			
Balances at 12/31/18	$ 5,547,964	$ 3,282,313	$ 2,265,651
Changes for the year:			
Service cost	124,288	-	124,288
Interest	325,766	-	325,766
Changes of assumptions	(43,032)	-	(43,032)
Differences between expected and actual experience	(7,819)	-	(7,819)
Contributions - City	-	62,177	(62,177)
Contributions - Employee	-	58,314	(58,314)
Net investment income	-	550,942	(550,942)
Benefit payments, including refunds of employee contribution	(288,443)	(288,443)	-
Adminstrative expense	-	(7,513)	7,513
Other changes	-	298	(298)
Net Changes	110,760	375,775	(265,015)
Balances at 12/31/19	$ 5,658,724	$ 3,658,088	$ 2,000,636
Combined Plan			
Balances at 12/31/18	$ 4,501,670	$ 2,041,914	$ 2,459,756
Changes for the year:			
Service cost	49,156	-	49,156
Interest	318,703	-	318,703
Changes of assumptions	155,569	-	155,569
Differences between expected and actual experience	16,723	-	16,723
Contributions - City	-	155,721	(155,721)
Contributions - Employee	-	52,268	(52,268)
Net investment income	-	124,260	(124,260)
Benefit payments, including refunds of employee contribution	(309,861)	(309,861)	-
Adminstrative expense	-	(6,445)	6,445
Net Changes	230,290	15,943	214,347
Balances at 12/31/19	$ 4,731,960	$ 2,057,857	$ 2,674,103
Supplemental Plan			
Balances at 12/31/18	$ 31,831	$ 18,318	$ 13,513
Changes for the year:			
Service cost	212	-	212
Interest	2,223	-	2,223
Changes of assumptions	1,332	-	1,332
Differences between expected and actual experience	3,007	-	3,007
Contributions - City	-	1,530	(1,530)
Contributions - Employee	-	111	(111)
Net investment income	-	169	(169)
Benefit payments, including refunds of employee contribution	(2,766)	(2,766)	-
Adminstrative expense	-	(55)	55
Net Changes	4,008	(1,011)	5,019
Balances at 12/31/19	$ 35,839	$ 17,307	$ 18,532

Note 17. Pension Plans (continued)

The net pension liability for the ERF has been allocated between governmental activities and business-type activities based on the percentage of contribution by each. The net pension liability for the Combined Plan and Supplemental Plan is reported in the governmental activities. For governmental activities, the total net pension liability was $4,071,001 and for business-type activities, $676,270. The amount of the ERF net pension liability allocated by business-type activity is $389,659 to Dallas Water Utilities, $26,182 to Convention Center, $55,041 to Airport Revenues, $124,747 to Sanitation and $80,641 to nonmajor funds.

I. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following table presents the net pension liability of the City, calculated using the discount rates of 5.93 percent for ERF, 7.00 percent for the Combined Plan and 7.00 percent for the Supplemental Plan, as well as what the City's net pension liability would be if it were calculated using discount rates that are 1-percentage-point lower (4.93 percent for ERF, 6.00 percent for the Combined Plan and 6.00 percent for the Supplemental Plan) or 1-percentage-point higher (6.93 percent for ERF, 8.00 percent for the Combined Plan and 8.00 percent for the Supplemental Plan) than the current rates:

	1% Decrease	Current Discount Rate	1% Increase
ERF	$ 2,748,259	$ 2,000,636	$ 1,382,052
Combined Plan	$ 3,212,526	$ 2,674,103	$ 2,224,767
Supplemental Plan	$ 21,763	$ 18,532	$ 15,763

J. Pension Plan Fiduciary Net Position

Detailed information about the fiduciary net position of each of the pension plans is available in the separately issued financial reports.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the fiscal year ended September 30, 2020, the City recognized total pension expense of $88,677, $164,349 of which was for the ERF, ($82,120) for the Combined Plan, and $6,448 for the Supplemental Plan. At September 30, 2020, the City also reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	ERF		Combined Plan		Supplemental Plan
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows	Deferred Outflows
Differences between expected and actual experience	$ 2,585	$ 24,981	$ 14,334	$ 114,107	$ -
Changes of assumptions	550,823	95,583	133,345	1,588,995	-
Net difference between projected and actual earnings on pension plan investments	-	50,586	101,004	-	1,160
Contributions subsequent to the measurement date	46,889	-	121,700	-	1,777
Total deferred outflows/inflows	$ 600,297	$ 171,150	$ 370,383	$ 1,703,102	$ 2,937

Deferred outflows of resources reported in the amounts of $46,889, $121,700 and $1,777 related to pension contributions in the ERF, Combined Plan and Supplemental Plan made subsequent to the measurement date will be recognized as a reduction of the net pension liability during the fiscal year ending September 30, 2021. Deferred outflows and inflows of resources reported in the amount of ($1,071,001) related to pensions will be recognized in pension expense as shown on the following page. The Convention Center enterprise fund had net deferred outflows related to the difference between projected and actual earnings on pension plan investments in the amount of $736 thousand at September 30, 2020. This amount has been combined with net deferred inflows from the difference between projected and actual interest earnings on plan investments in the governmental activities and all other enterprise funds in the table shown above.

Note 17. Pension Plans (continued)

	ERF	Combined Plan	Supplemental Plan
Year ending 9/30:			
2021	$ 132,303	$ (607,785)	$ 369
2022	216,828	(450,549)	336
2023	96,680	(460,892)	232
2024	(63,553)	15,581	223
2025	-	24,613	-
Thereafter	-	24,613	-
Total	$ 382,258	$ (1,454,419)	$ 1,160

Note 18. Commitments and Contingencies

A. Pending Lawsuits and Claims

Various claims and lawsuits are pending against the City and its officers and employees acting in their official capacities (hereafter collectively "City" for purposes of Note 18 A). Those lawsuits and claims, excluding condemnation proceedings, which are considered "probable" and estimable are accrued as a liability, while those claims and judgments, excluding condemnation proceedings, which are considered "reasonably possible" are disclosed but not accrued.

At September 30, 2020, approximately $52.4 million has been accrued in the Risk Fund as a liability for pending material claims and lawsuits, excluding condemnation proceedings, considered to be probable. In the opinion of the City Attorney, this is the total amount of all such pending claims and lawsuits which represent probable loss to the City.

In the opinion of the City Attorney, the potential loss resulting from all material pending lawsuits and claims, excluding condemnations proceedings, which are considered reasonably possible and estimable, is approximately $19 million as of September 30, 2020.

B. Commitments and Loss Contingencies

The City participates in a number of federally assisted and state grant programs, principally the Community Development Block Grant, Women, Infants and Children, and HOME Programs. The programs are subject to program compliance audits by the grantors or their representatives. The amount, if any, of the expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amount, if any, to be immaterial.

The City has several major construction projects planned or in progress as of September 30, 2020. These projects are evidenced by contractual commitments and include the following: $455 million for General Purpose Capital Improvements and $453 million for Water Utilities Capital Improvements.

As discussed in note 2.B., Budgets and Budgetary Basis of Accounting, encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability, and to facilitate effective cash planning and control. As of September 30, 2020, the amount of encumbrances expected to be honored upon performance by the vendor in a subsequent year were as follows:

	Encumbrance Amount
General fund	$ 41,071
Nonmajor governmental funds	541,956
Total	$ 583,027

Note 19. Dallas Water Utilities Prepaid Escrow

On October 1, 1981, the City of Dallas purchased water supply rights for Lake Fork, a water source owned and operated by the Sabine River Authority (Authority), for approximately $117 million. Lake Fork is located on Lake Fork Creek, a tributary of the Sabine River, in Wood, Hopkins, and Rains Counties, approximately 70 miles east of the City of Dallas. Financial obligations of the City's share of Lake Fork water supply rights were fully paid as of December 2004. The City now has a contract with the Authority for 74 percent of the water available from Lake Fork.

The City was required to pay the Authority for a pro rata share of the operation and maintenance costs associated with Lake Fork, which was approximately $12.5 million in the fiscal year ended September 30, 2020. The pro rata share of the operation and maintenance costs owed to the Authority for the renewal of the Lake Fork contract was to be mutually negotiated with the Authority pursuant to the terms of the contract. Negotiation attempts with the Authority failed and in October 2014, the Authority unilaterally established a rate which would require the City to pay approximately an additional $24 million annually for the water to which it is entitled. The City challenged the rate by filing petitions with the Public Utilities Commission of Texas (PUC) and district courts in Travis and Orange counties in Texas. The PUC ordered an administrative law judge to consider setting an interim rate while this dispute was pending.

On April 2, 2015, the administrative law judge ruled that the interim rate must be paid by the City of Dallas until the rate case was resolved. The rate was set by the Authority on a take-or-pay basis, without a cost escalator. This interim rate was retroactive to November 2, 2014. The amounts the City paid in accordance with the interim rate were expensed and deposited into an interest-bearing escrow account, established by the Authority, pending the final outcome of the rate case.

A settlement agreement was approved by City Council on October 11, 2017 and by the Authority Board of Directors on October 12, 2017.

The interest-bearing escrow account balance was $68.7 million on September 30, 2018. Terms of the settlement agreement required that $23.4 million be paid immediately from the escrow account as additional compensation to the Authority for the period November 2, 2014 through September 30, 2018. The remaining escrow amount of $45.3 million at September 30, 2017, plus the accrued September escrow contribution of $2 million (total $47.3 million) will be used to offset future payments of additional compensation by the City to the Authority, until the escrow account balance is depleted, and has been recorded as Prepaid Escrow on the statement of net position. The escrow balance was $24.7 million on September 30, 2020. The remaining balance is estimated to be fully depleted in three to four years.

Note 20. Other Postemployment Benefits

A. Plan Description

In addition to pension benefits, the City provides certain healthcare benefits for retired employees through various Council resolutions. The postemployment benefit plan is a single-employer plan administered by Cigna (pre-65 retirees) and UHC (post-65 retirees utilizing Medicare). Employees who are permanent, full-time employees are eligible to participate in the benefits at retirement. The City eliminated subsidization of the plan for individuals hired on or after January 1, 2010. No assets are accumulated in a trust that meets the criteria in GASB Statement 75.

B. Benefits Provided

For pre-65 retired employees hired before January 1, 2010, the City pays on average $628 (not in thousands) per month. The plan is closed to employees hired January 1, 2010 and thereafter. For pre-Medicare retirees who qualify and choose the City health plan, the City pays approximately 50 percent of the actuarial cost and the retiree pays the other 50 percent. There were 3,743 retired participants and surviving spouses in the health plan at September 30, 2020, the latest data used for this evaluation. Post-Medicare retirees are offered two Medicare Advantage plans along with a Medicare Part D prescription drug plan. The City subsidizes the Medicare Advantage plans for the retirees. The City provides Part A premiums for retirees that do not contribute to Medicare for enough quarters to qualify for free Part A.

Note 20. Other Postemployment Benefits (continued)

C. Employees Covered by Benefit Terms

At September 30, 2020, membership was as follows:

Inactive employees or beneficiaries currently receiving benefit payments	3,743
Active employees	5,433
Total participants	9,176

D. Total OPEB Liability

The City's total OPEB liability of $530,989 was measured as of September 30, 2020 and was determined by an actuarial valuation as of that date. The total OPEB liability has been allocated between governmental activities and business-type activities, based on the percentage of contribution by each. For governmental activities, the total OPEB liability was $423,411 and for business-type activities, $107,578, with allocations of $60,983 to Dallas Water Utilities fund, $4,568 to Convention Center, $10,229 to Airport Revenues, $20,664 to Sanitation, and $11,134 to nonmajor enterprise funds.

E. Actuarial Assumptions

The total OPEB liability in the September 30, 2020 actuarial valuation was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	**Police and Fire:** 2.5% to 3.25%, including inflation **Non-Uniformed:** 3.0% to 8.25%, including inflation
Discount Rate	2.41%, based on the 20-year yield for tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher
Mortality	**Uniform (pre-retirement):** Pub-2010 Public Safety Employee Amount-Weighted Table, set forward five years for males, projected generationally using Scale MP-2019. **Uniform (post-retirement):** Pub-2010 Public Safety Retiree Amount-Weighted Table set back one year for females, projected generationally using Scale MP-2019. **Non-Uniformed (pre-retirement):** Pub-2010 Mortality Table for General Employees projected using Scale UMP (Ultimate MP-2019). **Non-Uniformed (post-retirement)**: 2019 Texas Municipal Retirees Mortality Table projected using Scale UMP (Ultimate MP-2019)
Healthcare Cost Trend Rates	**Pre-65 Trend:** 6.8% for fiscal year 2021 and trending down to an ultimate 4.04% using the Getzen model. **Post-65 Trend:** 5.40% for fiscal year 2021 and trending down to an ultimate 4.04% using the Getzen model.

Note 20. Other Postemployment Benefits (continued)

The actuarial assumptions used in the September 30, 2020 valuation were based on the results of an experience study on the healthcare-specific participation assumptions, plus assumption changes included in the September 30, 2020 valuation.

F. Changes to the Total OPEB Liability

	Total OPEB Liability
Balance at September 30, 2019	$ 565,370
Changes for the year:	
Service cost	16,491
Interest	15,775
Differences between expected and actual experience	(198)
Changes of assumptions	(47,877)
Benefit payments	(18,572)
Net Changes	(34,381)
Balance at September 30, 2020	$ 530,989

Changes of assumptions reflect the following changes: a change in the participation rate from 75 percent to 65 percent, changes in salary scales, turnover rates, retirement rates, mortality tables, mortality improvement tables and a decrease in the discount rate from 2.75 percent to 2.41 percent.

G. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following table presents the total OPEB liability of the City, calculated using the discount rate of 2.41 percent, as well as what the City's total OPEB liability would be if it were calculated using discount rates that are 1-percentage-point lower (1.41 percent) or 1-percentage-point higher (3.41 percent) than the current rates:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	$ 620,896	$ 530,989	$ 456,648

H. Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following table presents the total OPEB liability of the City and what it would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability	$ 449,178	$ 530,989	$ 628,193

Note 20. Other Postemployment Benefits (continued)

I. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended September 30, 2020, the City recognized total OPEB expense of $26,732. At September 30, 2020, the City also reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	$ 2,668	$ 25,774
Changes of assumptions	49,597	48,800
Total deferred outflows/inflows	$ 52,265	$ 74,574

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending 9/30:	OPEB Expense
2021	$ (5,536)
2022	(5,536)
2023	(1,621)
2024	(9,616)
Total	$ (22,309)

Note 21. Subsequent Events

A. Debt Items

In November of 2020, the City issued General Obligation Refunding and Improvement Bonds Series 2020A, in the amount of $208.9 million, and with a premium of $22.7 million for a total of $231.6 million. The average coupon interest rate on the bonds is 3.173%. The proceeds were used to refund $47.5 million of General Obligation Bonds; refund $163.5 million of General Obligation Commercial Paper Notes; $18 million was placed in a project fund; and the remaining amount was used for cost of issuance. The bonds will mature on February 15, 2041.

In November of 2020, the City issued $76.9 million in General Obligation Refunding Bonds, Taxable Series 2020B with an average coupon interest rate of .835%. The bonds will mature on February 15, 2024.

In November of 2020, the City issued $24.5 million in Equipment Acquisition Contractual Obligations, Series 2020B with an average coupon interest rate of 5.00%. The obligations will mature on February 15, 2026.

From October 1, 2020 through the date of the independent auditors' report, the City issued $225.9 million of general obligation commercial paper notes, with an average interest rate of .177%.

From October 1, 2020 through the date of the independent auditors' report, the City issued $132.6 million of Dallas Water Utilities commercial paper notes, with an average interest rate of .147%.

On October 30, 2020, S&P Global Ratings downgraded the Love Field Airport Modernization Corporation General Airport Revenue Bonds issued for Love Field Airport to from A to A- and assigned a rating outlook of negative as of October 30, 2020.

B. COVID-19 Pandemic

In response to the COVID-19 pandemic, the City continues to closely monitor the impact of the pandemic on its revenue sources and costs, while taking advantage of any federal and state grant opportunities available. The full extent of the operational and financial impact the COVID-19 pandemic may have on the City depends on the duration and spread of the outbreak and related advisories and restrictions that may result, all of which are highly uncertain and unpredictable at this time.

On January 21, 2021, the City received $40.6 million from the U.S. Department of the Treasury as part of the Consolidated Appropriations Act of 2021 to provide emergency rental assistance services for individuals directly and indirectly impacted by the COVID-19 pandemic.

Note 21. Subsequent Events (continued)

On March 11, 2021, President Biden signed the American Rescue Plan to provide additional relief during the COVID-19 pandemic. The bill is intended to speed up the United States' recovery from the economic and health effects of the COVID-19 pandemic and ongoing recession and includes a number of funding streams available to state and local governments. The City is estimated to receive approximately $377 million under this program.

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CITY OF DALLAS, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS
Last Six Fiscal Years
(Dollar amounts in thousands)

	2020			2019			2018		
	ERF	DPFP - Combined Plan	DPFP - Supplemental Plan	ERF	DPFP - Combined Plan	DPFP - Supplemental Plan	ERF	DPFP - Combined Plan	DPFP - Supplemental Plan
Total Pension Liability									
Service cost	$ 124,288	$ 49,156	$ 212	$ 84,843	$ 44,792	$ 223	$ 81,178	$ 148,552	$ 111
Interest	325,766	318,703	2,223	332,011	318,536	2,359	325,620	348,171	2,799
Changes of assumptions	(43,032)	155,569	1,332	1,020,969	(31,460)	28	-	(2,851,241)	(479)
Differences between expected and actual experience	(7,819)	16,723	3,007	4,793	(46,556)	(2,628)	(59,066)	(134,665)	(1,435)
Plan changes	-	-	-	-	16,091	889	-	(1,167,597)	(5,306)
Benefit payments, including refunds	(288,445)	(309,859)	(2,766)	(272,496)	(297,081)	(2,708)	(261,690)	(296,154)	(2,669)
Net change	110,758	230,292	4,008	1,170,120	4,322	(1,837)	86,042	(3,952,934)	(6,979)
Total Pension Liability, Beginning	5,547,967	4,501,668	31,831	4,377,847	4,497,346	33,668	4,291,805	8,450,280	40,647
Total Pension Liability, Ending [(a)]	5,658,725	4,731,960	35,839	5,547,967	4,501,668	31,831	4,377,847	4,497,346	33,668
Plan Fiduciary Net Position									
Contributions - City	62,177	155,721	1,530	60,924	149,357	1,980	58,966	126,318	2,077
Contributions - Employee	58,314	52,268	111	56,772	49,332	75	55,175	32,977	66
Net investment income	550,942	124,260	169	(167,783)	42,822	1,220	413,511	98,911	740
Benefit payments, including refunds	(288,443)	(309,861)	(2,766)	(272,496)	(297,081)	(2,708)	(261,690)	(296,154)	(2,669)
Administrative expense	(7,513)	(6,445)	(55)	(7,485)	(5,861)	(53)	(5,951)	(8,089)	(69)
Other changes	298	-	-	121	-	-	207	(1,280)	(11)
Net change	375,775	15,943	(1,011)	(329,947)	(61,431)	514	260,218	(47,317)	134
Plan Fiduciary Net Position, Beginning	3,282,314	2,041,914	18,318	3,612,261	2,103,345	17,804	3,352,043	2,150,662	17,670
Plan Fiduciary Net Position, Ending [(b)]	3,658,089	2,057,857	17,307	3,282,314	2,041,914	18,318	3,612,261	2,103,345	17,804
City's Net Pension Liability [(a) - (b)]	$ 2,000,636	$ 2,674,103	$ 18,532	$ 2,265,653	$ 2,459,754	$ 13,513	$ 765,586	$ 2,394,001	$ 15,864
Plan Fiduciary Net Position as a percentage of Total Pension Liability	65%	43%	48%	59%	45%	58%	83%	47%	53%
Covered payroll	$ 433,890	$ 396,955	$ 584	$ 423,723	$ 363,117	$ 622	$ 421,269	$ 346,037	$ 916
City's Net Pension Liability as a percentage of covered payroll	461%	674%	3173%	535%	677%	2173%	182%	692%	1732%

2017			2016			2015		
ERF	DPFP - Combined Plan	DPFP - Supplemental Plan	ERF	DPFP - Combined Plan	DPFP - Supplemental Plan	ERF	DPFP - Combined Plan	DPFP - Supplemental Plan
$ 133,457	$ 167,432	$ 70	$ 78,020	$ 125,441	$ 36	$ 62,065	$ 131,312	$ 28
305,826	360,567	2,911	313,850	359,023	2,953	290,948	369,408	2,969
(1,227,079)	(712,004)	(917)	1,238,431	908,988	(601)	292,137	-	-
(38,327)	(77,463)	1,106	(26,829)	379,461	929	(21,967)	(4,453)	336
-	-	-	-	-	-	-	(329,794)	(526)
(249,639)	(825,092)	(5,912)	(239,960)	(285,003)	(2,640)	(230,243)	(245,932)	(3,415)
(1,075,762)	(1,086,560)	(2,742)	1,363,512	1,487,910	677	392,940	(79,459)	(608)
5,367,567	9,536,840	43,389	4,004,055	8,048,930	42,712	3,611,115	8,128,389	43,320
4,291,805	8,450,280	40,647	5,367,567	9,536,840	43,389	4,004,055	8,048,930	42,712
56,130	119,345	3,064	50,721	114,886	2,443	45,833	109,792	1,817
53,436	25,518	35	50,742	25,676	43	46,536	29,333	49
294,918	164,791	1,141	(53,344)	(235,338)	(1,690)	207,992	(138,893)	(517)
(249,639)	(825,092)	(5,912)	(239,960)	(285,003)	(2,640)	(230,243)	(245,932)	(3,415)
(5,343)	(9,492)	(78)	(4,598)	(8,417)	(61)	(4,150)	(8,003)	(56)
333	(4,532)	(37)	162	(5,875)	(43)	157	(7,361)	(51)
149,835	(529,462)	(1,787)	(196,277)	(394,071)	(1,948)	66,125	(261,064)	(2,173)
3,202,208	2,680,124	19,457	3,398,485	3,074,195	21,405	3,332,360	3,335,259	23,578
3,352,043	2,150,662	17,670	3,202,208	2,680,124	19,457	3,398,485	3,074,195	21,405
$ 939,762	$ 6,299,618	$ 22,977	$ 2,165,359	$ 6,856,716	$ 23,932	$ 605,570	$ 4,974,735	$ 21,307
78%	25%	43%	60%	28%	45%	85%	38%	50%
$ 409,433	$ 357,414	$ 525	$ 393,186	$ 365,210	$ 725	$ 353,650	$ 383,006	$ 557
230%	1763%	4377%	551%	1877%	3301%	171%	1299%	3825%

CITY OF DALLAS, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY CONTRIBUTIONS TO PENSION PLANS
Last Ten Fiscal Years
(Dollar amounts in thousands)

	2020	2019	2018	2017
Employees Retirement Fund				
Actuarially determined contribution	$ 92,567	$ 85,945	$ 91,977	$ 88,547
Contributions in relation to the actuarially determined contribution	$ 61,798	$ 62,462	$ 60,589	$ 58,045
Contribution deficiency (excess)	$ 30,769	$ 23,483	$ 31,388	$ 30,502
Covered payroll	$ 435,198	$ 434,064	$ 420,754	$ 405,062
Contributions as a percentage of covered payroll	14%	14%	14%	14%
Dallas Police and Fire Pension - Combined Plan				
Actuarially determined contribution	$ 193,748	$ 157,368	$ 157,997	$ 202,167
Contributions in relation to the actuarially determined contribution	$ 161,928	$ 151,850	$ 151,850	$ 120,351
Contribution deficiency (excess)	$ 31,820	$ 5,518	$ 6,147	$ 81,816
Statutorily required contribution	N/A	N/A	N/A	N/A
Contributions in relation to the statutorily required contribution	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	N/A	N/A	N/A	N/A
Covered payroll	$ 414,790	$ 375,759	$ 348,011 (1)	$ 427,867
Contributions as a percentage of covered payroll	39%	40%	44%	28%
Dallas Police and Fire Pension - Supplemental Plan				
Actuarially determined contribution	$ 1,777	$ 1,881	$ 2,274	$ 2,087
Contributions in relation to the actuarially determined contribution	$ 1,777	$ 1,881	$ 2,274	$ 2,087
Covered payroll	$ 584	$ 723	$ 916	$ 525
Contributions as a percentage of covered payroll	304%	260%	248%	398%

(1) Beginning in September 2017, the Texas House Bill 3158 required that contributions to the Plan be based computation pay. Per the House Bill, computation pay is based on the biweekly rate of pay of a member, educational incentive pay, longevity pay, and city service incentive pay. Overtime, assignment pay, and lump sum payments are not included.

2016	2015	2014	2013	2012	2011
$ 81,838	$ 68,100	$ 62,756	$ 54,289	$ 37,822	$ 32,865
$ 56,987	$ 49,135	$ 44,816	$ 35,515	$ 28,917	$ 27,303
$ 24,851	$ 18,965	$ 17,940	$ 18,774	$ 8,905	$ 5,562
$ 389,706	$ 376,421	$ 357,887	$ 336,483	$ 317,551	$ 318,408
15%	13%	13%	11%	9%	9%
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
$ 118,508	$ 113,026	$ 108,268	$ 105,753	$ 102,431	$ 106,633
$ 118,508	$ 113,026	$ 108,268	$ 105,753	$ 102,431	$ 106,633
$ -	$ -	$ -	$ -	$ -	$ -
$ 432,082	$ 414,373	$ 378,000	$ 361,000	$ 349,000	$ 365,000
27%	27%	29%	29%	29%	29%
$ 3,064	$ 2,443	$ 1,817	$ 1,936	$ 1,954	$ 1,543
$ 3,064	$ 2,443	$ 1,817	$ 1,936	$ 1,954	$ 1,543
$ 725	$ 556	$ 521	$ 450	$ 621	$ 886
423%	439%	349%	430%	315%	174%

CITY OF DALLAS, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO SCHEDULE OF CITY CONTRIBUTIONS TO PENSION PLANS
Last 10 Fiscal Years

Employees' Retirement Fund

Valuation date	12/31/19	12/31/18	12/31/17	12/31/16	12/31/15	12/31/14	12/31/13	12/31/12	12/31/11	12/31/10
Timing	The actuarially determined contribution rate is effective October 1 after the valuation date.									
Actuarial cost method	Entry age normal.									
Amortization method	30-year open group projection. The City ordinance authorizing the plan specifies that the rate may not change from year-to-year if the calculated rate is less than 300 basis points different from the current rate.	30-year open amortization period level percentage of payroll. The City ordinance authorizing the plan specifies that the rate may not change from year-to-year if the calculated rate is less than 300 basis points different from the current rate.								
Asset valuation method	5-year smoothed market value of assets.									
Inflation	2.50%	2.75%			3%					
Salary increases	3.0% to 8.25%, including inflation	3.25% to 6.25%, including inflation			3.5% to 7%, including inflation					
Discount rate	5.93%	5.98%	7.75%		8.00%		8.25%			
Cost of Living Adjustment	The greater of (a) the percentage of change in the price index for October of the current year over October of the previous year, or (b) the percentage of annual average change in the price index for the 12-month period ending with the effective date of the adjustment. The maximum change per year is 5% for Tier A and 3% for Tier B members.				The greater of (a) the percentage of change in the price index for October of the current year over October of the previous year, up to 5%, or (b) the percentage of annual average change in the price index for the 12-month period ending with the effective date of the adjustment, up to 5%.					
Mortality	**For actives:** Pub-2010 Mortality Table for General Employees projected using Scale UMP (Ultimate MP-2019). **For healthy retirees:** 2019 Texas Municipal Retirees Motility Table projected using Scale UMP (Ultimate MP-2019). **For all disabled lives:** 2019 Texas Municipal Retirees Mortality Table, set forward four years for males and three years for females, projected using Scale UMP (Ultimate MP-2019).	**For actives:** Males - RP-2000 Employee Mortality Table for male employees, set forward 4 years. Females - RP-2000 Employee Mortality Table for female employees, set back 5 years. **For healthy retirees:** Males - RP-2000 Combined with Blue Collar adjustment for male annuitants, with a 109% multiplier and fully generational mortality using improvement scale BB Females - RP-2000 Combined with Blue Collar adjustement for female annuitants, with a 103% multiplier and fully generational mortality using improvement scale BB **For all disabled lives:** RP-2000 Disabled Mortality Table for male annuitants, set forward one year.		**For actives:** Males - RP-2000 Healthy Mortality Table for male employees, set forward 4 years. Females - RP-2000 Healthy Mortality Table for female employees, set back 5 years. **For healthy retirees:** Males - RP-2000 Healthy Mortality Table for male annuitants, projected to 2007 using mortality improvement scale BB, set forward two years. P2000 Healthy Mortality Table for female annuitants. **For all disabled lives:** RP-2000 Disabled Mortality Table for male annuitants, set forward one year.			**For actives:** Males - RP-2000 Healthy Mortality Table for male employees, set forward 4 years. Females - RP-2000 Healthy Mortality Table for female employees, set back 5 years. **For healthy retirees:** Males - RP-2000 Healthy Mortality Table for male annuitants, projected to 2007 using mortality improvement scale AA, set forward two years. P2000 Healthy Mortality Table for female annuitants. **For all disabled lives:** RP-2000 Disabled Mortality Table for male annuitants, set forward one year.			**For actives:** Males - 1994 Uninsured Pension Mortality Table for males, base table rates multiplied by 87%. Females - 1994 Uninsured Pension Mortality Table for females, base table rates multiplied by 125%. **For healthy retirees:** Males - 1994 Uninsured Pension Mortality Table for males, set forward two years. Females - 1994 Uninsured Pension Mortality Table for females, base table rates multiplied by 125% for ages less than 85 and multiplied by 135% for ages 85 and up. **For all disabled lives:** 1965 Railroad Retirement Board Disabled Annuitants Mortality Table (without select rates). For females, the rates are multiplied by 60%.

CITY OF DALLAS, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO SCHEDULE OF CITY CONTRIBUTIONS TO PENSION PLANS (Continued)
Last 10 Fiscal Years

Dallas Police and Fire Pension - Combined Plan

Valuation date	01/01/20	01/01/19	01/01/18	01/01/17	01/01/16	01/01/15	01/01/14	01/01/13	01/01/12	01/01/11
Timing	The actuarially determined contribution is included in the report for informational purposes only, beginning in January 1, 2017.									
Actuarial cost method	Entry age normal.									
Amortization method	Level percentage of payroll.									
Asset valuation method	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.									
Inflation	2.50% to 3.25%, including inflation	2.75%								
Salary increases	3.0% to 8.25%, including inflation.	2.0% to 5.0%, including inflation.	3.0% to 5.2%, including inflation.	2.75%						
Discount rate	7%	7.25%	7.25%	7.25%						
Cost of Living Adjustment	Ad hoc granted by the Board when the Plan is 70 percent funded after accounting for the COLA. 2.0% of original benefit, beginning October 1, 2063.	Ad hoc granted by the Board when the Plan is 70 percent funded after accounting for the COLA. 2.0% of original benefit, beginning October 1, 2050.	Ad hoc granted by the Board when the Plan is 70 percent funded and other financial benchmarks have been met.	0% prior to October 1, 2049. 2% on original benefit beginning October 1, 2049.						
Mortality	**For actives:** Pub-2010 Public Safety Employee Amount-Weighted Mortality Table, set forward five years for males, projected generationally using Scale MP-2019. **For healthy retirees:** Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, set back one year for females, projected generationally using Scale MP-2019. **For all disabled lives:** Pub-2010 Public Safety Disabled Retiree Amount-Weighted Mortality Table, set forward four years for both males and females, projected generationally using Scale MP-2019.	**For actives:** RP-2014 Employee Mortality Table, set back two years for males, projected generationally using Scale MP-2015 **For healthy retirees:** RP-2014 Blue Collar Healthy Annuitant Mortality Table, set forward two years for females, projected generationally using Scale MP-2015 **For all disabled lives:** Sex distinct RP-2014 Disabled Retiree Mortality Table, set back three years for males and females, projected generationally using Scale MP-2015.	**For actives:** Sex distinct RP-2014 Employee Mortality Table, set back two years for males, projected generationally using Scale MP-2015. **For healthy retirees:** RP-2014 Healthy Annuitant Mortality Table, set forward two years for females, projected generationally using Scale MP-2015. **For all disabled lives:** Sex distinct RP-2014 Disabled Retiree Mortality Table, set back three years for males and females, projected generationally using Scale MP-2015.							

Dallas Police and Fire Pension - Supplemental Plan

Valuation date	01/01/20	01/01/19	01/01/18	01/01/17	01/01/16	01/01/15	01/01/14	01/01/13	01/01/12	01/01/11
Timing	The actuarially determined contribution is due September 30 after the valuation date.									
Actuarial cost method	Entry age normal.									
Amortization method	Level percentage of payroll.									
Asset valuation method	Market value of assets.									
Inflation	2.50%	2.75%				4%				
Salary increases	2.50% to 3.25%, including inflation	2.0% to 5.0%, including inflation.	3.0% to 5.2%, including inflation.	2.75%		4% - 9.64%, including inflation				
Discount rate	7%	7.25%					8.50%			
Cost of Living Adjustment	Ad hoc granted by the Board when the Plan is 70 percent funded after accounting for the COLA. 2.0% of original benefit, beginning October 1, 2063.	Ad hoc granted by the Board when the Plan is 70 percent funded after accounting for the COLA. 2.0% of original benefit, beginning October 1, 2050.	None	4% for members hired on or before December 31, 2006. New members hired after December 31, 2006 are not eligible for an automatic increase.						
Mortality	**For actives:** Pub-2010 Public Safety Employee Amount-Weighted Mortality Table, set forward five years for males, projected generationally using Scale MP-2019. **For healthy retirees:** Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, set back one year for females, projected generationally using Scale MP-2019. **For all disabled lives:** Pub-2010 Public Safety Disabled Retiree Amount-Weighted Mortality Table, set forward four years for both males and females, projected generationally using Scale MP-2019.	**For actives:** RP-2014 Employee Mortality Table, set back two years for males, projected generationally using Scale MP-2015 **For healthy retirees:** RP-2014 Blue Collar Healthy Annuitant Mortality Table, set forward two years for females, projected generationally using Scale MP-2015 **For all disabled lives:** Sex distinct RP-2014 Disabled Retiree Mortality Table, set back three years for males and females, projected generationally using Scale MP-2015.	**For actives:** Sex distinct RP-2014 Employee Mortality Table, set back two years for males, projected generationally using Scale MP-2015. **For healthy retirees:** RP-2014 Healthy Annuitant Mortality Table, set forward two years for females, projected generationally using Scale MP-2015. **For all disabled lives:** Sex distinct RP-2014 Disabled Retiree Mortality Table, set back three years for males and females, projected generationally using Scale MP-2015.			**For actives:** RP-2000 Combined Healthy Mortality Table projected ten years beyond the valuation date using Scale AA. **For healthy retirees:** RP-2000 Combined Healthy Mortality Table projected ten years beyond the valuation date using Scale AA. **For all disabled lives:** RP-2000 Combined Healthy Mortality Table with a one-year set forward.				1994 Group Annuity Mortality Table for males and females, set back one year for males and females.

CITY OF DALLAS, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S TOTAL LIABILITY
AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFITS
Last Three Fiscal Years
(Dollar amounts in thousands)

	2020	2019	2018*
Total OPEB Liability			
Service cost	$ 16,491	$ 14,006	$ 14,817
Interest	15,775	19,813	18,420
Changes of assumptions	(47,877)	82,662	(26,244)
Differences between expected and actual experience	(198)	(42,693)	6,669
Benefit payments	(18,573)	(19,537)	(21,343)
Net change	(34,382)	54,251	(7,681)
Total OPEB Liability, Beginning	565,371	511,120	518,801
Total OPEB Liability, Ending	$ 530,989	$ 565,371	$ 511,120
Covered payroll	$ 959,102	$ 914,916	$ 877,768
Total OPEB Liability as a Percentage of Covered Employee Payroll	55%	62%	58%

* Prior year information was not available.

“Our Product is Service”
Empathy | Ethics | Excellence | Equity

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Community Development Fund – to account for funds received by the City of Dallas pursuant to the Community Development Act of 1974, as amended, and grant funds for community development type programs.

Health and Human Services Fund – to account for private and grant funds received for public health and human services programs.

Library Fund – to account for private and grant funds received for acquisition of library materials and expansion of library services.

Police Fund – to account for private and grant funds received for crime prevention and law enforcement programs.

Recreation Fund – to account for private and grant funds received for summer recreation and other recreation programs.

Transportation Fund – to account for private and grant funds received for transportation studies and construction.

Management Improvement Fund – to account for private and grant funds received for management productivity improvements.

Public Improvement Districts Fund – to account for special assessments restricted for public improvement districts.

Storm Water Operations Fund – to account for the administration and operational activities of the Storm Water Program. Financing is provided by a Storm Water fee.

Municipal Fund – to account for private contributions restricted to the provision of various employee and citizen municipal purposes.

General Citizen Fund – to account for private contributions restricted to the provision of various general governmental projects.

Arts and Cultural Fund – to account for private contributions restricted for the financing arts and cultural activities.

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned for capital outlays, including the acquisition or construction of capital facilities and other capital assets which are not financed by Enterprise Funds, Internal Service Funds, and Trust Funds.

Neighborhood Projects – to account for construction of neighborhood facilities and paving projects.

Parks – to account for construction of parks, playgrounds, and recreational facilities.

Streets and Drainage – to account for construction of streets and storm sewers.

Buildings – to account for construction of City-owned buildings

Transportation – to account for construction of traffic signals and controls.

NONMAJOR GOVERNMENTAL FUNDS

PERMANENT FUNDS

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs that is, for the benefit of the government or its citizenry.

Samuell Park – to account for the private donation by Dr. W.W. Samuell. The income from this fund is restricted to the operation and improvement of Samuell Park.

Grauwyler Memorial – to account for the private donation by Mrs. Emma H. Grauwyler. The income from the trust is to be used to improve and beautify Grauwyler Park.

Craddock Park – to account for the private donation by Mr. and Mrs. L. Craddock. The earnings from the trust are to be used for improving and maintaining Craddock Park.

Martin Weiss Park – to account for the private donations by Mr. and Mrs. Martin Weiss, the earnings from which are restricted to the use for further improvements of the Martin Weiss Park.

Hale Davis – to account for private donations by Hale Davis, restricted for municipal purposes.

CITY OF DALLAS, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2020
(in thousands)

	Special Revenue				
	Community Development	Health and Human Services	Library	Police	Recreation
Assets					
Pooled cash and cash equivalents	$ 4,868	$ -	$ 3,752	$ 13,335	$ 35,584
Other investments, at fair value	-	-	1,000	-	-
Receivables:					
Notes	39,132	-	-	-	43
Special assessments-paving notes	-	-	-	-	-
Accounts	1,952	-	8	692	36
Accrued interest	6	1	3	10	135
Allowance for uncollectible accounts	(16,141)	-	-	-	-
Due from other governments	12,994	5,665	22	4,655	14
Prepaid expenses	132	145	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-
Notes receivable from other funds	-	-	-	-	-
Total assets	42,943	5,811	4,785	18,692	35,812
Liabilities, deferred inflows, and fund balances					
Liabilities					
Accrued payroll	130	207	1	20	4
Accounts payable	4,691	529	207	1,875	114
Due to other governments	-	-	-	-	-
Due to other funds	-	3,569	-	-	-
Unearned revenue	393	9	1	2,850	21
Construction accounts payable	-	-	-	-	-
Notes payable to other funds	-	-	-	-	5,329
Customer deposits	-	-	-	-	-
Contracts payable	-	-	-	-	-
Other liabilities	139	-	-	78	35
Total liabilities	5,353	4,314	209	4,823	5,503
Deferred inflows of resources					
Unavailable revenue	25,142	-	-	-	132
Fund balances					
Nonspendable	-	-	-	-	-
Restricted	12,448	1,497	4,576	13,869	-
Committed	-	-	-	-	30,177
Total fund balances	12,448	1,497	4,576	13,869	30,177
Total liabilities, deferred inflows, and fund balance	$ 42,943	$ 5,811	$ 4,785	$ 18,692	$ 35,812

Transportation	Management Improvement	Public Improvement Districts	Storm Water Operations	Municipal	General Citizen	Arts and Cultural	Total Nonmajor Special Revenue Funds
$ 16,936	$ 164,512	$ 1,232	$ 73,808	$ 38,140	$ 2,933	$ 4,219	$ 359,319
-	-	-	-	-	-	2,235	3,235
-	-	-	-	15,893	-	-	55,068
-	-	-	-	-	-	-	-
-	535	671	11,398	2,077	-	-	17,369
15	151	1	15	177	2	25	541
-	-	(78)	(5,333)	(3,118)	-	-	(24,670)
865	428	-	-	196	-	-	24,839
-	-	-	-	-	-	-	277
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
17,816	165,626	1,826	79,888	53,365	2,935	6,479	435,978
-	-	-	296	105	-	-	763
1,405	15,666	1,810	1,793	14	1	68	28,173
-	1	-	-	-	-	-	1
-	-	-	-	-	-	-	3,569
-	118,714	-	-	-	-	-	121,988
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	5,329
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
29	20	-	335	-	7	-	643
1,434	134,401	1,810	2,424	119	8	68	160,466
-	-	-	2,993	13,664	-	-	41,931
-	-	-	-	-	-	-	-
16,382	31,225	16	74,471	39,582	2,927	6,411	203,404
-	-	-	-	-	-	-	30,177
16,382	31,225	16	74,471	39,582	2,927	6,411	233,581
$ 17,816	$ 165,626	$ 1,826	$ 79,888	$ 53,365	$ 2,935	$ 6,479	$ 435,978

continued

CITY OF DALLAS, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (continued)
September 30, 2020
(in thousands)

	Capital Projects					Total
	Neighborhood Projects	Parks	Streets and Drainage	Building	Trans-portation	Nonmajor Capital Project Funds
Assets						
Pooled cash and cash equivalents	$ -	$ -	$ -	$ -	$ -	$ -
Other investments, at fair value	-	-	-	-	-	-
Receivables:						
Notes	1,823	-	-	1,500	-	3,323
Special assessments-paving notes	-	-	5,889	-	-	5,889
Accounts	25,588	2,239	-	227	-	28,054
Accrued interest	98	26	104	124	285	637
Allowance for uncollectible accounts	-	-	(4,956)	(1,500)	-	(6,456)
Due from other governments	-	51	-	3,209	12,552	15,812
Prepaid expenses	-	-	-	-	-	-
Restricted cash and cash equivalents	132,891	43,867	135,029	141,725	358,474	811,986
Notes receivable from other funds	-	-	4,161	-	-	4,161
Total assets	160,400	46,183	140,227	145,285	371,311	863,406
Liabilities, deferred inflows, and fund balances						
Liabilities						
Accrued payroll	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-
Due to other funds	2,271	-	-	44	-	2,315
Unearned revenue	-	1,000	-	98	13,776	14,874
Construction accounts payable	232	2,382	5,362	2,284	4,964	15,224
Notes payable to other funds	4,491	-	-	-	-	4,491
Customer deposits	-	-	9	57	-	66
Contracts payable	33,017	9,213	15,011	5,870	20,228	83,339
Other liabilities	-	-	-	-	-	-
Total liabilities	40,011	12,595	20,382	8,353	38,968	120,309
Deferred inflows of resources						
Unavailable revenue	1,823	-	864	-	-	2,687
Fund balances						
Nonspendable	-	-	-	-	-	-
Restricted	118,566	33,588	118,981	136,932	332,343	740,410
Committed	-	-	-	-	-	-
Total fund balances	118,566	33,588	118,981	136,932	332,343	740,410
Total liabilities, deferred inflows, and fund balance	$ 160,400	$ 46,183	$ 140,227	$ 145,285	$ 371,311	$ 863,406

CITY OF DALLAS, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (continued)
September 30, 2020
(in thousands)

	Permanent Funds						
	Samuell Park	Grauwyler Memorial	Craddock Park	Martin Weiss Park	Hale Davis	Total Permanent Funds	Total Nonmajor Governmental Funds
Assets							
Pooled cash and cash equivalents	$ -	$ -	$ -	$ -	$ -	$ -	$ 359,319
Other investments, at fair value	8,465	131	1,213	117	400	10,326	13,561
Receivables:							
Notes	-	-	-	-	-	-	58,391
Special assessments-paving notes	-	-	-	-	-	-	5,889
Accounts	-	-	-	-	-	-	45,423
Accrued interest	-	-	-	-	-	-	1,178
Allowance for uncollectible accounts	-	-	-	-	-	-	(31,126)
Due from other governments	-	-	-	-	-	-	40,651
Prepaid expenses	-	-	-	-	-	-	277
Restricted cash and cash equivalents	-	-	-	-	-	-	811,986
Notes receivable from other funds	-	-	-	-	-	-	4,161
Total assets	8,465	131	1,213	117	400	10,326	1,309,710
Liabilities, deferred inflows, and fund balances							
Liabilities							
Accrued payroll	-	-	-	-	-	-	763
Accounts payable	-	-	-	-	-	-	28,173
Due to other governments	-	-	-	-	-	-	1
Due to other funds	-	-	-	-	-	-	5,884
Unearned revenue	-	-	-	-	-	-	136,862
Construction accounts payable	-	-	-	-	-	-	15,224
Notes payable to other funds	-	-	-	-	-	-	9,820
Customer deposits	-	-	-	-	-	-	66
Contracts payable	-	-	-	-	-	-	83,339
Other liabilities	-	-	-	-	-	-	643
Total liabilities	-	-	-	-	-	-	280,775
Deferred inflows of resources							
Unavailable revenue	-	-	-	-	-	-	44,618
Fund balances							
Nonspendable	8,465	131	1,213	117	400	10,326	10,326
Restricted	-	-	-	-	-	-	943,814
Committed	-	-	-	-	-	-	30,177
Total fund balances	8,465	131	1,213	117	400	10,326	984,317
Total liabilities, deferred inflows, and fund balance	$ 8,465	$ 131	$ 1,213	$ 117	$ 400	$ 10,326	$ 1,309,710

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2020
(in thousands)

	Special Revenue				
	Community Development	Health and Human Services	Library	Police	Recreation
Revenues:					
Ad valorem tax	$ -	$ -	$ -	$ -	$ -
Tax increment financing, intergovernmental	-	-	-	-	-
Franchise fees	-	-	-	-	1
Licenses and permits	-	-	-	-	570
Intergovernmental	39,829	15,944	149	8,176	14
Customer charges	-	-	-	-	-
Service to others	17,130	-	5	-	3,027
Fines and forfeitures	-	9	-	112	-
Investment income	76	12	58	180	399
Special assessments	-	-	-	-	-
Contributions and gifts	-	367	369	93	1,736
Confiscated money awards	-	-	-	2,661	-
Other revenues	54	-	3	14	9
Total revenues	57,089	16,332	584	11,236	5,756
Expenditures:					
Current					
General government	16,297	-	-	-	-
Public safety	-	-	-	9,321	-
Code enforcement	-	-	-	-	-
Environmental and health services	-	15,691	-	-	-
Streets, public works, and transportation	-	-	-	-	-
Equipment and building services	-	-	-	-	-
Culture and recreation	504	-	179	-	2,627
Human services	21,806	-	-	-	-
Debt service:					
Principal	15,833	-	-	-	-
Interest and fiscal charges	421	-	-	-	-
Capital outlay	3,021	-	293	1,698	1,212
Total expenditures	57,882	15,691	472	11,019	3,839
Excess (deficiency) of revenues over (under) expenditures	(793)	641	112	217	1,917
Other financing sources (uses):					
Transfers in	1,385	639	-	-	2,875
Transfers out	-	-	-	-	(8)
Premium on bonds issued	-	-	-	-	-
Issuance of certificates of obligation	-	-	-	-	-
Inception of capital lease	-	-	-	-	-
Issuance of notes	-	-	-	-	-
Total other financing sources (uses)	1,385	639	-	-	2,867
Net change in fund balances	592	1,280	112	217	4,784
Fund balances, beginning of year	11,856	217	4,464	13,652	25,393
Fund balances, end of year	$ 12,448	$ 1,497	$ 4,576	$ 13,869	$ 30,177

Transportation	Management Improvement	Public Improvement Districts	Storm Water Operations	Municipal	General Citizen	Arts and Cultural	Total Nonmajor Special Revenue Funds
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	1
-	-	-	29	-	-	-	599
722	116,756	-	-	301	-	-	181,891
-	-	-	-	-	-	-	-
2,345	2,180	-	61,393	4,563	5	200	90,848
184	429	-	-	-	-	-	734
268	1,333	17	224	464	29	88	3,148
-	-	27,306	-	-	-	-	27,306
1	136	-	-	2,246	251	-	5,199
-	-	-	-	-	-	-	2,661
-	-	-	-	-	-	-	80
3,520	120,834	27,323	61,646	7,574	285	288	312,467
-	60,541	27,490	43,350	13,285	142	-	161,105
-	52,187	-	-	-	-	-	61,508
-	3,440	-	-	-	-	-	3,440
-	-	-	-	-	-	-	15,691
1,900	903	-	-	-	-	-	2,803
-	2,161	-	-	-	-	-	2,161
-	3,586	-	-	-	-	314	7,210
-	-	-	-	-	-	-	21,806
-	-	-	104	-	-	-	15,937
-	-	-	17	-	-	-	438
365	1,424	-	7,180	32	-	-	15,225
2,265	124,242	27,490	50,651	13,317	142	314	307,324
1,255	(3,408)	(167)	10,995	(5,743)	143	(26)	5,143
-	12,583	-	-	10,195	127	-	27,804
-	-	-	(848)	(3,067)	-	-	(3,923)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	12,583	-	(848)	7,128	127	-	23,881
1,255	9,175	(167)	10,147	1,385	270	(26)	29,024
15,127	22,050	183	64,324	38,197	2,657	6,437	204,557
$ 16,382	$ 31,225	$ 16	$ 74,471	$ 39,582	$ 2,927	$ 6,411	$ 233,581

continued

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (continued)
For the Year Ended September 30, 2020
(in thousands)

	Capital Projects			
	Neighborhood Projects	Parks	Streets and Drainage	Building
Revenues:				
Ad valorem tax	$ 82,938	$ -	$ -	$ -
Tax increment financing, intergovernmental	12,553	-	-	-
Franchise fees	-	-	4,976	-
Licenses and permits	-	-	-	-
Intergovernmental	-	586	-	3,249
Customer charges			-	-
Service to others	872	2,160	645	-
Fines and forfeitures	-	-	-	-
Investment income	1,434	459	2,305	1,483
Special assessments	-	-	-	-
Contributions and gifts	25,588	2,375	1	555
Confiscated money awards	-	-	-	-
Other revenues	-	28	720	1,283
Total revenues	123,385	5,608	8,647	6,570
Expenditures:				
Current				
General government	121,332	-	-	8,036
Public safety	-	-	-	-
Code enforcement	-	-	-	-
Environmental and health services	-	-	-	-
Streets, public works, and transportation	-	-	23,141	1,408
Equipment and building services	-	-	-	1,371
Culture and recreation	-	9,415	-	538
Human services	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	283
Capital outlay	1,761	61,123	92,684	56,367
Total expenditures	123,093	70,538	115,825	68,003
Excess (deficiency) of revenues over (under) expenditures	292	(64,930)	(107,178)	(61,433)
Other financing sources (uses):				
Transfers in	1,008	8,957	19,430	-
Transfers out	(1,881)	-	(7,577)	-
Premium on bonds issued	-	-	-	3,798
Issuance of certificates of obligation				45,665
Inception of capital lease	-	-	-	2,456
Issuance of notes	6,000	51,000	62,900	35,100
Total other financing sources (uses)	5,127	59,957	74,753	87,019
Net change in fund balance	5,419	(4,973)	(32,425)	25,586
Fund balances, beginning of year	113,147	38,561	151,406	111,346
Fund balances, end of year	$ 118,566	$ 33,588	$ 118,981	$ 136,932

Trans- portation	Total Nonmajor Capital Project Funds
$ -	$ 82,938
-	12,553
-	4,976
-	-
9,775	13,610
-	-
-	3,677
-	-
4,752	10,433
-	-
1	28,520
-	-
8	2,039
14,536	158,746
-	129,368
-	-
-	-
-	-
1,920	26,469
-	1,371
-	9,953
-	-
-	-
-	283
55,222	267,157
57,142	434,601
(42,606)	(275,855)
77	29,472
-	(9,458)
-	3,798
-	45,665
-	2,456
5,000	160,000
5,077	231,933
(37,529)	(43,922)
369,872	784,332
$ 332,343	$ 740,410

continued

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (continued)
For the Year Ended September 30, 2019
(in thousands)

	Permanent Funds		
	Samuell Park	Grauwyler Memorial	Craddock Park
Revenues:			
Ad valorem tax	$ -	$ -	$ -
Tax increment financing, intergovernmental	-	-	-
Franchise fees	-	-	-
Licenses and permits	-	-	-
Intergovernmental	-	-	-
Service to others	-	-	-
Fines and forfeits	-	-	-
Investment income	733	9	86
Special assessments	-	-	-
Contributions and gifts	-	-	-
Confiscated money awards	-	-	-
Other revenues	-	-	-
Total revenues	733	9	86
Expenditures:			
Current			
General government	-	-	-
Public safety	-	-	-
Code enforcement	-	-	-
Environment and health services	-	-	-
Streets, public works, and transportation	-	-	-
Equipment and building services	-	-	-
Culture and recreation	-	-	-
Human services	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Capital outlay	-	-	-
Total expenditures	-	-	-
Excess (deficiency) of revenues over (under) expenditures	733	9	86
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	(468)	-	-
Premium on bonds issued	-	-	-
Issuance of certificates of obligation	-	-	-
Inception of capital lease	-	-	-
Issuance of notes	-	-	-
Total other financing sources (uses)	(468)	-	-
Net change in fund balances	265	9	86
Fund balances, beginning of year	8,200	122	1,127
Fund balances, end of year	$ 8,465	$ 131	$ 1,213

Martin Weiss Park	Hale Davis	Total Permanent Funds	Total Nonmajor Governmental Funds
$ -	$ -	$ -	$ 82,938
-	-	-	12,553
-	-	-	4,977
-	-	-	599
-	-	-	195,501
-	-	-	94,525
-	-	-	734
9	34	871	14,452
-	-	-	27,306
-	-	-	33,719
-	-	-	2,661
-	-	-	2,119
9	34	871	472,084
-	-	-	290,473
-	-	-	61,508
-	-	-	3,440
-	-	-	15,691
-	-	-	29,272
-	-	-	3,532
-	-	-	17,163
-	-	-	21,806
-	-	-	15,937
-	-	-	721
-	-	-	282,382
-	-	-	741,925
9	34	871	(269,841)
-	-	-	57,276
-	(14)	(482)	(13,863)
-	-	-	3,798
-	-	-	45,665
-	-	-	2,456
-	-	-	160,000
-	(14)	(482)	255,332
9	20	389	(14,509)
108	380	9,937	998,826
$ 117	$ 400	$ 10,326	$ 984,317

NONMAJOR ENTERPRISE FUNDS

To account for operations which are financed and operated in a manner similar to private business enterprise.

Municipal Radio – to account for City-owned radio broadcast services.

Building Inspection – to account for construction inspection services within the Dallas city limits.

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
September 30, 2020
(in thousands)

	Municipal Radio	Building Inspection	Total Nonmajor Enterprise Funds
Assets			
Current assets:			
Pooled cash and cash equivalents	$ 993	$ 61,892	$ 62,885
Receivables:			
Accounts	364	323	687
Accrued interest	1	53	54
Allowance for uncollectible acccounts	(14)	-	(14)
Total current assets	1,344	62,268	63,612
Capital assets:			
Land	-	900	900
Construction in progress	207	-	207
Buildings	337	-	337
Improvements other than buildings	273	-	273
Equipment	2,509	2,690	5,199
Accumulated depreciation	(2,606)	(1,906)	(4,512)
Total capital assets	720	1,684	2,404
Total assets	2,064	63,952	66,016
Deferred outflows of resources			
Deferred loss on refunding	2	12	14
Deferred outflows of resources related to pensions	1,189	24,154	25,343
Deferred outflows of resources related to other postemployment benefits	30	1,116	1,146
Total deferred outflows of resources	1,221	25,282	26,503
Liabilities			
Current liabilities:			
Accrued payroll	16	525	541
Accounts payable	54	352	406
Compensated absences	35	1,055	1,090
Pension obligation bonds - current	121	891	1,012
Other liabilities	4	2,406	2,410
Unearned revenue	-	6,803	6,803
Accrued bond interest payable	5	34	39
Total current liabilities	235	12,066	12,301
Noncurrent liabilities:			
Accreted interest on pension obligation bonds	667	4,900	5,567
Pension obligation bonds	1,292	9,055	10,347
Total long-term debt	1,959	13,955	15,914
Other noncurrent liabilities			
Compensated absences	48	1,423	1,471
Other postemployment benefits	329	10,805	11,134
Net pension liability	5,273	75,368	80,641
Total other noncurrent liabilities	5,650	87,596	93,246
Total long-term liabilities	7,609	101,551	109,160
Total liabilities	7,844	113,617	121,461
Deferred inflows of resources			
Deferred inflows of resources related to pensions	303	6,847	7,150
Deferred inflows of resources related to other postemployment benefits	52	1,602	1,654
Total deferred inflows of resources	355	8,449	8,804
Net position			
Net investment in capital assets	720	1,684	2,404
Unrestricted (deficit)	(5,634)	(34,516)	(40,150)
Total net position (deficit)	$ (4,914)	$ (32,832)	$ (37,746)

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
For the Year Ended September 30, 2020
(in thousands)

	Municipal Radio	Building Inspection	Total Nonmajor Enterprise Funds
Operating revenues:			
Customer charges	$ 1,500	$ 32,866	$ 34,366
Other revenues	5	145	150
Total operating revenues	1,505	33,011	34,516
Operating expenses:			
Personnel services	2,038	26,169	28,207
Supplies and materials	65	334	399
Contractual and other services	563	9,192	9,755
Depreciation	98	105	203
Total operating expenses	2,764	35,800	38,564
Operating income (loss)	(1,259)	(2,789)	(4,048)
Nonoperating revenues (expenses):			
Investment income	14	836	850
Interest on bonds and notes	(106)	(789)	(895)
Total nonoperating revenues (expenses)	(92)	47	(45)
Income before contributions and transfers	(1,351)	(2,742)	(4,093)
Transfers out	-	(238)	(238)
Change in net position	(1,351)	(2,980)	(4,331)
Net position (deficit), beginning of year	(3,563)	(29,852)	(33,415)
Net position (deficit), end of year	$ (4,914)	$ (32,832)	$ (37,746)

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended September 30, 2020
(in thousands)

	Municipal Radio	Building Inspection	Total Nonmajor Enterprise Funds
Cash flows from operating activities:			
Cash received from customers	$ 1,515	$ 31,106	$ 32,621
Cash payments to suppliers for goods and services	(25)	(248)	(273)
Cash payments to employees for services	(987)	(22,707)	(23,694)
Cash payments for contractual services	(572)	(9,516)	(10,088)
Other operating cash receipts (payments)	5	145	150
Net cash provided by (used in) operating activities	(64)	(1,220)	(1,284)
Cash flows from non capital financing activities:			
Principal paid on pension obligation bonds	(34)	(259)	(293)
Interest paid on pension obligation bonds	(117)	(852)	(969)
Transfers from other funds	-	-	-
Transfers to other funds	-	(238)	(238)
Net cash provided by (used in) non capital financing activities	(151)	(1,349)	(1,500)
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(37)	(239)	(276)
Net cash provided by (used in) capital and related financing activities	(37)	(239)	(276)
Cash flows from investing activities:			
Investment income	14	846	860
Net cash provided by (used in) investing activities	14	846	860
Net increase (decrease) in cash and cash equivalents	(238)	(1,962)	(2,200)
Cash and cash equivalents, beginning of year	1,231	63,854	65,085
Cash and cash equivalents, end of year	$ 993	$ 61,892	$ 62,885
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	$ (1,259)	$ (2,789)	$ (4,048)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	98	105	203
Change in assets and liabilities			
(Increase) Decrease in accounts and other receivables	15	(145)	(130)
(Increase) Decrease in deferred outflows for other postemployment benefits	10	379	389
(Increase) Decrease in deferred outflows for pension contributions	2,007	20,559	22,566
Increase (Decrease) in accounts payable	40	86	126
Increase (Decrease) in accrued payroll	(2)	142	140
Increase (Decrease) in compensated absences	5	158	163
Increase (Decrease) in unearned revenue	-	(1,615)	(1,615)
Increase (Decrease) in other post employment benefits	(28)	(752)	(780)
Increase (Decrease) in net pension liability	(506)	(10,875)	(11,381)
Increase (Decrease) in other liabilities	(9)	(324)	(333)
Increase (Decrease) in deferred inflows for other postemployment benefits	22	557	579
Increase (Decrease) in deferred inflows for pension contributions	(457)	(6,706)	(7,163)
Total adjustments	1,195	1,569	2,764
Net cash provided by (used in) operating activities	$ (64)	$ (1,220)	$ (1,284)
Current Assets:			
Pooled cash and cash equivalents	$ 993	$ 61,892	$ 62,885
Total cash and cash equivalents end of year	$ 993	$ 61,892	$ 62,885
Noncash investing, capital, and financing activities:			
Premium/discount amortization	$ (15)	$ (110)	$ (125)
Accretion on capital appreciation bonds	4	34	38
Amortization of deferred gain/loss on refunding	(1)	(5)	(6)

INTERNAL SERVICE FUNDS

Equipment Services Fund – to account for the cost of providing vehicles, vehicle maintenance, and fuel and lubrication to other City departments.

Communication Equipment Services Fund – to account for the cost of providing communication services to other City Departments.

Office Systems Fund – to account for the cost of providing office supplies, printing, copying, and mailing services to other City Departments.

Information Systems Fund – to account for the cost of providing data processing and programming services to other City departments.

Risk Funds – to account for the cost of providing risk financing and insurance-related activities to other City departments.

Bond Program Administration Fund – to account for the cost of managing the City's general obligation bond program.

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
September 30, 2020

	Equipment Services	Communication Equipment Services	Office Services	Information Systems	Risk Funds	Bond Program Administration	Total
Assets							
Current assets:							
Pooled cash and cash equivalents	$ 20,710	$ 2,729	$ 4,395	$ 39,628	$ 62,236	$ 467	$ 130,165
Receivables:							
Accounts	-	22	-	39	-	-	61
Accrued interest	1	2	3	28	18	-	52
Inventories, at cost	3,020	248	61	-	-	-	3,329
Prepaid expenses	-	-	-	-	29	-	29
Other assets	-	-	-	-	2,804	-	2,804
Total current assets	23,731	3,001	4,459	39,695	65,087	467	136,440
Capital assets:							
Land	1,696	-	-	-	-	-	1,696
Buildings	2,772	1,663	-	-	-	-	4,435
Improvements other than buildings	365	456	-	248	-	-	1,069
Infrastructure	1,137	685	-	-	-	-	1,822
Equipment	78,243	15,230	210	21,135	336	8	115,162
Construction in progress	129	-	-	-	-	-	129
Accumulated depreciation	(66,244)	(17,211)	(210)	(18,847)	(336)	-	(102,848)
Total capital assets	18,098	823	-	2,536	-	8	21,465
Total assets	41,829	3,824	4,459	42,231	65,087	475	157,905
Deferred outflows of resources							
Deferred outflows of resources related to pensions	17,640	1,971	592	20,624	3,837	9,583	54,247
Deferred outflows of resources related to other postemployment benefits	909	55	29	672	191	552	2,408
Total deferred outflows of resources	18,549	2,026	621	21,296	4,028	10,135	56,655
Liabilities							
Current liabilities:							
Accrued payroll	369	34	15	471	103	280	1,272
Accounts payable	4,551	228	160	7,059	2,154	631	14,783
Compensated absences	646	62	22	1,078	202	569	2,579
Estimated unpaid health claims	-	-	-	-	8,375	-	8,375
Estimated unpaid claims - general	-	-	-	-	4,454	-	4,454
Workers' compensation	-	-	-	-	7,054	-	7,054
Other liabilities	-	-	-	-	5,973	-	5,973
Total current liabilities	5,566	324	197	8,608	28,315	1,480	44,490
Noncurrent liabilities:							
Estimated unpaid claims - general	-	-	-	-	55,496	-	55,496
Workers' compensation	-	-	-	-	34,306	-	34,306
Compensated absences	871	84	30	1,454	271	767	3,477
Other postemployment benefits	10,236	744	252	7,066	2,092	5,318	25,708
Net pension liability	62,309	7,591	2,307	63,378	11,088	30,020	176,693
Total noncurrent liabilities	73,416	8,419	2,589	71,898	103,253	36,105	295,680
Total liabilities	78,982	8,743	2,786	80,506	131,568	37,585	340,170
Deferred inflows of resources							
Deferred inflows of resources related to pensions	4,966	672	199	5,523	1,264	1,443	14,067
Deferred inflows of resources related to other postemployment benefits	1,374	93	45	1,004	295	666	3,477
Total deferred inflows of resources	6,340	765	244	6,527	1,559	2,109	17,544
Net position							
Net investment in capital assets	18,098	823	-	2,536	-	8	21,465
Unrestricted (deficit)	(43,042)	(4,481)	2,050	(26,042)	(64,012)	(29,092)	(164,619)
Total net position (deficit)	$ (24,944)	$ (3,658)	$ 2,050	$ (23,506)	$ (64,012)	$ (29,084)	$ (143,154)

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2020
(in thousands)

	Equipment Services	Communication Equipment Services	Office Services	Information Systems	Risk Funds	Bond Program Administration	Total
Operating revenues							
Charges to other city departments	$ 54,157	$ 11,485	$ 2,386	$ 79,985	$ 129,323	$ 13,611	$ 290,947
Charges to employees/retirees	669	-	-	-	59,992	21	60,682
Other revenues	-	135	131	-	471	-	737
Total operating revenues	54,826	11,620	2,517	79,985	189,786	13,632	352,366
Operating expenses							
Personnel services	20,640	2,219	795	21,844	15,829	11,245	72,572
Supplies and materials	21,813	1,665	754	1,769	18	140	26,159
Contractual and other services	8,043	2,000	424	54,346	214,669	1,401	280,883
Depreciation	3,282	98	-	592	-	-	3,972
Total operating expenses	53,778	5,982	1,973	78,551	230,516	12,786	383,586
Operating income (loss)	1,048	5,638	544	1,434	(40,730)	846	(31,220)
Nonoperating revenues (expenses):							
Investment income (loss)	34	10	43	403	509	-	999
Gain (loss) on property disposals	394	-	-	-	-	-	394
Total nonoperating revenues (expenses)	428	10	43	403	509	-	1,393
Income (loss) before transfers	1,476	5,648	587	1,837	(40,221)	846	(29,827)
Transfers							
Transfers in	1,005	-	-	2,367	-	-	3,372
Transfers out	(1,069)	(5,418)	-	(5,421)	(286)	-	(12,194)
Total transfers	(64)	(5,418)	-	(3,054)	(286)	-	(8,822)
Change in net position	1,412	230	587	(1,217)	(40,507)	846	(38,649)
Net position (deficit), beginning of year	(26,356)	(3,888)	1,463	(22,289)	(23,505)	(29,930)	(104,505)
Net position (deficit), end of year	$ (24,944)	$ (3,658)	$ 2,050	$ (23,506)	$ (64,012)	$ (29,084)	$ (143,154)

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2020
(in thousands)

	Equipment Services	Communication Equipment Services	Office Services	Information Systems	Risk Funds	Bond Program Administration	Total
Cash flows from operating activities:							
Cash received from customers	$ 54,157	$ 11,485	$ 2,404	$ 79,985	$ 189,322	$ 13,632	$ 350,985
Cash payments to suppliers for goods and services	(20,263)	(1,933)	(752)	(1,110)	(3,025)	214	(26,869)
Cash payments to employees for services	(16,529)	(1,864)	(543)	(18,549)	(8,893)	(12,551)	(58,929)
Cash payments for contractual services	(8,080)	(2,000)	(442)	(54,469)	(169,642)	(1,401)	(236,034)
Other operating cash receipts (payments)	669	135	131	-	471	-	1,406
Net cash provided by (used in) operating activities	9,954	5,823	798	5,857	8,233	(106)	30,559
Cash flows from non capital financing activities:							
Transfers from other funds	1,005	-	-	2,367	-	-	3,372
Transfers to other funds	(1,069)	(5,418)	-	(5,421)	(286)	-	(12,194)
Net cash provided by (used in) non capital financing activities	(64)	(5,418)	-	(3,054)	(286)	-	(8,822)
Cash flows from capital and related financing activities:							
Acquisition and construction of capital assets	(5,966)	-	-	(52)	-	(8)	(6,026)
Proceeds from sale of capital assets	492	-	-	-	-	-	492
Net cash provided by (used in) capital and related financing activities	(5,474)	-	-	(52)	-	(8)	(5,534)
Cash flows from investing activities:							
Investment income	37	9	47	407	557	-	1,057
Net cash provided by (used in) investing activities	37	9	47	407	557	-	1,057
Net increase (decrease) in cash and cash equivalents	4,453	414	845	3,158	8,504	(114)	17,260
Cash and cash equivalents, beginning of year	16,257	2,315	3,550	36,470	53,732	581	112,905
Cash and cash equivalents, end of year	$ 20,710	$ 2,729	$ 4,395	$ 39,628	$ 62,236	$ 467	$ 130,165
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:							
Operating income (loss)	$ 1,048	$ 5,638	$ 544	$ 1,434	$ (40,730)	$ 846	$ (31,220)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation	3,282	98	-	592	-	-	3,972
Change in assets and liabilities							
(Increase) Decrease in accounts and other receivables	-	-	18	-	7	-	25
(Increase) Decrease in inventories	73	(13)	8	-	-	-	68
(Increase) Decrease in deferred outflows for other postemployment benefits	314	18	10	231	67	177	817
(Increase) Decrease in deferred outflows for pension contributions	19,796	2,638	865	16,002	2,846	9,170	51,317
Increase (Decrease) in accounts payable	1,477	(255)	(6)	659	(3,007)	354	(778)
Increase (Decrease) in accrued payroll	125	8	3	199	42	98	475
Increase (Decrease) in compensated absences	(56)	(35)	(4)	211	127	(65)	178
Increase (Decrease) in other post employment benefits	(655)	(49)	(22)	(478)	(138)	(356)	(1,698)
Increase (Decrease) in estimated unpaid health claims	-	-	-	-	6,666	-	6,666
Increase (Decrease) in estimated unpaid claims - general	-	-	-	-	48,155	-	48,155
Increase (Decrease) in workers' compensation	-	-	-	-	(235)	-	(235)
Increase (Decrease) in net pension liability	(7,621)	(871)	(283)	(9,196)	(1,921)	(5,205)	(25,097)
Increase (Decrease) in other liabilities	(37)	-	(18)	(123)	(3,128)	-	(3,306)
Increase (Decrease) in deferred inflows for other postemployment benefits	478	41	17	352	95	153	1,136
Increase (Decrease) in deferred inflows for pension contributions	(8,270)	(1,395)	(334)	(4,026)	(613)	(5,278)	(19,916)
Total adjustments	8,906	185	254	4,423	48,963	(952)	61,779
Net cash provided by (used in) operating activities	$ 9,954	$ 5,823	$ 798	$ 5,857	$ 8,233	$ (106)	$ 30,559

FIDUCIARY FUNDS

Trust and Agency Funds – to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The City's Trust and Agency Funds include Pension Trust Funds and Agency Funds.

Pension Trust Funds are accounted for in essentially the same manner as proprietary funds, using the same measurement focus and basis of accounting. The Pension Trust Funds are used to account for the assets of the City's Employees' Retirement Fund, the Dallas Police and Fire Pension System, and the Police and Fire Supplemental Pension Fund.

Agency Funds are purely custodial and do not involve measurement of results of operations.

Cash Escrow Deposit Fund – to account for cash escrow bonds collected by the municipal court.

Confiscated Money Fund – to account for property confiscated in drug violation arrests.

Deferred Compensation Fund – to account for the employees' 401k, tax-deferred compensation deductions.

Employee Benefits Fund – to account for employees' Dental, Vision, AD&D, and Dependent Life Insurance deductions and Health Maintenance Organization (HMO) employees' and City deductions. The City collects and remits premiums on behalf of the participants.

Dallas Tourism Public Improvement District (PID) Deposit Fund – to account for the collection and distribution of Tourism Public Improvement District recovery assessment fees for the Tourism PID.

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF PLAN NET POSITION
PENSION TRUST FUNDS
September 30, 2020 (1)
(in thousands)

	Employees' Retirement Fund	Dallas Police & Fire Pension System	Police & Fire Supplemental Pension Fund	Total Pension Trust Funds
Assets				
Cash and cash equivalents	$ 111,496	$ 88,715	$ 747	$ 200,958
Invested securities lending collateral	208,368	12,916	109	221,393
Receivables:				
Accounts	442,728	56,405	444	499,577
Accrued interest and dividends	13,879	4,422	37	18,338
Short-term investments	-	25,100	211	25,311
Equity securities	-	550,594	4,636	555,230
Domestic equities	1,361,555	-	-	1,361,555
U.S. and foreign government fixed income securities	199,586	550,747	4,638	754,971
Domestic corporate fixed income	797,531	-	-	797,531
International equities and fixed income	511,041	-	-	511,041
Commingled index funds	176,734	-	-	176,734
Real assets	230,183	562,451	4,736	797,370
Private equities and venture capital funds	267,422	265,352	2,234	535,008
Forward currency contracts	-	647	5	652
Prepaid expenses	-	399	3	402
Capital assets, net	5,445	12,226	103	17,774
Total assets	4,325,968	2,129,974	17,903	6,473,845
Liabilities				
Accounts payable	7,267	4,702	28	11,997
Payable for securities purchased	14,884	54,498	459	69,841
Securities lending collateral	208,368	12,916	109	221,393
Other liabilities	437,361	-	-	437,361
Total liabilities	667,880	72,116	596	740,592
Net Position				
Net investment in capital assets	5,445	12,226	103	17,774
Restricted for pensions	3,652,643	2,045,631	17,204	5,715,478
Total net position	$ 3,658,088	$ 2,057,857	$ 17,307	$ 5,733,252

(1) Although the City has a fiscal year-end of September 30, the pension trust funds have a calendar year-end; therefore, the information presented above is as of December 31, 2019.

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION
PENSION TRUST FUNDS
For the Year Ended September 30, 2020 (1)
(in thousands)

	Employees' Retirement Fund	Dallas Police & Fire Pension System	Police & Fire Supplemental Pension Fund	Total Pension Trust Funds
Additions:				
Contributions				
Employer	$ 62,177	$ 155,721	$ 1,530	$ 219,428
Employee	58,314	52,268	111	110,693
Total contributions	120,491	207,989	1,641	330,121
Net investment income:				
Interest and dividends	113,822	37,657	319	151,798
Net appreciation (depreciation) in fair value of investments	453,838	94,213	(86)	547,965
Securities lending income	1,411	113	1	1,525
Less investment expenses:				
Investment management fees	(17,270)	(8,081)	(68)	(25,419)
Custody fees	(125)	-	-	(125)
Consultant fees	(452)	-	-	(452)
Securities lending management fees	(282)	-	-	(282)
Total investment expenses	(18,129)	(8,081)	(68)	(26,278)
Net investment income	550,942	123,902	166	675,010
Other income	298	358	3	659
Total increases	671,731	332,249	1,810	1,005,790
Deductions:				
Benefit payments	278,007	307,243	2,765	588,015
Refund of contributions	10,436	2,618	1	13,055
Administrative expenses	7,513	6,445	55	14,013
Total deductions	295,956	316,306	2,821	615,083
Net increase (decrease) in net position available for benefits	375,775	15,943	(1,011)	390,707
Net position, beginning of year	3,282,313	2,041,914	18,318	5,342,545
Net position, end of year	$ 3,658,088	$ 2,057,857	$ 17,307	$ 5,733,252

(1) Although the City has a fiscal year-end of September 30, the pension trust funds have a calendar year-end; therefore, the information presented above is as of December 31, 2019.

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
For the Year Ended September 30, 2020
(in thousands)

	Balance, September 30, 2019	Additions	Deductions	Balance, September 30, 2020
CASH ESCROW DEPOSIT FUND				
Assets				
Cash and other assets	$ 78	$ 497	$ 452	$ 123
Liabilities				
Due to other governments and other liabilities	78	497	452	123
CONFISCATED MONEY FUND				
Assets				
Cash and other assets	1,026	3,604	2,559	2,071
Liabilities				
Other liabilities	1,026	3,604	2,559	2,071
DEFERRED COMPENSATION FUND				
Assets				
Investments and other assets	24	56,046	54,554	1,516
Liabilities				
Due to employees - deferred compensation and other liabilities	24	56,046	54,554	1,516
EMPLOYEE BENEFITS FUND				
Assets				
Cash	200	16,783	15,482	1,501
Liabilities				
Other liabilities	200	16,783	15,482	1,501
TOTALS - ALL AGENCY FUNDS				
Assets				
Cash and other assets	1,328	76,930	73,047	5,211
Liabilities				
Due to other funds and other liabilities	$ 1,328	$ 76,930	$ 73,047	$ 5,211

DEBT SERVICE FUND

The City maintains one fund to account for payment of principal and interest on the following general obligation debt: bonds, certificates of obligation, and equipment acquisition notes.

CITY OF DALLAS, TEXAS
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
Year Ended September 30, 2020
(in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget--
	Original	Final	Budget Basis	Positive (Negative)
Revenues:				
Ad valorem taxes	$ 287,449	$ 287,449	$ 287,862	$ 413
"Build America Bonds" Federal Subsidy	1,279	1,279	1,219	(60)
Investment income	200	200	1,138	938
Total revenues	288,928	288,928	290,219	1,291
Expenditures:				
Principal	162,856	162,856	159,341	3,515
Interest and fiscal charges	120,461	120,461	101,684	18,777
Other	22,163	22,163	22,163	-
Total expenditures	305,480	305,480	283,188	22,292
Deficiency of revenues over expenditures	(16,552)	(16,552)	7,031	23,583
Other financing sources:				
Transfers	16,609	16,609	5,223	(11,386)
Deficiency of revenues and other financing sources over expenditures	57	57	12,254	12,197
Fund balance, beginning of year	19,086	19,086	19,086	-
Fund balance, end of year	$ 19,143	$ 19,143	$ 31,340	$ 12,197

DISCRETELY PRESENTED COMPONENT UNITS

Housing Finance Corporation – organized to issue tax-exempt mortgage revenue bonds to encourage low to moderate income citizen opportunities for single family residential home ownership.

Housing Acquisition and Development Corporation – organized solely and exclusively for the public purpose of providing safe, affordable housing facilities which are incidental thereto for the benefit of low and moderate-income persons.

Dallas Development Fund – organized to assist in carrying out the economic development program and objectives of the City by generating private investment capital through the New Markets Tax Credit Program to be made available for investment in low-income communities.

Downtown Dallas Development Authority – to account for tax increment financing revenue bonds issued to finance major improvements by developers on behalf of the City.

North Oak Cliff Municipal Management District – organized to promote, develop, encourage and maintain employment, commerce, transportation, housing, tourism, recreation, and the arts, entertainment, economic development, safety, the public welfare in the district, and educational scholarships for college-bound students residing in or out of the District.

Cypress Waters Municipal Management District – organized to promote, develop, encourage and maintain employment, commerce, transportation, housing, tourism, recreation, the arts, entertainment, economic development, safety, and the public welfare in the District.

Dallas Convention Center Hotel Development Corporation – organized to promote the development of the geographic area of the City included at or in the vicinity of the Dallas Convention Center, in furtherance of the promotion, development, encouragement and maintenance of employment, commerce, convention and meeting activity, tourism, and economic development in the City, including specifically, without limitation, the development and financing of a convention center hotel to be located within 1,000 feet of the Dallas Convention Center.

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
As of September 30, 2020
(in thousands)

	Governmental-type Activities Component Units							Business-Type Activities
	Housing Finance Corporation *	Housing Acquisition and Development Corporation	Dallas Development Fund	Downtown Dallas Development Authority	North Oak Cliff Municipal Management District	Cypress Waters Municipal Management District	Total Governmental	Dallas Convention Center Hotel Development Corporation *
Assets:								
Current assets:								
Cash and cash equivalents	$ 2,706	$ 477	$ 3,677	$ 41,762	$ 7	$ -	$ 48,629	$ 122,824
Investments, at fair value	2,502	-	12	-	-	-	2,514	-
Receivables	910	-	309	-	-	-	1,219	6,077
Inventory	-	-	-	-	-	-	-	719
Prepaid expenses	13	-	17	-	-	-	30	5,442
Land held for resale	-	408	-	-	-	-	408	-
Franchise fee								
(net of accumulated amortization)	-	-	-	-	-	-	-	114
Other assets	-	-	1,185	-	-	-	1,185	-
Restricted assets:								
Cash and cash equivalents	-	-	566	8,280	-	-	8,846	30,838
Investments, at fair value		-	-	-	-	-	-	37,052
Capital assets:								
Buildings		-	-	-	-	-	-	332,813
Furniture, fixtures, and equipment		-	-	-	-	-	-	47,154
Land	1,270	-	-	-	-	-	1,270	27,511
Construction in progress		-	-	-	-	-	-	13,226
Less: Accumulated depreciation	-	-	-	-	-	-	-	(108,530)
Total assets	7,401	885	5,766	50,042	7	-	64,101	515,240
Deferred outflows of resources	-	-	-	-	-	-	-	484
Liabilities:								
Accrued payroll	-	-	-	-	-	-	-	1,461
Accounts payable	-	14	145	225	-	-	384	5,339
Developer payable	-	-	-	25,363	-	-	25,363	-
Accrued expenses	-	-	-	-	-	-	-	1,082
Accrued taxes payable	-	-	-	-	-	-	-	736
Unearned revenue	944	-	566	-	-	-	1,510	8,248
Accrued interest payable	-	-	-	181	-	-	181	15,054
Accounts payable Omni	-	-	-	-	-	-	-	1,807
Other liabilities	-	-	337	-	-	326	663	75
Long-term liabilities:						-		
Due within one year	-	-	-	3,208	-		3,208	10,325
Due in more than one year	-	-	-	87,605	-	-	87,605	447,551
Total liabilities	944	14	1,048	116,582	-	326	118,914	491,678
Deferred inflows of resources	-	-	-	-	-	-	-	25
Net position:								
Net investment in capital assets	326	-	-	-	-	-	326	(62,346)
Restricted for debt service	-	276	-	8,099	-	-	8,375	-
Unrestricted	6,131	595	4,718	(74,639)	7	(326)	(63,514)	86,367
Total net position	$ 6,457	$ 871	$ 4,718	$ (66,540)	$ 7	$ (326)	$ (54,813)	$ 24,021

* The information reported for the Housing Finance Corporation and the Dallas Convention Center Hotel Development Corporation is as of December 31, 2019.

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
Year Ended September 30, 2020
(in thousands)

	Governmental-type Activities Component Units							Business-Type Activities
	Housing Finance Corporation *	Housing Acquisition and Development Corporation	Dallas Development Fund	Downtown Dallas Development Authority	North Oak Cliff Municipal Management District	Cypress Waters Municipal Management District	Total	Dallas Convention Center Hotel Development Corporation *
Operating revenues:								
Charges for services	$ 584	$ -	$ 2,306	$ -	$ -	$ -	$ 2,890	$ 105,415
Other revenues	2	369	23	-	-	-	394	-
Intergovernmental	-	-	-	33,095	-	-	33,095	-
Total operating revenues	586	369	2,329	33,095	-	-	36,379	105,415
Operating expenses:								
Personnel services	-	32	-	-	-	-	32	-
Contractual and other services	75	216	1,781	25,593	-	-	27,665	71,422
Interest and service charges	-	-	-	5,377	-	-	5,377	-
Depreciation and amortization	-	-	-	-	-	-	-	13,329
Total operating expenses	75	248	1,781	30,970	-	-	33,074	84,751
							-	
Operating income (loss)	511	121	548	2,125	-	-	3,305	20,664
Nonoperating revenues (expenses):								
Interest and dividends	-	-	-	131	-	-	131	3,921
Interest on bonds	-	-	-	-	-	-	-	(31,053)
City tax revenue	-	-	-	-	-	-	-	8,584
Other revenues (expenses)	621	-	-	-	-	-	621	10,247
Total nonoperating revenues (expenses)	621	-	-	131	-	-	752	(8,301)
							-	
Change in net position	1,132	121	548	2,256	-	-	4,057	12,363
							-	
Net position, beginning of year	5,325	750	4,170	(68,796)	7	(326)	(58,870)	11,658
Net position, end of year	$ 6,457	$ 871	$ 4,718	$ (66,540)	$ 7	$ (326)	$ (54,813)	$ 24,021

* The information reported for the Housing Finance Corporation and the Dallas Convention Center Hotel Development Corporation is as of December 31, 2019.

CITY OF DALLAS, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS BY SOURCE
As of September 30, 2020
(in thousands)

Governmental funds capital assets:		
Land	$	514,331
Construction in progress		541,672
Buildings		1,461,695
Improvements other than buildings		752,511
Equipment		672,109
Infrastructure		2,944,919
Artwork		49,953
Total governmental funds capital assets	$	6,937,190
Investments in governmental funds capital assets by source:		
General fund	$	258,565
Other trust and agency funds - municipality		130,919
Special revenue fund		224,986
Capital projects fund		5,328,260
Transfer from (to) enterprise funds		405,338
Gifts and forfeitures		589,122
Total investments in governmental funds capital assets by source	$	6,937,190

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included as governmental activities in the statement of net position.

CITY OF DALLAS, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
As of September 30, 2020
(in thousands)

Function and Activity	Land	Construction in Progress	Buildings	Improvements Other than Buildings	Equipment	Infrastructure	Artwork	Total
General government								
City attorney	$ -	$ -	$ -	$ 8	$ 383	$ -	$ -	$ 391
City auditor	-	-	-	-	112	-	-	112
Office of financial services	-	-	4	1,424	42,208	1,487	-	45,123
Municipal Court	-	-	826	-	4,044	30	-	4,900
City secretary	-	-	-	-	129	-	-	129
Civil service	-	-	-	-	118	-	-	118
Planning and development	24,296	-	33,745	43,472	22,529	128,796	-	252,838
Employee retirement	-	-	-	-	13	-	-	13
Equipment, communications and information services	1,609	-	61,468	3,345	114,517	12,259	-	193,198
Human resources	-	-	-	-	5,653	-	-	5,653
International Affairs	-	-	-	-	28	-	-	28
Mayor and council	-	-	-	-	431	-	-	431
Police and fire pension	-	-	-	-	30	-	-	30
Public safety								
Fire	3,493	-	26,847	52	127,864	21	-	158,277
Police	9,329	-	94,018	50	40,750	3,181	-	147,328
Public market	4,771	-	4,355	515	199	741	-	10,581
Code Compliance	-	-	1,071	-	2,080	-	-	3,151
Environmental and health services	3,741	-	7,234	866	924	478	-	13,243
Public works and transportation	264,764	-	606,682	97,820	139,314	2,657,157	528	3,766,265
Culture and recreation	164,871	-	512,344	603,125	32,068	31,513	49,365	1,393,286
Library	1,178	-	63,255	29	132,047	348	-	196,857
Housing	6,846	-	10,106	1,805	462	13,539	60	32,818
Unallocated - Primarily assets acquired prior to 1977	29,433	-	39,740	-	6,206	95,369	-	170,748
Construction in progress	-	541,672	-	-	-	-	-	541,672
Total Capital Assets of governmental funds	$ 514,331	$ 541,672	$ 1,461,695	$ 752,511	$ 672,109	$ 2,944,919	$ 49,953	$ 6,937,190

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included as governmental activities in the statement of net position.

CITY OF DALLAS, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
As of September 30, 2020
(in thousands)

Function and Activity	Governmental Funds Capital Assets 09/30/19	Additions	Dispositions	Governmental Funds Capital Assets 09/30/20
General government				
City attorney	$ 352	$ 39	$ -	$ 391
City auditor	112	-	-	112
Office of financial services	44,981	142	-	45,123
Muncipal court	4,621	279	-	4,900
City secretary	129	-	-	129
Civil service	118	-	-	118
Planning and development	240,915	11,922	-	252,837
Employee retirement	13	-	-	13
Equipment, communications and information services	181,616	14,316	2,735	193,197
Human resources	5,653	-	-	5,653
International affairs	28	-	-	28
Mayor and council	212	219	-	431
Police and fire pension	30	-	-	30
Public safety	-			
Fire	154,808	11,940	8,471	158,277
Police	146,255	1,165	92	147,328
Public market	10,581	-	-	10,581
Code compliance	2,198	953	-	3,151
Environmental and health services	13,243	-	-	13,243
Public works and transportation	3,634,381	131,946	60	3,766,267
Culture and recreation	1,380,182	13,116	9	1,393,289
Housing	31,496	1,322	-	32,818
Library	192,912	3,944	-	196,856
Unallocated - primarily assets acquired prior to 1977	170,746	-	-	170,746
Construction in progress	426,684	256,235	141,247	541,672
Total capital assets used in the operation of governmental funds	$ 6,642,266	$ 447,538	$ 152,614	$ 6,937,190

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included as governmental activities in the statement of net position.

“Our Product is Service”
Empathy | Ethics | Excellence | Equity

STATISTICAL SECTION

STATISTICAL SECTION

(Unaudited)

The City of Dallas comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall health.

		Tables
Financial Trends	These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	1-4
Revenue Capacity	These schedules present information to help the reader assess the City's most significant local revenue source, the property tax.	5-9
Debt Capacity	These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	10-15
Demographic & Economic Information	These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	16-17
Operating information	These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	18-20

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year.

CITY OF DALLAS, TEXAS
NET POSITION BY COMPONENT
Last Ten Fiscal Years (Unaudited)
(accrual basis of accounting)
(in thousands)

	2011	2012	2013	2014 [1]
Governmental Activities				
Net investment in capital assets	$ 2,144,338	$ 2,201,645	$ 2,241,628	$ 2,406,821
Restricted	188,549	159,022	216,280	144,269
Unrestricted	(270,121)	(279,979)	(294,490)	(306,474)
Total Governmental Activities net position	2,062,766	2,080,688	2,163,418	2,244,616
Business-Type Activities				
Net investment in capital assets	2,586,775	2,648,976	2,738,208	2,770,931
Restricted for debt service	172,515	214,249	212,472	223,230
Unrestricted	273,611	290,977	292,801	362,862
Total Business-Type Activities net position	3,032,901	3,154,202	3,243,481	3,357,023
Primary government				
Net investment in capital assets	4,731,113	4,850,621	4,979,836	5,177,752
Restricted	361,064	373,271	428,752	367,499
Unrestricted	3,490	10,998	(1,689)	56,388
Total primary government net position	$ 5,095,667	$ 5,234,890	$ 5,406,899	$ 5,601,639

[1] 2014 was not restated because the information was not available.

[2] In fiscal year 2016, Sanitation was reclassified from governmental activities to business-type activities.

[3] 2017 was not restated because the information was not available.

[4] The 2018 classifications of net postion for the Business-Type Activities have been updated to be consistent with the 2019 presentation.

*Source: Comprehensive Annual Financial Report for the respective years unless restated, which is from the subsequent year's Comprehensive Annual Financial Report, Management Discussion and Analysis

Table 1

2015	2016 (2)	2017 (3)	2018 (4)	2019	2020
$ 2,520,158	$ 2,640,551	$ 2,746,024	$ 2,818,586	$ 2,776,179	$ 2,779,462
195,210	169,538	180,303	263,184	272,002	477,600
(5,393,940)	(6,163,516)	(6,773,455)	(5,903,832)	(5,752,159)	(5,560,832)
(2,678,572)	(3,353,427)	(3,847,128)	(2,822,062)	(2,703,978)	(2,303,770)
2,778,732	2,917,498	3,009,285	3,200,152	3,292,594	3,389,626
261,399	288,970	360,630	362,960	394,465	421,790
239,436	1,946	(50,473)	(142,755)	(224,444)	(285,914)
3,279,567	3,208,414	3,319,442	3,420,357	3,462,615	3,525,502
5,298,890	5,558,049	5,755,309	6,018,738	6,068,773	6,169,088
456,609	458,508	540,933	626,144	666,467	899,390
(5,154,504)	(6,161,570)	(6,823,928)	(6,046,587)	(5,976,603)	(5,846,746)
$ 600,995	$ (145,013)	$ (527,686)	$ 598,295	$ 758,637	$ 1,221,732

CITY OF DALLAS, TEXAS
CHANGE IN NET POSITION
Last Ten Fiscal Years (Unaudited)
(accrual basis of accounting)
(in thousands)

Expenses	2011	2012	2013	2014 (1)
Governmental Activities:				
General government	$ 180,347	$ 190,927	$ 191,643	$ 263,147
Public safety	640,010	690,906	684,636	684,808
Code enforcement (2)	-	-	-	-
Environmental and health services	23,304	20,689	19,026	16,747
Streets, lighting, sanitation, code enforcement (3)	175,984	177,005	194,248	192,981
Public works and transportation	59,553	120,640	66,755	62,168
Equipment and building services	26,848	22,999	28,259	35,369
Cultural and recreation	128,323	119,466	135,934	142,519
Housing	7,849	10,230	12,998	10,367
Human services	32,911	25,640	21,995	24,006
Interest on long-term debt	105,350	84,824	74,193	75,133
Total Governmental Activities	1,380,479	1,463,326	1,429,687	1,507,245
Business-Type Activities:				
Dallas water utilities	431,565	429,313	436,858	429,034
Convention center	80,532	80,412	93,115	90,377
Airport revenues	63,219	65,526	77,516	91,807
Sanitation (2)	-	-	-	-
Municipal radio	3,123	2,390	2,312	2,047
Building inspection	16,793	17,579	21,021	23,647
Total Business-Type Activities	595,232	595,220	630,822	636,912
Total primary government expenses	1,975,711	2,058,546	2,060,509	2,144,157
Program revenues				
Governmental Activities:				
Charges for services				
General government	100,470	92,813	101,896	100,673
Public safety	59,955	64,196	74,746	59,061
Code enforcement (2)	103,828	108,354	102,117	102,621
Environmental and health services	4	-	-	-
Streets, public works, and transportation (3)	10,356	8,113	13,361	13,143
Equipment and building services	571	911	807	882
Cultural and recreation	16,286	16,862	19,503	21,021
Housing	2,557	1,899	3,488	2,234
Human Services	9,333	1,728	142	146
Operating grants and contributions	118,369	112,654	77,534	70,935
Capital grants and contributions	32,267	13,823	39,035	85,718
Total Governmental Activities	453,996	421,353	432,629	456,434
Business-Type Activities:				
Charges for services				
Dallas water utilities	524,281	527,374	551,498	564,546
Convention center	20,640	28,727	27,936	24,207
Airport revenues	64,456	64,052	70,553	84,426
Sanitation (2)	-	-	-	-
Municipal radio	3,008	2,398	1,920	1,908
Building inspection	23,107	23,429	26,867	28,208
Operating grants and contributions	-	606	5,192	5,699
Capital grants and contributions	33,754	21,734	53,977	16,586
Total Business-Type Activities	669,246	668,320	737,943	725,580
Total primary government program revenues	1,123,242	1,089,673	1,170,572	1,182,014
Net (Expense) Revenue				
Governmental Activities	(926,483)	(1,041,973)	(997,058)	(1,050,811)
Business-Type Activities	74,014	73,100	107,121	88,668
Total primary government net expense	(852,469)	(968,873)	(889,937)	(962,143)
General Revenues:				
Taxes:				
Ad valorem tax	659,400	649,459	659,693	687,573
Sales taxes	217,148	231,327	243,697	257,467
Franchise taxes	128,757	129,508	131,009	136,951
Tax increment financing, intergovernmental	6,601	6,172	6,937	4,108
Special assessments	-	-	-	-
Interest on investments	6,830	6,469	2,526	2,667
Miscellaneous	18,252	17,558	14,448	11,235
Transfer	15,787	19,402	21,478	32,008
Total general revenues	1,052,775	1,059,895	1,079,788	1,132,009
Business-Type Activities:				
Hotel occupancy tax	44,969	40,047	45,182	50,374
Motor vehicle tax	3,470	-	-	-
Alcohol beverage tax	7,656	6,728	7,648	10,256
Investment Income	4,439	3,626	1,964	2,416
Miscellaneous	887	866	908	208
Transfer	(15,787)	(19,402)	(21,478)	(32,008)
Special item	-	(13,664)	(22,066)	(6,372)
Total Business-Type Activities	45,634	18,201	12,158	24,874
Change in Net Position				
Governmental Activities	126,292	17,922	82,730	81,198
Business-Type Activities	119,648	91,301	119,279	113,542
Total primary government	$ 245,940	$ 109,223	$ 202,009	$ 194,740

(1) Fiscal year 2014 beginning net position was not restated because information was not available.

(2) In fiscal year 2017, streets, public works, and transportation were combined. Code enforcement was reported separately.

(3) In fiscal year 2016, Sanitation was reclassified from governmental activities to business-type activities.

(4) Fiscal year 2017 beginning net position was not restated because information was not available.

*Source: Comprehensive Annual Financial Report for the respective years unless restated, which is from the subsequent year's Comprehensive Annual Financial Report, Management Discussion and Analysis

Table 2

2015	2016	2017 (4)	2018	2019	2020
$ 220,164	$ 339,671	$ 312,279	$ 371,548	$ 525,676	$ 455,389
594,747	1,345,492	1,284,942	(350,079)	672,991	674,112
-	-	60,897	51,710	63,709	49,083
18,067	19,431	17,455	18,897	16,978	16,281
213,665	195,187	222,444	-	-	-
74,130	88,141	-	202,815	219,484	205,933
36,917	50,829	46,620	50,980	50,025	40,137
160,527	222,921	201,716	213,337	224,008	188,982
17,529	32,694	23,696	15,045	6,731	3,494
20,451	26,789	25,703	21,294	22,908	23,493
63,404	80,890	70,676	70,693	78,124	76,948
1,419,601	2,402,045	2,266,428	666,240	1,880,634	1,733,852
499,585	586,505	524,308	553,038	604,779	591,692
92,661	105,869	105,864	106,487	115,311	84,969
103,950	137,143	144,903	143,697	163,250	152,267
-	116,152	103,363	100,252	132,349	116,743
2,254	3,009	2,290	2,187	2,784	2,870
28,704	45,988	38,338	36,729	48,510	36,589
727,154	994,666	919,066	942,390	1,066,983	985,130
2,146,755	3,396,711	3,185,494	1,608,630	2,947,617	2,718,982
104,237	115,901	110,857	115,092	126,722	128,650
74,126	102,308	116,033	100,658	77,288	83,899
109,391	18,984	9,959	10,654	9,719	8,044
-	71	289	-	-	120
5,572	6,551	4,378	19,714	6,337	7,117
979	1,157	886	1,241	463	394
19,972	21,467	21,831	21,853	22,367	11,859
1,994	2,973	1,646	2,782	789	375
118	122	104	-	-	-
77,038	75,560	73,693	72,807	72,000	202,759
59,712	31,092	64,858	52,942	78,769	48,349
453,139	376,186	404,534	397,743	394,454	491,566
573,327	607,329	632,469	668,624	617,510	635,940
28,211	32,858	32,892	34,361	41,180	29,725
109,777	123,757	133,677	156,167	182,475	146,976
-	102,283	106,618	110,918	123,590	122,154
1,975	1,608	1,636	1,751	1,771	1,500
31,378	33,648	33,552	34,387	36,871	32,866
5,937	6,343	6,296	6,356	6,039	31,095
21,135	37,317	22,050	34,217	29,050	22,003
771,740	945,143	969,190	1,046,781	1,038,486	1,022,259
1,224,879	1,321,329	1,373,724	1,444,524	1,432,940	1,513,825
(966,462)	(2,025,859)	(1,861,894)	(268,497)	(1,486,180)	(1,242,286)
44,586	(49,523)	50,124	104,391	(28,497)	37,129
(921,876)	(2,075,382)	(1,811,770)	(164,106)	(1,514,677)	(1,205,157)
735,913	791,420	854,136	914,272	998,861	1,080,445
275,250	285,669	295,361	307,149	320,413	314,385
132,719	140,184	144,205	151,793	140,822	125,921
4,892	6,473	8,829	11,139	12,766	12,553
-	-	-	31,070	33,038	28,525
7,550	10,089	9,567	16,601	36,304	22,885
43,588	16,771	13,792	19,372	21,530	12,645
23,120	32,856	42,303	45,157	40,530	45,135
1,223,032	1,283,462	1,368,193	1,496,553	1,604,264	1,642,494
53,931	59,225	59,746	65,307	67,836	41,602
-	-	-	-	-	-
11,247	12,058	12,624	13,323	13,877	9,747
5,901	6,786	6,505	13,279	28,999	18,823
314	699	24,332	1,343	673	621
(23,120)	(32,856)	(42,303)	(45,157)	(40,530)	(45,135)
-	-	-	-	-	-
48,273	45,912	60,904	48,095	70,855	25,658
256,570	(742,397)	(493,701)	1,228,056	118,084	400,208
92,859	(3,611)	111,028	152,486	42,358	62,787
$ 349,429	$ (746,008)	$ (382,673)	$ 1,380,542	$ 160,442	$ 462,995

CITY OF DALLAS, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years (Unaudited)
(modified accrual basis of accounting)
(in thousands)

	2011	2012	2013	2014
General Fund				
Nonspendable	$ 8,515	$ 9,289	$ 9,324	$ 10,044
Restricted	7,431	11,431	8,506	11,236
Committed	1,740	1,490	1,250	1,250
Assigned	20,446	25,621	17,086	28,905
Unassigned	83,289	101,205	120,839	129,239
Total General Fund	121,421	149,036	157,005	180,674
All Other Governmental Funds				
Nonspendable	11,974	13,116	13,647	13,885
Restricted	668,328	521,775	546,308	367,619
Committed	10,748	11,540	14,406	14,541
Total All Other Governmental Funds	691,050	546,431	574,361	396,045
Total all Governmental Funds	$ 812,471	$ 695,467	$ 731,366	$ 576,719

(1) In fiscal year 2016, Sanitation was reclassifed from governmental funds to enterprise funds.

Source: Comprehensive Annual Financial Report for the respective years unless restated, which is from the subsequent years' Comprehensive Annual Financial Report, notes to the financial statements

Table 3

2015	2016 (1)	2017	2018	2019	2020
$ 9,894	$ 10,659	$ 11,143	$ 11,227	$ 13,385	$ 15,385
8,485	9,593	12,061	10,244	11,185	8,724
10,570	1,250	1,250	1,250	1,250	2,000
29,603	15,836	38,963	20,727	37,109	41,071
141,550	153,693	171,747	212,806	234,225	277,451
200,102	191,031	235,164	256,254	297,154	344,631
17,119	17,484	14,044	10,102	9,937	10,326
650,698	761,184	658,712	894,157	997,796	990,368
14,602	13,781	17,186	22,642	25,393	30,177
682,419	792,449	689,942	926,901	1,033,126	1,030,871
$ 882,521	$ 983,480	$ 925,106	$ 1,183,155	$ 1,330,280	$ 1,375,502

CITY OF DALLAS, TEXAS
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Last Ten Fiscal Years (Unaudited)
(modified accrual basis of accounting)
(in thousands)

	2011	2012	2013	2014
REVENUES:				
Ad valorem taxes	$ 659,793	$ 650,701	$ 660,496	$ 687,891
Tax increment financing, intergovernmental	6,601	6,172	6,937	4,108
Sales taxes	217,148	231,327	243,697	257,467
Franchise fees	128,757	129,508	131,009	136,951
Licenses and permits	5,798	6,185	6,271	6,232
Intergovernmental	128,400	118,042	102,879	99,326
Service to others	232,350	224,869	236,911	255,997
Fines and forfeitures	38,781	36,336	35,525	34,079
Investment income	6,664	6,350	2,454	2,542
Special assessments	-	-	-	-
Contributions and gifts	22,236	8,555	19,367	32,057
Confiscated money awards	1,784	2,883	2,253	3,493
Other revenues	5,705	4,764	3,215	7,671
Total revenues	1,454,017	1,425,692	1,451,014	1,527,814
EXPENDITURES:				
Current:				
General government	162,471	170,268	172,910	227,195
Public safety	622,299	623,260	643,510	656,941
Code enforcement [1]	159,052	157,829	165,875	175,853
Environmental and health services	23,419	20,623	18,629	16,662
Streets, public works, and transportation [1] [2]	15,681	20,336	28,548	19,467
Equipment and building services	19,827	17,406	21,290	25,648
Culture and recreation	105,253	101,776	110,676	120,198
Housing	7,249	8,327	9,499	10,290
Human services	33,035	26,677	22,747	20,741
Debt Service:				
Principal	152,193	154,600	147,293	147,177
Interest and fiscal charges	99,080	88,608	78,611	79,256
Payment to refunded bond escrow agent	-	-	3,204	-
Capital outlay	207,362	237,055	240,196	265,262
Total expenditures	1,606,921	1,626,765	1,662,988	1,764,690
Excess(deficiency) of revenues over expenditures	(152,904)	(201,073)	(211,974)	(236,876)
OTHER FINANCING SOURCES(USES):				
Transfers in	42,946	48,093	38,508	57,022
Transfers out	(21,498)	(23,330)	(14,178)	(18,647)
Proceeds from sale of capital assets	10,662	8,157	17,427	2,238
Premium on debt issued	21,613	3,261	69,304	-
Issuance of long-term debt	159,816	47,888	517,671	41,616
Payment to refunded bond escrow agent	(217,974)	-	(380,859)	-
Proceeds from repayment of notes receivable	-	-	-	-
Refunding bonds issued	58,019	-	-	-
Total other financing sources(uses)	53,584	84,069	247,873	82,229
Net change in fund balance	$ (99,320)	$ (117,004)	$ 35,899	$ (154,647)
Debt service as a percentage of noncapital expenditures	17.95%	17.50%	15.88%	15.10%

[1] In fiscal year 2017, streets, public works, and transportation were combined.
Code enforcement was reported separately.

[2] In fiscal year 2016, Sanitation was reclassifed from governmental funds to enterprise funds.

*Source: Comprehensive Annual Financial Report for the respective years unless restated, which is from the subsequent years' Comprehensive Annual Financial Report, notes to the financial statements.

Table 4

2015	2016 [1]	2017	2018	2019	2020
$ 734,885	$ 791,087	$ 853,733	$ 912,645	$ 1,000,380	$ 1,076,976
4,892	6,473	8,829	11,139	12,766	12,553
275,250	285,669	295,361	307,149	320,413	314,385
132,719	140,184	144,205	151,793	140,822	125,921
6,047	6,232	5,242	10,555	12,612	9,274
87,633	98,329	95,019	82,637	74,820	211,170
261,685	182,959	192,420	197,862	182,517	196,546
34,879	39,262	37,336	36,278	41,931	25,051
7,235	9,804	9,324	15,801	34,471	21,886
-	-	-	31,070	33,038	28,525
25,848	15,270	18,931	23,580	29,712	33,852
4,764	3,256	2,810	4,063	2,561	2,661
9,401	12,640	14,898	18,129	12,566	8,615
1,585,238	1,591,165	1,678,108	1,802,701	1,898,609	2,067,415
203,780	224,342	240,142	314,174	380,273	440,845
685,444	700,430	721,753	752,278	784,018	854,425
186,631	129,472	40,509	42,717	43,779	44,628
17,757	18,576	16,597	16,650	16,467	15,691
17,257	18,046	112,924	107,830	128,348	126,573
23,439	24,375	25,411	25,564	22,939	25,183
129,866	140,566	147,098	159,837	151,242	149,912
13,551	11,932	14,075	3,954	3,098	2,707
20,440	25,285	25,284	19,325	22,679	21,806
168,962	165,234	169,820	168,406	205,032	204,515
84,543	93,109	89,778	96,318	101,030	105,692
-	2,880	-	30,675	-	-
204,012	228,726	213,060	266,364	268,765	296,412
1,755,682	1,782,973	1,816,451	2,004,092	2,127,670	2,288,389
(170,444)	(191,808)	(138,343)	(201,391)	(229,061)	(220,974)
41,053	54,465	64,359	77,495	79,755	97,317
(15,357)	(19,265)	(28,929)	(87,574)	(209,288)	(43,360)
32,976	610	342	716	1,711	320
95,392	31,556	-	36,444	51,803	3,798
388,895	230,310	44,197	432,359	452,205	208,121
(271,433)	-	-	-	-	-
-	6,143	-	-	-	-
204,720	2,880	-	-	-	-
476,246	306,699	79,969	459,440	376,186	266,196
$ 305,802	$ 114,891	$ (58,374)	$ 258,049	$ 147,125	$ 45,222
16.34%	16.62%	16.19%	15.23%	16.46%	15.57%

CITY OF DALLAS, TEXAS
ASSESSED VALUED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years (Unaudited)
(in thousands)

Fiscal Year	Real Property Estimated Market Value [2]	Personal Property Estimated Market Value [2]	Less: Tax-Exempt Property [2]	Total Taxable Assessed Value [1] [4]	Total Direct Tax Rate [3]
2011	$ 94,008,753	$ 13,706,221	$ (24,289,495)	$ 83,425,479	0.7970
2012	92,312,007	13,741,870	(24,060,131)	81,993,746	0.7970
2013	94,522,089	14,203,657	(25,044,024)	83,681,722	0.7970
2014	98,764,424	14,903,530	(26,416,432)	87,251,522	0.7970
2015	106,519,690	14,900,052	(28,281,532)	93,138,210	0.7970
2016	115,476,547	15,323,489	(30,481,099)	100,318,937	0.7970
2017	128,220,454	15,903,571	(33,736,396)	110,387,629	0.7825
2018	139,265,026	16,381,314	(37,331,663)	118,314,677	0.7804
2019	154,913,351	17,610,106	(42,442,471)	130,080,986	0.7767
2020	170,062,755	17,610,106	(47,435,229)	140,237,632	0.7766

Notes:

(1) Total Taxable Assessed Value represents original certified taxable value determined by the Dallas, Collin, Denton, and Rockwall Central Appraisal District.

(2) Values for each fiscal year reflect the tax rolls of the previous year (i.e., 2019 fiscal year reflects 2018 tax roll). See Note 1 in the Notes to the Financial Statements for more information.

(3) Per $100 of valuation.

(4) Exemptions are granted by the City within the constraints of Texas Constitutional law SC 5.

Source: Dallas Central Appraisal District

Table 6

CITY OF DALLAS, TEXAS
CITY TAX RATE DISTRIBUTION
Last Ten Fiscal Years (Unaudited)
(Per $100 of Assessed Value)
(in thousands)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund	$ 0.5324	$ 0.5379	$ 0.5439	$ 0.5601	$ 0.5646	$ 0.5646	$ 0.5601	$ 0.5580	$ 0.5667	$ 0.5691
Debt Service Fund	0.2646	0.2591	0.2531	0.2369	0.2324	0.2324	0.2224	0.2224	0.2100	0.2075
Total City Tax Rate	$ 0.7970	$ 0.7970	$ 0.7970	$ 0.7970	$ 0.7970	$ 0.7970	$ 0.7825	$ 0.7804	$ 0.7767	$ 0.7766

Source: Dallas Central Appraisal District

CITY OF DALLAS, TEXAS
PROPERTY TAX RATES - ALL DIRECT AND OVERALAPPING TAX RATES
(PER $100 OF ASSESSED VALUE)
Last Ten Fiscal Years (Unaudited)

	City Direct Rates (1)		Overlapping Rates (2)					
Fiscal Year	Operating General Rates	General Obligation Debt Service	Dallas County	Dallas County Community College District	Dallas Independent School District	Dallas County School Equalization	Dallas County Hospital District	Total Ad valorem Rate
2011	$ 0.53240	$ 0.26460	$ 0.24310	$ 0.09923	$ 1.23781	$ 0.01000	$ 0.27100	$ 2.65814
2012	0.53790	0.25910	0.24310	0.09967	1.29035	0.01000	0.27100	2.71112
2013	0.54390	0.25310	0.24310	0.11938	1.29035	0.00994	0.27100	2.73077
2014	0.56010	0.23690	0.24310	0.12470	1.28209	0.01000	0.27600	2.73289
2015	0.56460	0.23240	0.24310	0.12478	1.28209	0.01000	0.28600	2.74297
2016	0.56460	0.23240	0.24310	0.12365	1.28209	0.01000	0.28600	2.74184
2017	0.56010	0.22240	0.24310	0.12424	1.28209	0.01000	0.27940	2.72133
2018	0.55800	0.22240	0.24310	0.12424	1.28209	0.01000	0.27940	2.71923
2019	0.56670	0.21000	0.24310	0.12400	1.41204	0.01000	0.27940	2.84524
2020	0.56910	0.20750	0.24310	0.12400	1.31039	0.01000	0.26950	2.73359

Source: Dallas Central Appraisal District

(1) The City's basic property tax rate may be increased only by a majority vote of the City Council up to the limit of the State law, after which the City's residents may petition for a vote. Rates for debt service are set based on each year's requirements.

(2) Overlapping rates are those of local and county governments that apply to property owners within the City of Dallas.

CITY OF DALLAS, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years (Unaudited)
(in thousands)

Fiscal Year	Actual Levy Year	Taxes Levied for the Fiscal Year	Collection Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Current tax collections	Percentage of Levy		Total Tax Collections	Percentage of Levy
2011	2010	$ 664,901	$ 647,605	97.40%	$ 6,562	$ 654,167	98.39%
2012	2011	653,490	638,999	97.78%	5,561	644,560	98.63%
2013	2012	666,943	650,496	97.53%	4,572	655,068	98.22%
2014	2013	695,395	678,179	97.52%	4,258	682,437	98.14%
2015	2014	742,312	724,668	97.62%	4,468	729,136	98.23%
2016	2015	799,542	780,733	97.65%	4,431	785,164	98.20%
2017	2016	863,783	850,200	98.43%	4,853	855,053	98.99%
2018	2017	923,328	902,849	97.78%	2,858	905,707	98.09%
2019	2018	1,010,339	989,360	97.92%	3,905	993,265	98.31%
2020	2019	1,089,085	1,066,926	97.97%	2,146	1,069,072	98.16%

Source: Dallas County Tax Assessor/Collector.

Table 9

CITY OF DALLAS, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago (Unaudited)
(in thousands)

		2020			2011		
Name of Taxpayer	**Nature of Property**	**Taxable Assessed Valuation**	**Rank**	**Percent of Total Taxable Assessed Valuation**	**Taxable Assessed Valuation**	**Rank**	**Percent of Total Taxable Assessed Valuation**
Oncor Electric Delivery	Electric Utility	$ 1,039,140	1	0.74%	650,296	3	0.79%
Northpark Land Partners	Developer	740,206	2	0.57%	536,260	5	0.65%
Texas Instruments	Electronic Manufacturing	707,863	3	0.54%	710,942	2	0.87%
Southwest Airlines	Air Transportation	653,943	4	0.50%	420,767	6	0.51%
FM Village Fixed Rate LLC	Developer	565,934	5	0.44%			
AT&T Corporation	Telephone Utility	550,322	6	0.42%	$ 730,979	1	0.89%
Atmos Energy	Gas Utility	383,822	7	0.30%		-	-
Equinix LLC	Technology	374,138	8	0.29%		-	-
Teachers Insurance	Insurance	353,658	9	0.27%		-	-
Walmart Stores, Inc.	Retailer	343,318	10	0.26%	243,864	10	0.30%
Crescent TC Investors LP/Real Estate	Developer	-	-	-	636,005	4	0.78%
PC Village Apartments Dallas LP	Developer	-	-	-	279,447	8	0.34%
Galeria Mall Investors LP	Developer	-	-	-	279,429	9	0.34%
YPI Thanksgiving Tower/Central Expry ETAL	Developer	-	-	-	312,719	7	0.38%
		$ 5,712,344		4.33%	$ 4,800,708		5.85%

Source: Dallas County Tax Office

Table 10

CITY OF DALLAS, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
Year Ended September 30, 2020 (Unaudited)
(in thousands)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable [1]	Estimated Share of Overlapping Debt
Direct Debt:			
City of Dallas			
Debt repaid with property taxes			
General obligation bonds	$ 1,791,598		$ 1,791,598
Certificates of obligation	21,588		21,588
Equipment Acquisition Notes	33,071		33,071
Pension obligation bonds	227,596		227,596
Other Debt			
Capital leases payable	98,185		98,185
Commercial paper	163,500		163,500
Long-term notes payable	25,484		25,484
Subtotal, direct debt	2,361,022	100.00 %	2,361,022
Overlapping Debt:			
Carrollton-Farmers Branch ISD	198,810	8.76 %	17,416
Cedar Hill ISD	102,473	1.40 %	1,435
Collin Co	487,405	3.73 %	18,180
Collin Co CCD	524,590	3.73 %	19,567
Community ISD	119,955	0.00 %	-
Coppell ISD	367,611	5.85 %	21,505
Dallas Co	130,445	48.29 %	62,992
Dallas Co CCD	135,375	48.29 %	65,373
Dallas Co Hosp Dist	622,000	48.29 %	300,364
Dallas Co Schools	27,204	48.29 %	13,137
Dallas ISD	3,110,910	88.38 %	2,749,422
Denton Co	611,835	1.55 %	9,483
Duncanville ISD	197,615	44.73 %	88,393
Garland ISD	511,020	1.59 %	8,125
Grand Prairie ISD	452,125	2.94 %	13,293
Highland Park ISD (Dallas)	363,035	9.97 %	36,195
Irving ISD	376,200	2.26 %	8,502
Lancaster ISD	195,737	0.38 %	744
Lewisville ISD	1,405,028	0.77 %	10,819
Mesquite ISD	748,269	0.96 %	7,183
Plano ISD	753,090	10.42 %	78,472
Richardson ISD	569,961	53.66 %	305,841
Rockwall Co	144,815	0.07 %	101
Rockwall ISD	507,656	0.08 %	406
Sunnyvale ISD	92,988	0.01 %	9
Wylie ISD [Collin]	446,292	0.02 %	89
Subtotal, overlapping debt	$ 13,202,444		$ 3,837,046
City Of Dallas (direct debt)	2,361,022	100.00 %	2,361,022
Total direct and overlapping debt	$ 15,563,466		$ 6,198,068
Ratio of Direct and Estimated Share of Overlapping Tax Debt to Taxable Assessed Valuation			4.76%
Per Capita Direct and Overlapping Tax Debt (not in thousands)			4,760

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account.

[1] The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value. Debt outstanding data was obtained from each governmental unit.

CITY OF DALLAS, TEXAS
RATIO OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years (Unaudited)

	Governmental								
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Equipment Acquisition Notes	Pension Obligation Bonds	Capital Leases Payable	Commercial Paper	Long-term Notes Payable	Revenue and Refunding Bonds	General Obligation Bonds
2011	$ 1,467,092	$ 36,456	$ 43,038	$ 412,720	$ 6,231	$ -	$ 5,826	$ 2,280,946	$ -
2012	1,343,278	50,031	22,385	410,168	6,526	25,000	4,702	2,368,889	-
2013	1,452,292	36,477	9,375	407,301	17,737	-	31,635	2,423,049	-
2014	1,318,947	26,457	4,685	404,248	26,991	26,475	32,402	2,316,892	-
2015	1,558,578	21,871	-	400,411	52,488	27,880	44,208	2,577,258	-
2016	1,641,422	18,011	-	261,102	59,117	10,220	42,893	2,701,953	8,396
2017	1,486,496	14,117	-	253,016	59,565	9,650	49,027	2,900,670	7,307
2018	1,699,537	10,779	-	244,418	75,788	35,160	48,058	3,006,797	6,261
2019	1,973,099	7,997	-	346,837	118,916	3,500	43,853	2,937,671	5,352
2020	1,791,598	21,588	33,071	227,596	98,185	163,500	25,484	3,134,664	4,456

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) These ratios are calculated using personal income and population data (See Table 15).

(2) See Table 5 for property value data.

Table 11

Business-Type									
Pension Obligation Bonds	Commercial Paper	Long-term Notes Payable	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)	Total Bonded Debt	Percentage of Estimated Actual Property Value (2)	Per Capita (1)
$ 139,323	$ 36,860	$ 10,760	$ 4,439,252	14.78%	$ 3,699	$ 2,098,629	2.52%	$ 1,749
138,642	-	8,985	4,378,606	14.20%	3,628	1,964,504	2.40%	1,628
137,815	-	6,867	4,522,548	14.65%	3,670	2,043,260	2.44%	1,660
136,868	122,840	4,708	4,421,513	13.15%	3,663	1,891,205	2.17%	1,567
135,617	90,458	2,508	4,911,277	14.41%	3,948	2,116,477	2.27%	1,701
119,738	48,322	266	4,911,440	12.82%	3,904	2,048,669	2.04%	1,629
116,029	18,500	-	4,914,377	12.25%	3,870	1,876,965	1.70%	1,478
112,088	-	-	5,238,886	13.03%	4,074	2,073,083	1.75%	1,612
159,051	164,500	-	5,760,776	12.97%	4,425	2,492,336	1.92%	1,914
104,370	52,900	-	5,657,412	12.33%	4,250	2,182,679	1.56%	1,640

CITY OF DALLAS, TEXAS
LEGAL DEBT MARGIN
Last Ten Fiscal Years (Unaudited)
(in thousands)

	2011	2012	2013	2014
Total Assessed Valuation	$83,425,479	$81,993,746	$83,681,722	$87,251,522
Overall debt limitation - 10% of assessed valuation	8,342,548	8,199,375	8,368,172	8,725,152
Net Debt Subject to Limitation	1,798,332	1,666,007	1,691,184	1,547,227
Legal debt margin within 10% limitation (1)	$6,544,216	$6,533,368	$6,676,988	$7,177,925
Legal Debt Margin as a Percentage of the Debt Limit	78.4%	79.7%	79.8%	82.3%

(1) Chapter XXI, Section 3 of the City of Dallas Charter states, "The maximum bonded indebtedness of the City outstanding at any one time, and payable from taxation, shall not exceed 10% of the total assessed valuation of property shown by the last assessment roll of the City."

Table 12

2015	2016	2017	2018	2019	2020
$93,138,211	$100,318,937	$110,387,629	$118,314,677	$130,080,985	$140,237,631
9,313,821	10,031,894	11,038,763	11,831,468	13,008,099	14,023,763
1,700,335	1,774,889	1,625,654	1,816,873	2,055,841	1,939,270
$7,613,486	$8,257,005	$9,413,109	$10,014,595	$10,952,258	$12,084,493
81.7%	82.3%	85.3%	84.6%	84.2%	86.2%

CITY OF DALLAS, TEXAS
SCHEDULE OF REVENUE BOND COVERAGE
DALLAS WATER UTILITIES
Last Ten Fiscal Years (Unaudited)
(in thousands)

	Net Revenue Available for Debt Service			Debt Service Requirements [2]			Revenue
Fiscal	Gross		Net				Bond
Year	Revenue	Expense [1]	Revenue	Principal	Interest	Total	Coverage [3]
2011	$ 508,040	$ 228,844	$ 279,196	$ 96,115	$ 80,444	$ 176,559	1.58
2012	535,289	235,821	299,468	96,115	77,250	173,365	1.73
2013	554,686	233,177	321,509	89,510	84,269	173,779	1.85
2014	569,822	246,141	323,681	94,545	84,134	178,679	1.81
2015	568,841	287,983	280,858	96,675	86,186	182,861	1.54
2016	619,890	306,085	313,805	100,980	79,705	180,685	1.74
2017	630,542	283,669	346,873	101,803	85,955	187,758	1.85
2018	675,938	289,470	386,468	114,210	82,735	196,945	1.96
2019	626,181	278,649	347,532	116,320	83,241	199,561	1.74
2020	657,258	306,652	350,606	125,635	83,399	209,034	1.68

[1] Operating expenses do not include depreciation or any PILOT payments or similar payments that are not considered expenses of the operation and maintenance of the Water and Wastewater System.

Operating expenses includes payments for the Water Transmission Facilities Financing Agreement in, as explained in note 11.S. Per Texas Government Code, Section 1502.056(c), "a contract between a municipality and an issuer, as defined by Section 1201.002, under which the municipality obtains from the issuer part or all of the facilities or services of a utility system to that payments made by the municipality from the revenue of the utility system are an operating expense of the municipality's utility system."

[2] Includes principal and interest of revenue bonds only. It does not include the general obligation bonds reported in the enterprise fund.

[3] Revenue bond coverage is equal to net revenue available for debt service divided by total principal and interest.

CITY OF DALLAS, TEXAS
SCHEDULE OF REVENUE BOND COVERAGE
CONVENTION CENTER FUND
Last Ten Fiscal Years (Unaudited)
(in thousands)

	Net Revenue Available for Debt Service			Debt Service Requirements [2]			Revenue
Fiscal Year	Gross Revenue	Expense [1]	Net Revenue	Principal	Interest	Total	Revenue Bond Coverage [3]
2011	$ 77,332	$ 38,354	$ 38,978	$ 2,205	$ 16,487	$ 18,692	2.1
2012	75,947	44,975	30,972	2,775	16,421	19,196	1.6
2013	85,820	52,850	32,970	3,675	16,282	19,957	1.7
2014	90,356	54,606	35,750	4,640	16,098	20,738	1.7
2015	99,805	57,479	42,326	5,740	15,866	21,606	2.0
2016	110,653	70,164	40,489	6,945	15,579	22,524	1.8
2017	111,515	71,123	40,392	8,250	15,232	23,482	1.7
2018	120,196	72,193	48,003	8,665	14,820	23,485	2.0
2019	131,860	81,761	50,099	9,095	14,386	23,481	2.1
2020	86,380	51,855	34,525	9,550	13,932	23,482	1.5

(1) Convention Center Revenue bond covenants require only Convention Center expenses be considered when calculating bond coverage.

(2) Includes principal and interest of revenue bonds only. It does not include the general obligation bonds reported in the enterprise fund.

(3) Revenue bond coverage is equal to net revenue available for debt service divided by total principal and interest.

Table 15

CITY OF DALLAS, TEXAS
SCHEDULE OF REVENUE BOND COVERAGE
AIRPORT REVENUES FUND
Last Two Fiscal Years (Unaudited)
(in thousands)

	Net Revenue Available for Debt Service			Average Debt Service Requirements [2]			Revenue
Fiscal Year	Gross Revenue	Expense [1]	Net Revenue	Principal	Interest	Total	Bond Coverage [3]
2018 [4]	$ 130,965	$ 74,949	$ 56,016	$ 12,498	$ 6,757	$ 19,255	2.91
2019	159,229	91,555	67,674	13,002	6,497	19,498	3.47
2020	162,761	77,693	85,068	13,298	6,223	19,521	4.36

(1) Operating expenses do not include depreciation.

(2) Includes principal and interest of revenue bonds only. It does not include the general obligation bonds reported in the enterprise fund.

(3) Revenue bond coverage is equal to net revenue available for debt service divided by average principal and interest outstanding at fiscal year end.

(4) Debt service payments from net revenues began in fiscal year 2018.

CITY OF DALLAS, TEXAS
DEMOGRAPHIC STATISTICS AND ECONOMIC STATISTICS
Last Ten Fiscal Years (Unaudited)

Fiscal Year	Population [1]	Personal Income	Per Capita Personal Income	Median Household Income	Median Age	Assessed Valuation (in thousands)	Labor Force	Unemployment [2]	Unemployment Rate [2]
2011	1,200,530 [5]	$ 30,042,062,720 [3]	$ 25,024 [4]	$ 42,911 [3]	31.6 [3]	$ 83,425,479 [7]	607,860	52,884	8.7 %
2012	1,207,420	30,842,940,190 [3]	25,545 [4]	43,804 [3]	31.7 [3]	81,993,746 [7]	580,975	44,955	7.7 %
2013	1,232,243	30,868,803,800 [3]	25,051 [4]	41,318 [3]	32.0 [3]	83,681,722 [7]	591,278	39,966	6.8 %
2014	1,232,360	33,615,083,720 [3]	27,277 [4]	41,666 [3]	32.3 [3]	87,251,522 [7]	596,473	34,977	5.9 %
2015	1,244,270	34,081,929,000 [3]	27,391 [4]	43,103 [3]	32.1 [3]	93,138,211 [7]	642,785	26,917	4.2 %
2016	1,257,730	38,299,687,300	30,451 [4]	44,461 [3]	32.5 [3]	100,318,937 [7]	661,622	25,627	3.9 %
2017	1,270,170	40,127,279,400 [3]	31,592 [4]	46,581 [3]	32.7 [3]	110,387,629	676,091	27,356	4.1 %
2018	1,286,380	40,212,238,800 [3]	31,260 [4]	47,285 [3]	32.5 [3]	118,314,677 [7]	694,383	25,302	3.7 %
2019	1,301,970	44,411,357,000 [3]	34,111 [4]	51,419 [3]	32.9 [3]	130,080,985 [7]	706,339	24,144	3.4 %
2020	1,330,612	45,878,171,148	34,479	52,580 [3]	32.7 [3]	140,237,631 [7]	695,823	45,769	6.6 %

(1) North Central Texas Council of Governments estimate

(2) U.S. Bureau of Labor Statistics

(3) Personal Income, Median Household Income, and Median Age are averages of previous two years. Personal income is the aggregate income in the past 12 months. Census Bureau.

(4) Per Capita Personal Income is derived from Population and Personal Income values. Census Bureau.

(5) The 2011 North Central Texas Council of Governments estimate in based on 2010 Census and is not a continuation of previous 2001-2009 estimates. 2014 data obtained from United States Census Bureau.

(7) Consolidated Appraisal Value from Budget Office

All values by year are current estimates as published by the source at the date of publication. Updates to the values after publication date by their source are not reflected.

Table 17

CITY OF DALLAS, TEXAS
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago (Unaudited)

	2020			2011		
Name of Employers	**Employees**	**Rank**	**Percentage of Total Employment**	**Employees**	**Rank**	**Percentage of Total Employment**
Dallas Independent School District(3)	22,674	1	1.91%	18,868	1	16.00%
City of Dallas(4)	13,000	2	1.10%	12,219	3	11.10%
AT&T Inc. (1)	10,876	3	0.92%	-		-
Medical City Dallas(2)	10,836	4	0.91%	-		-
Parkland Health & Hosp System(2)	10,462	5	0.88%	9,500	5	8.00%
Children's Medical Center Dallas(2)	7,781	6	0.66%	5,605	10	4.70%
Dallas County Community College(5)	6,971	7	0.59%	6,001	8	5.10%
Dallas County(6)	6,500	8	0.55%	7,427	7	6.30%
Texas Instruments Inc. (1)	6,239	9	0.53%	10,025	4	8.50%
Walmart Supercenter(2)	6,086	10	0.51%	-		-
Childrens Health	6,406	11	0.54%	-		-
Walmart Stores	5,425	12	0.46%	-		-
Methodist Dallas Med Ctr(2)	5,301	11	0.45%	-		-
Sheraton Dallas Hotel(2)	4,789	12	0.40%	-		-
Texas Health Resources(2)	4,618	13	0.39%	-		-
UT Southwestern Medical Center	-		-	13,053	2	11.30%
Baylor Scott & White Health	-		-	7,847	6	6.60%
Presbyterian Hospital of Dallas	-		-	5,917	9	5.00%
Total	127,964		10.78%	96,462		82.60%

Source (1): CoStar, 2020; ReferenceUSA, 2020
Source (2): ReferenceUSA, 2020
Source (3): Dallas Independent School District, 2020
Source (4): City of Dallas - Annual Budget, FY20-21
Source (5): Dallas County Community College, 2020
Source (6): Dallas County, 2020

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CITY OF DALLAS, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last ten fiscal years (Unaudited)

Function/Program	2011	2012	2013	2014
Public safety				
Police stations	8	8	8	8
Fire stations	56	56	57	57
Streets, public works and transportation				
Streets - paved (miles)	4,020	4,028	4,031	4,033
Lane miles	11,804	11,676	11,701	11,771
Traffic signals	1,328	1,333	1,342	1,348
Street lights	86,321	86,406	87,263	87,355
Parks and recreation				
Parks	371	378	374	381
Parks acres	23,080	23,164	23,331	22,842
Miles of trails (jogging, hiking & biking)	107	125	130	130
Number of lakes	18	18	18	13
Swimming pools	22	22	20	18
Spraygrounds "Water-enhanced playground"	8	8	10	10
Athletic fields (soccer, football, baseball & rugby)	278	278	272	272
Tennis centers	5	5	5	5
Number of tennis courts	81	81	81	81
Neighborhood tennis courts	171	171	177	177
Multi-use courts	154	154	156	156
Golf courses (18 holes)	6	6	6	6
Recreation centers (community)	43	43	43	43
Water				
Water mains (miles)	5,166	4,915	4,922	4,922
Fire hydrants	27,800	29,028	29,243	29,626
Wastewater				
Miles of sanitary sewers	4,364	4,020	4,017	4,017
Miles of storm sewers	1,788	1,790	1,791	1,791

Source: City capital asset records

TABLE 18

2015	2016	2017	2018	2019	2020
8	8	8	8	8	8
58	58	58	58	58	58
4,041	4,034	4,027	4,027	4,056	4,069
11,754	11,775	11,757	11,755	11,811	11,860
1,354	1,354	1,368	1,373	1,383	1,399
87,790	87,790	91,000	88,122	92,542	92,909
380	389	396	397	397	397
23,470	23,147	20,109	20,245	20,109	23,464
144	153	158	161	162	168
13	13	13	13	40	40
18	19	19	20	19	19
11	11	11	11	11	11
271	278	274	269	287	287
5	5	5	5	5	5
81	81	99	99	99	99
177	177	157	157	157	157
153	154	158	154	159	159
6	6	6	6	6	6
43	43	43	43	43	43
4,925	4,937	4,955	4,983	4,986	5,005
29,666	29,857	30,176	30,558	30,707	30,950
4,017	4,020	4,022	4,040	4,046	4,052
1,800	1,820	1,838	1,963	1,963	1,869

CITY OF DALLAS, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years (Unaudited)

Function/Program	2011	2012	2013	2014
Public Safety				
Police				
Calls for Service	632,365	589,865	591,997	590,443
Fire				
Calls for Service - Fire	145,298	59,784	46,127	42,346
Calls for Service - EMS	173,666	172,032	193,820	195,802
Recreation				
Number of Membership Scans	N/A	N/A	348,830	545,998
Building Permits				
Permits Issued	34,786	43,064	38,478	36,044
Estimated Value	$3,083,719,959	$2,310,325,994	$2,652,432,543	$3,305,921,947
Airport				
Airport Operations (Takeoffs and Landings)	178,054	177,067	178,232	176,889
Utilities (millions of gallons)				
Water Usage - Peak	683	649	583	535
Water Usage - Average	428	395	391	369

Source: Department annual records

Note:
N/A - Information not available

Table 19

2015	2016	2017	2018	2019	2020
599,319	628,871	608,548	586,727	617,111	587,564
41,049	43,228	43,783	53,171	49,594	60,892
189,894	202,212	206,323	206,161	205,245	172,993
564,684	632,246	453,369	344,127	361,833	17,913
37,951	41,480	40,650	38,826	44,981	40,013
$4,097,419,967	$4,636,962,395	$4,264,728,943	$4,011,159,859	$4,730,498,312	$4,025,997,722
209,121	223,997	225,754	232,380	229,594	187,220
619	592	511	607	606	588
374	369	372	389	369	380

Table 20

CITY OF DALLAS, TEXAS
HEADCOUNT OF CITY GOVERNMENT EMPLOYEES
BY FUNCTION/PROGRAM
Last Ten Fiscal Years (Unaudited)

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government										
City Manager's Office	30	20	14	15	14	12	11	13	17	13
City Attorney	116	122	144	144	149	153	157	150	159	150
City Auditor	28	20	19	22	22	22	23	25	19	20
City Controller's Office	42	44	42	42	42	41	47	48	54	65
City Secretary	14	14	15	14	15	17	18	21	23	24
Code Compliance Services	408	401	388	397	404	440	455	345	326	329
Communication & Information Services	164	168	173	170	163	170	188	187	179	198
Dallas Animal Services	-	-	-	-	-	-	-	131	148	154
Office of Economic Development	40	40	41	41	39	36	37	27	24	30
Equipment and Building Services [2]	360	381	435	461	461	452	491	469	-	
Equipment & Fleet Management	-	-	-	-	-	-	-	-	216	237
Building Services Department	-	-	-	-	-	-	-	-	169	176
Office of Budget	28	30	39	39	47	30	31	34	36	42
Office of Bond Program Administration	-	-	-	-	-	-	-	-	-	12
Human Resources	50	40	41	47	49	53	54	49	53	53
Housing & Neighborhood Revitalization	-	-	-	-	-	-	-	40	41	45
Housing	412	391	364	357	367	357	304	-	-	
Office of Cultural Affairs	47	56	64	61	64	63	63	68	64	51
Municipal Court-Judiciary	37	32	34	33	32	29	32	30	27	26
Courts & Detention Services	155	161	151	145	152	158	153	140	202	197
Office of Procurement Services	40	39	39	41	41	40	36	31	34	34
Planning & Urban Design	-	-	-	-	23	28	28	26	25	26
Sustainable Development & Construction Services	-	-	-	-	-	-	-	297	310	308
Library	278	259	264	266	348	391	389	407	415	382
Management Services	137	164	160	164	160	181	199	452	505	494
Subtotal	2,386	2,382	2,427	2,459	2,592	2,673	2,716	2,990	3,046	3,066
Public Safety										
Police-Uniform	3,510	3,470	3,463	3,524	3,483	3,354	3,075	3,033	3,077	3,161
Police-Civilian	550	541	557	540	545	550	624	568	550	506
Fire-Uniform	1,738	1,874	1,870	1,867	1,901	1,878	1,811	1,940	1,986	1,986
Fire-Civilian	84	85	82	92	104	102	105	103	98	101
Subtotal	5,882	5,970	5,972	6,023	6,033	5,884	5,615	5,644	5,711	5,754
Development Services	197	224	237	264	269	280	299	-	-	-
Public Works										
Public Works & Transportation	272	140	143	144	138	137	-	-	-	-
Streets, Public Works, and Transportation [1]	400	496	485	491	510	508	609	633	-	-
Public Works	-	-	-	-	-	-	-	-	445	433
Trinity Watershed Management	147	172	170	193	205	207	209	208	-	-
Transportation	-	-	-	-	-	-	-	-	133	133
Subtotal	819	808	798	828	853	852	818	841	578	566
Parks and Recreation	594	581	598	614	661	729	691	702	690	676
Water Utilities	1,369	1,406	1,440	1,432	1,463	1,439	1,439	1,363	1,520	1,473
Convention & Events Services	83	80	71	74	80	98	111	106	27	28
Aviation	170	178	196	187	203	206	240	261	277	270
Sanitation	451	458	460	472	488	483	487	483	491	480
Other										
Mayor & Council	35	37	37	36	39	37	40	37	39	34
Employee Retirement	20	21	22	19	23	25	28	29	31	33
Civil Services	13	15	18	20	24	22	28	26	27	24
Office of Risk Management	-	23	24	24	22	27	26	36	37	41
Subtotal	68	96	101	99	108	111	122	128	134	132
Total	11,568	11,725	11,840	11,980	12,262	12,272	12,538	12,518	12,474	12,445

Source: City Human Resources Records

[1] In fiscal year 2017, streets, public works, and transportation were combined.

[2] In fiscal year 2019, Equipment and Building Services were reorganized as two separate departments - Equipment and Fleet Management and Building Services

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Publication FY21-21 #27

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

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SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following summary of certain provisions of the Indenture has incorporated those amendments to the Indenture specifically approved by Owners of the Bonds through the purchase of the Bonds. See "AMENDMENTS TO ORIGINAL INDENTURE" herein for additional information concerning such amendments.

Definitions

Unless otherwise expressly provided or unless the context clearly requires otherwise, the following terms shall have the respective meanings specified below or in the Bond Resolutions for all purposes of the Indenture:

"Accounting Principles" shall mean the accounting principles described in the notes to the Audit as such principles may be changed from time to time to comply with State laws or regulations.

"Act" shall mean Chapter 431, Texas Transportation Code, as amended.

"Additional Parity Bonds" shall mean the additional parity General Airport Revenue Bonds permitted to be issued by the Corporation pursuant to the Indenture.

"Airport Consultant" shall mean a nationally recognized independent firm, person or corporation having a widely known and favorable reputation for special skill, knowledge and experience in methods of developing, operating and financing airports of approximately the same size as the properties constituting Love Field.

"Airport System" shall mean all airport, heliport and aviation facilities, or any interest therein, now or from time to time hereafter owned, operated or controlled by the City. The Airport System currently includes Love Field, Dallas Executive Airport, and the City's downtown heliport.

"Annual Debt Service" shall mean the total Debt Service on any Series of Bonds (as of the date of the calculation) divided by the remaining number of years until the final maturity of such Series of Bonds. The Average Annual Debt Service calculated under the Indenture shall remain in effect until the next date when such calculation is required under the Indenture. For the purposes of calculating the Average Annual Debt Service, any fractional year shall be included in the calculation as a full year.

"Authorized Representative" shall mean the President, the Vice President or the Treasurer of the Corporation, or any other person designated to perform a specified act, to sign a specified document or to act generally on behalf of the Corporation by a written instrument furnished to the Trustee.

"Average Annual Debt Service" shall mean the total Debt Service on any Series of Bonds (as of the date of the calculation) divided by the remaining number of years until the final maturity of such Series of Bonds. The Average Annual Debt Service calculated under the Indenture shall remain in effect until the next date when such calculation is required under the Indenture. For the purposes of calculating the Average Annual Debt Service, any fractional year shall be included in the calculation as a full year.

"Board" shall mean the Board of Directors of the Corporation.

"Bond Counsel" shall mean such nationally recognized firm or firms expert in matters relating to public finance law and the federal income tax laws relating to the issuance of municipal bonds engaged by the Corporation.

"Bond Resolutions" shall mean the resolutions from time to time adopted by the Corporation authorizing the General Airport Revenue Bonds.

"Bonds" or "General Airport Revenue Bonds" shall mean one or more Series of bonds issued by the Corporation pursuant to the Indenture and the Bond Resolutions.

"Business Day" shall mean any day which is not a Saturday, Sunday, a day on which banking institutions in the city where the Designated Trust Office (as defined in a Bond Resolution) of the Paying Agent/Registrar is located are authorized by law or executive order to close, or a legal holiday.

"City" shall mean the City of Dallas, Texas.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and the applicable provisions of any future federal income tax laws.

"Corporation" shall mean the Love Field Airport Modernization Corporation, or its legal successors.

"Costs of Issuance" shall mean all charges, costs and expenses of the Corporation incurred in connection with the authorization, issuance, sale and delivery of General Airport Revenue Bonds including, but not limited to, legal fees, financial advisory fees, bond insurance premiums, fiscal or escrow agent fees, printing fees, accounting fees, consultant fees, verification fees, travel expenses, rating agency fees, fees of the Trustee and its counsel and Attorney General fees.

"County" shall mean Dallas County, Texas.

"Debt Service" shall mean the Principal Installments and interest on the Bonds.

"Debt Service Fund" shall mean the fund so designated and created pursuant to the Indenture.

"Eligible Investments" shall mean any investments which the City is permitted to make under the laws of the State of Texas, including the Public Funds Investment Act, Chapter 2256, Texas Government Code, as described in the City's investment policy approved by the City Council.

"Event of Default" shall mean any Event of Default described in the Indenture.

"Exempt Securities" shall mean bonds or other evidences of obligations, the interest on which is exempt from federal income taxation under Section 103(a) of the Code.

"Fair Market Value" shall mean as of any particular date:

(a) as to Eligible Investments the bid and asked prices of which are published on a regular basis in a financial journal or publication of general circulation in the United States of America, the bid price for such Eligible Investments so published on, or most recently prior to, the date of valuation by the Trustee, or, in the alternative, the bid price for such Eligible Investments as provided by a pricing service selected by the Trustee, or

(b) as to Eligible Investments the bid and asked prices of which are not published on a regular basis in a financial journal or publication of general circulation in the United States of America, the average bid price on such Eligible Investments at the date of valuation by the Trustee, as reported to the Trustee by any two nationally recognized dealers (in the opinion of the Trustee) in such Eligible Investments or, in the alternative, the bid price for such Eligible Investments as provided by a pricing service selected by the Trustee.

"Fiscal Year" shall mean the twelve (12) month period commencing on October1 of a calendar year and ending September 30 of the next succeeding calendar year, or such other consecutive twelve (12) month period as determined by the Corporation.

"Fund" shall mean any one or more, as the case may be, of the separate special Funds created and established or required to be maintained pursuant to the Indenture.

"Interest Payment Date", when used in connection with any Bond, shall mean May 1 and November 1, in such years as shall be determined in accordance with the terms of the Bond Resolution governing the issuance of a Series of Bonds.

"Love Field" shall mean the general aviation airport owned and operated by the City known as Dallas Love Field.

"Mandatory Redemption Installment" shall mean, as of any particular date of calculation and with respect to any Series of Bonds, the amount of money to be applied to the mandatory redemption (including any mandatory redemption premium, if any) of Bonds in any Fiscal Year prior to maturity pursuant to the Indenture or any Bond Resolution, as such Mandatory Redemption Installment shall have been previously reduced by the principal amount of any Bonds of such Series of the maturity with respect to which such Mandatory Redemption Installment is payable which are purchased or redeemed by the Trustee in accordance with the provisions of the Indenture or of any Bond Resolution, other than a Mandatory Redemption Installment redemption or purchase.

"Maximum Annual Debt Service" shall mean the greatest amount of the Annual Debt Service on any Series of Bonds calculated for any future Fiscal Year, taking into account any Mandatory Redemption Installments scheduled to be payable on any Series of Bonds.

"Other Revenues" shall mean any monies deposited to the credit of the Pledged Revenue Fund that are pledged as a Pledged Revenue, including, without limitation, monies received from the City to restore an deficiency in the Reserve Fund as provided in the Project Financing Agreement.

"Outstanding" when used with reference to Bonds, shall mean, as of a particular date, all Bonds theretofore and thereupon delivered except: (a) any Bond cancelled by or on behalf of the Corporation or delivered to the Registrar for cancellation at or before said date, (b) any Bond defeased or no longer considered Outstanding pursuant to the provisions of the Resolution or otherwise defeased as permitted by applicable law, and (c) any such Bond in lieu of or in substitution for which another Bond shall have been delivered pursuant to the Resolution.

"Outstanding Original Indenture General Airport Revenue Bonds" shall mean the Love Field Airport Modernization Corporation General Airport Revenue Bonds, Series 2015, currently outstanding in the aggregate principal amount of $96,995,000 and the Love Field Airport Modernization Corporation General Airport Revenue Bonds, Series 2017 (AMT), currently outstanding in the aggregate principal amount of $108,335,000.

"Owner" or "Registered Owner", when used with respect to any Bond shall mean the person or entity in whose name such Bond is registered in the Register. Any reference to a particular percentage or proportion of the Owners shall mean the Owners at a particular time of the specified percentage or proportion in aggregate principal amount of all Bonds then Outstanding under the Resolution.

"Parity Bonds" shall mean the Bonds and each Series of Additional Parity Bonds from time to time hereafter issued, but only to the extent such Parity Bonds remain Outstanding.

"Paying Agent/Registrar" shall mean the bank or trust company so designated in the Bond Resolutions.

"Pledged Revenue Fund" shall mean the fund so designated and created pursuant to the Indenture.

"Pledged Revenues" shall mean

(a) All of the Corporation's right, title and interest under the Project Financing Agreement, including the right, title and interest of the Corporation to Net Revenues the Corporation is entitled to receive thereunder.

(b) Other Revenues.

(c) All moneys deposited or required to be deposited in the Pledged Revenue Fund, the Debt Service Fund, the Reserve Fund and the Project Fund held by the Trustee pursuant to the provisions of the Indenture and all interest earnings and investment income therefrom, other than any amount required to be rebated to the United States under Section 148(f) of the Code and deposited to Rebate Fund.

(d) Any and all property of every kind and nature (including without limitation, cash, obligations or securities) which may from time to time hereafter be conveyed, assigned, hypothecated, endorsed, pledged, mortgaged, granted, or delivered to or deposited with, the Trustee as additional security under the Indenture by the Corporation, or anyone on behalf of the Corporation, or which pursuant to any of the provisions of the Indenture may come into the possession or control of the Trustee as security under the Indenture, or of a receiver lawfully appointed under the Indenture, all of which property the Trustee is authorized to receive, hold and apply according to the terms of the Indenture.

"Principal Installment" shall mean, as of any particular date of computation and, (1) with respect to Current Interest Bonds of a particular Series, an amount of money equal to the aggregate of (a) the principal amount of Outstanding Current Interest Bonds of said Series which mature on a single future date, reduced by the aggregate principal amount of such Outstanding Bonds of such Series which would at or before said future date be retired as a result of Mandatory Redemption Installments applied in accordance with the Indenture plus (b) the amount of any Mandatory Redemption Installment payable on said future date for the retirement of any Outstanding Current Interest Bonds of said Series, and (2) with respect to Capital Appreciation Bonds of a particular Series, the Maturity Amount of such Capital Appreciation Bonds.

"Principal Installment Payment Date", when used in connection with any Bond, shall mean November 1 in each year such Bonds are scheduled to mature, as determined in accordance with the terms of the Bond Resolution governing the issuance of the Series of such Bonds.

"Project" shall mean improvements to Love Field that the City and the Corporation agree shall be (a) funded as general improvements to Love Field and (b) financed or refinanced from Bond proceeds.

"Project Financing Agreement" shall mean the "Amended and Restated Project Financing Agreement" between the City and the Corporation, dated as of September 1, 2021, as the same may be amended or supplemented from time to time.

"Project Fund" shall mean the fund so designated and created pursuant to the Indenture.

"Rating Agency" shall mean any nationally recognized statistical rating organization engaged by the City and then rating the Bonds or the Outstanding Original Indenture General Airport Revenue Bonds.

"Rebate Fund" shall mean the fund so designated and created pursuant the Indenture.

"Register" or "Bond Register" shall mean the books of registration kept by the Registrar in which are maintained the names and addresses of, and the principal amounts of the Bonds registered to, each Owner.

"Regulations" or "Treasury Regulations" shall mean all applicable temporary, proposed and final regulations and procedures promulgated pursuant to the Code or promulgated under the Internal Revenue Code of 1954, to the extent applicable to the Code.

"Reserve Fund" shall mean the fund so designated and created pursuant to the Indenture.

"Reserve Fund Surety Policy" shall mean a surety bond, insurance policy, letter of credit, line of credit, or other similar instrument issued by a financial institution to the Corporation for the benefit of the Owners of the Bonds issued pursuant to the terms of the Indenture to satisfy any part of the Reserve Requirement in accordance with Section 4.04 of the Indenture; provided, that the long-term senior unsecured debt obligations of such issuer are rated in one of the two highest categories of ratings by one or more Rating Agencies at the time such instrument or instruments are issued.

"Reserve Requirement" shall be computed by the Corporation annually and after the issuance of any Series of Bonds issued under the terms of the Indenture and provided to the Trustee in writing and shall be the Maximum Annual Debt Service with respect to each Series of Bonds, provided that in any event the Reserve Requirement shall be the lesser of Maximum Annual Debt Service, one hundred and twenty-five percent (125%) of Average Annual Debt Service or ten percent (10%) of the stated principal amount of the Bonds or any Series of Bonds or ten percent (10%) of the issue price of the Bonds or any Series of Bonds if the Bonds or any Series of Bonds are issued with more than a *de minimis* amount (as certified by the Corporation) of original issue discount.

"Series" shall mean all of the Bonds authenticated and delivered on issuance and pursuant to the Indenture or any Bond Resolution authorizing the issuance of such Bonds as a separate series of Bonds or any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds.

"State" or "State of Texas" shall mean the State of Texas.

"Subordinate Lien Obligations" shall mean any bonds, notes or other obligations, including contractual obligations incurred by the Corporation, secured in whole or in part by liens on the Pledged Revenues that are junior and subordinate to the lien on Pledged Revenues securing payment of the General Airport Revenue Bonds.

"Trustee" shall mean Wells Fargo Bank, National Association, and its successors in that capacity.

Trust Estate

In order to secure the payment of the principal of, redemption premium, if any, and interest on all General Airport Revenue Bonds as the same are issued and become due and payable, whether at maturity or by prior redemption, and the performance and observance of all of the covenants and conditions in the Indenture contained, and in consideration of the premises, the acceptance by the Trustee of the trusts hereby created, the purchase and acceptance of the General Airport

Revenue Bonds by the Owners thereof, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Corporation does hereby grant, bargain, convey, assign and pledge to the Trustee and its successors in trust under the Indenture, subject to the provisions of the Indenture, all of the Corporation's right, title and interest in and to the Pledged Revenues.

Creation of Funds

The following Funds are created in the Indenture: Pledged Revenue Fund; Debt Service Fund; Reserve Fund; Project Fund; Costs of Issuance Fund; and Rebate Fund. Each Fund shall be maintained by the Trustee separate and apart from all other funds of the Corporation. The Pledged Revenue Fund, the Debt Service Fund, the Reserve Fund and the Project Fund shall constitute trust funds which shall be held in trust by the Trustee solely for the benefit of the Owners of the General Airport Revenue Bonds. The Trustee, at its discretion or upon the written direction of the Corporation, may establish accounts within any Fund to enable the more efficient management of the monies on deposit in any such Fund.

Pledged Revenue Fund; Flow of Funds

No less often than the first Business Day of each month, the Corporation shall deposit Pledged Revenues into the Pledged Revenue Fund. Money in the Pledged Revenue Fund shall be held in trust by the Trustee, shall be deposited in the amounts and applied, in the following manner and order of priority:

(A) First, to the Debt Service Fund amounts necessary to make the amounts on deposit therein no less than the amount equal to the interest and Principal Installments, and premium, if any, due on the General Airport Revenue Bonds on each Interest Payment Date and Principal Installment Payment Date in the then current Fiscal Year;

(B) Second, to the Reserve Fund amounts required to attain or maintain the Reserve Requirement;

(C) Third, to the payment of the fees and expenses of the Trustee and Paying Agent/Registrar due and owing, in the then current Fiscal Year;

(D) Fourth to any fund or account created for the benefit of any Subordinate Lien Obligations issued or incurred by the Corporation; provided that immediately prior to any such transfers the deposits required by (A) through (C) above have been made or provided for; and

(E) Fifth, as directed by the Corporation, to the Project Fund to pay for any services, improvements or other costs of the Project as are agreed to by the City and the Corporation by an agreement duly authorized by the governing bodies of both the City and the Corporation; provided that immediately prior to any such transfers the deposits required or payments made by (A) through (D) above have been made or provided for.

Debt Service Fund

Money in the Debt Service Fund shall be held in trust by the Trustee. The Corporation shall deposit or cause to be deposited into the Debt Service Fund accrued interest on the General Airport Revenue Bonds, if any, moneys designated by the Corporation as capitalized interest on the General Airport Revenue Bonds, if any, transfers from the Pledged Revenue Fund as provided above, and, to the extent necessary, other Pledged Revenues in such amounts and at such times to provide that amounts necessary to pay all General Airport Revenue Obligations when due, including specifically to pay interest and Principal Installments due on the General Airport Revenue Bonds in the then current Fiscal Year. The Trustee shall transfer on each Interest Payment Date and each Principal Installment Payment Date to the Paying Agent/Registrar such amounts in the Debt Service Fund to pay Principal Installments and interest on the General Airport Revenue Bonds as the same becomes due.

Reserve Fund

Money in the Reserve Fund shall be held in trust by the Trustee. The Reserve Fund shall initially be funded as provided in the Bond Resolutions with cash, proceeds of Bonds, a Reserve Fund Surety Policy, or a combination of any of the foregoing; provided, that a Reserve Fund Surety Policy shall not be used with respect to the funds deposited to the Reserve Fund to satisfy the Reserve Requirement for the Outstanding Original Indenture General Airport Revenue Bonds; and provided, further, that the moneys in the Reserve Fund deposited for the benefit of the Outstanding Original Indenture General Airport Revenue Bonds shall be maintained for the exclusive benefit of the Owners of the Outstanding Original Indenture General Airport Revenue Bonds.

(A) If, on any Interest Payment Date or Principal Installment Payment Date, after transferring funds to the Debt Service Fund as provided in Section 4.02 of the Indenture, the Reserve Fund contains amounts less than the Reserve Requirement, the Trustee shall withdraw from the Pledged Revenue Fund and deposit into the Reserve Fund the amount required to attain the Reserve Requirement. If there are not sufficient funds in the Pledged Revenue Fund to fund the Reserve Requirement, the Trustee shall deposit into the Reserve Fund, as received, the following funds, until the Reserve Requirement is again attained:

(i) those portions of Net Revenues required to be deposited into the Reserve Fund pursuant to the Bond Resolutions and the Indenture;

(ii) all interest and income earned from the investment of amounts credited to the Reserve Fund; and

(iii) all other Pledged Revenues not required to be deposited into the Debt Service Fund or paid as fees to the Trustee or Paying Agent/Registrar.

(B) So long as the Reserve Fund contains amounts at least equal to the Reserve Requirement, all earnings on the Reserve Fund (other than amounts required to be transferred to the Rebate Fund pursuant to Section 4.07 of the Indenture) shall be transferred and deposited, as collected, into the Debt Service Fund.

(C) Each increase in the Reserve Requirement resulting from the issuance of Additional Parity Bonds shall be funded at the time of issuance and delivery of such series of Additional Parity Bonds by depositing to the credit of the Reserve Fund (i) from the proceeds of such Additional Parity Bonds or other lawfully appropriated funds, or (ii) by acquiring a Reserve Fund Surety Policy, or (iii) a combination of clauses (i) and (ii) an amount sufficient to cause the amount credited to the Reserve Fund to equal the Reserve Requirement after taking into account the issuance of such Additional Parity Bonds. With respect to Bonds other than the Outstanding Original Indenture General Airport Revenue Bonds, the Corporation further expressly reserves the right, at any time, to substitute a Reserve Fund Surety Policy for any funded amounts in the Reserve Fund for Bonds issued pursuant to the terms of the Indenture and to apply the funds thereby released, to the greatest extent permitted by law, to the payment of debt service on Bonds.

(D) Amounts deposited into the Reserve Fund shall be (i) used to pay interest on or Principal Installments of the General Airport Revenue Bonds when insufficient funds are available for such purpose in the Debt Service Fund, (ii) applied toward the payment of interest on or Principal Installments of General Airport Revenue Bonds in connection with the refunding or redemption of such General Airport Revenue Bonds, or (iii) to reimburse the provider of a Reserve Fund Surety Policy in accordance with the terms of a Reserve Fund Surety Policy. Should the Trustee determine that on any Interest Payment Date or Principal Installment Payment Date there are not sufficient funds in the Debt Service Fund available to pay interest on or principal of the Parity Bonds then due and owing, the Trustee shall transfer funds from the Reserve Fund to the Debt Service Fund or draw upon the Reserve Fund Surety Policy to the extent available to address such deficiency. Notwithstanding the foregoing, the moneys in the Reserve Fund deposited for the benefit of the Outstanding Original Indenture General Airport Revenue Bonds shall be maintained for the exclusive benefit of the Owners of the Outstanding Original Indenture General Airport Revenue Bonds.

Project Fund

The Project Fund and any accounts or subaccounts thereof shall initially be funded as provided in the Bond Resolutions. The money and securities in the Project Fund shall be held in trust by the Trustee and applied as provided in the Indenture, and until such application, the money and securities in such fund shall be subject to a lien and charge in favor of the Owners of the Bonds.

Under the Indenture, the Trustee is authorized and directed to make disbursements from the Project Fund and to issue its checks therefor or otherwise pay upon receipt of a requisition in accordance with the next succeeding paragraph. The Trustee shall keep and maintain adequate records pertaining to the Project Fund and all disbursements therefrom.

The Trustee shall use money in the Project Fund solely to pay or reimburse the Corporation for costs of the Project including Costs of Issuance and the repayment of any advances, loans, notes or other obligations used to finance Project Costs. Before any payment shall be made from the Project Fund, there shall be filed with the Trustee a completed requisition, signed by an Authorized Representative of the Corporation, the City and the construction manager for the

Project. Upon receipt of such requisition, the Trustee shall make payment from the Project Fund in accordance with such requisition.

Costs of Issuance Fund

The Trustee shall deposit to the credit of the Costs of Issuance Fund the amount set forth in the closing instructions executed by or on behalf of the Corporation in connection with the delivery of a Series of General Airport Revenue Bonds. The Trustee shall apply the monies in the Costs of Issuance Fund to the payment of Costs of Issuance, in accordance with the certificate to be delivered as provided in the Bond Resolutions in respect to the application of proceeds of General Airport Revenue Bonds. The Trustee will transfer any balance remaining in the Costs of Issuance Fund on the one hundred and eightieth (180th) day following the issuance of the Series of General Airport Revenue Bonds to the Pledged Revenue Fund.

Additional Parity Bonds

The Corporation reserves the right to issue, for any lawful purpose (including the refunding of any previously issued Parity Bonds), one or more series of Additional Parity Bonds payable from and secured by a first lien on the Pledged Revenues, on a parity with the Bonds, and any previously issued Additional Parity Bonds; provided, however, that no Additional Parity Bonds may be issued unless:

(a) The Additional Parity Bonds mature on, and interest is payable on, the Principal Installment Payment Dates and Interest Payment Dates, respectively;

(b) There shall be on deposit in the Reserve Fund, after the issuance of the Additional Parity Bonds, an amount equal to the Reserve Requirement on any Outstanding Bonds plus the Additional Parity Bonds;

(c) The Corporation is not in material default with the terms of the Indenture, any Bond Resolution, the Project Financing Agreement or any other agreement to which it is a party and has so certified; and

(d) The City delivers to the Corporation and the Trustee either (i) a written report from an Airport Consultant setting forth projections which indicate that the estimated Net Revenues of the Airport System for each of three consecutive Fiscal Years beginning in the earlier of (A) the first Fiscal Year following the estimated date of completion and initial use of all revenue producing facilities to be financed with Additional Parity Bonds, based upon a written estimated completion date by the consulting engineer for the facility or facilities, or (B) the first Fiscal Year in which the Corporation will have scheduled payments of interest on or principal of the Additional Parity Bonds to be issued for the payment of which provision has not been made as indicated in the report of the Airport Consultant from proceeds of the Additional Parity Bonds, investment income on the proceeds of such Additional Parity Bonds or from other appropriated sources (other than Net Revenues) are at least equal to 1.25 times the Average Annual Debt Service on all Outstanding Parity Bonds scheduled to occur during each respective Fiscal Year after taking into consideration the additional Debt Service requirements for the Additional Parity Bonds to be issued, or (ii) a certificate executed by the Aviation Director and countersigned by the Chief Financial Officer of the City showing that, for either the City's most recent complete Fiscal Year or for any consecutive twelve (12) out of the most recent eighteen (18) months, the Net Revenues of the Airport System were equal to at least 1.10 times the Maximum Annual Debt Service requirements of all Parity Bonds scheduled to occur in the then current or any future Fiscal Year after taking into consideration the issuance of the Additional Parity Bonds proposed to be issued.

The foregoing notwithstanding, the conditions set forth in paragraph (d) above shall not apply to the issuance of any Series of Additional Parity Bonds for refunding purposes that will have the result of reducing the maximum debt service requirements on the General Airport Revenue Bonds so refunded.

Subordinate Lien Obligations

The Corporation reserves the right to issue, for any lawful purpose, Subordinate Lien Obligations secured in whole or in part by liens on the Pledged Revenues that are junior and subordinate to the lien on Pledged Revenues securing payment of the General Airport Revenue Obligations. Such Subordinate Lien Obligations may be further secured by any other source of payment lawfully available for such purposes.

Disposition of Moneys upon Completion of Project

Upon completion of the Project, and the payment of all costs of the Project, General Airport Revenue Obligations and Subordinate Lien Obligations has been made in full, the Corporation shall deliver to the Trustee a written letter of instructions so stating that the Project is completed and such payment in full has been made. Promptly after receipt of such letter of instructions from the Corporation, the Trustee shall cause any money remaining in the Pledged Revenue Fund or the Project Fund to be transferred to the City.

Investments

Monies deposited into the Pledged Revenue Fund, the Debt Service Fund, the Reserve Fund, the Project Fund and the Costs of Issuance Fund shall be invested and reinvested in Eligible Investments as directed in writing to the Trustee by the Corporation; provided that all such Eligible Investments shall be directed by the Corporation in such manner that the money required to be expended from any Fund will be available at the proper time or times.

(A) All investments and any profits realized from or interest accruing on such investments shall belong to the Fund from which the monies for such investments were taken (except as otherwise expressly provided in the Indenture). All losses on investments shall be charged against the Fund to which such investments are credited. The Trustee shall have the right to have sold in the open market a sufficient amount of any such investments at any time that a Fund does not have sufficient uninvested funds on hand to meet the obligations payable out of such Fund. The Trustee shall not be liable or responsible for any loss resulting from any such investment or resulting from the sale of any such investment as authorized by the Indenture. The Trustee shall not be responsible for determining whether any Eligible Investments are legal investments under the laws of the State.

(B) At the direction of the Corporation, a portion of the investment income from any Fund may be paid directly to the Rebate Fund, free and clear of the lien and pledge of the Indenture, without regard to the provisions of Section 4.02 of the Indenture, for payment to the United States pursuant to Section 4.07 of the Indenture in order to maintain the tax-exempt status of the Bonds.

(C) The Trustee may make any investment through its own investment department or through any Affiliate. As amounts invested are needed for disbursement from any Funds, the Trustee shall cause a sufficient amount of the investments credited to that Fund to be redeemed or sold and converted into cash to the credit of that Fund. Securities transaction charges incident to any purchase, sale, or redemption of Eligible Investments shall be charged to the Corporation.

(D) The Corporation by its execution of the Indenture covenants to restrict the investment of money in the Funds created under the Indenture in such manner and to such extent, if any, as may be necessary, after taking into account reasonable expectations at the time the Bonds are delivered to their original purchaser, so that the Bonds will not constitute arbitrage bonds under the Code and applicable Regulations, and the Trustee agrees to comply with the Corporation's instructions with respect to the investment of money in the Funds created under the Indenture.

(E) The Corporation has covenanted to provide the Trustee with written instructions to assure that any amounts that, in accordance with the Code and applicable regulations, are required to be invested at a restricted yield will be invested either (i) in Exempt Securities or (ii) at a yield that is not materially higher than the yield on the Bonds, determined in accordance with the Code and applicable Regulations, unless in the opinion of Bond Counsel, investment of such at a higher rate will not adversely affect the exclusion from gross income of interest on the General Airport Revenue Bonds for federal income tax purposes. For the purpose of applying this Section 4.08 of the Indenture, amounts on deposit in each Fund shall be accounted for on a first in, first out basis. The Trustee, at the Corporation's written direction, is authorized to yield restrict any investment in accordance with Article VIII of the Bond Resolutions.

(F) For the purpose of determining the amount on deposit to the credit of any such Fund, obligations in which money in such Fund shall have been invested shall be valued at the Fair Market Value. The Trustee shall provide a valuation of the Eligible Investments in the Funds established under the Indenture as of the last day of each month and from time to time as otherwise necessary. The foregoing notwithstanding, moneys on deposit on the Reserve Fund shall not be invested in securities with an average weighted maturity of greater than five (5) years. If the Corporation shall fail to so direct investments, the Trustee shall invest the affected moneys in the Wells Fargo

Advantage Government Money Market Fund or a successor fund or another money market fund specified by the Corporation.

General Covenants

The Corporation covenants to promptly pay or cause to be paid all General Airport Revenue Bonds when due, including specifically to promptly pay or cause to be paid the principal of, redemption premium, if any, and interest on the General Airport Revenue Bonds as the same become due and payable, whether at maturity or by prior redemption, in accordance with the terms of the General Airport Revenue Bonds and the Bond Resolutions; to pay when due all fees, charges and other amounts due to the Trustee and the Paying Agent/Registrar for the discharge of their duties under the Indenture; and to faithfully keep and perform all of its covenants, undertakings and agreements contained in the Indenture, the Project Financing Agreement, the Bond Resolutions and the General Airport Revenue Bonds.

The Corporation covenants that it has good and indefeasible title to the Net Revenues, subject to the assignments and pledges contained in the Indenture. So long as any General Airport Revenue Bonds remain Outstanding, except as permitted by the Indenture, the Corporation covenants not to sell, transfer, assign, pledge, encumber, mortgage or otherwise dispose of, directly or indirectly, by merger or otherwise, or cause or suffer same, or create or allow to accrue or exist any lien upon, all or any part of its interest in the Pledged Revenues or any portion thereof, except for the lien of the Indenture.

The Pledged Revenues are not in any manner pledged to the payment of any debt or obligation of the Corporation other than the General Airport Revenue Bonds. The Corporation covenants that it will not in any manner pledge or further encumber the Pledged Revenues unless such pledge or encumbrance is junior and subordinate to the lien and pledge under the Indenture securing the General Airport Revenue Bonds.

The Corporation covenants not to cause any amendment of the Project Financing Agreement that will in any manner impair the rights of the Owners of the General Airport Revenue Bonds.

Events of Default

An Event of Default under the Indenture shall consist of any of the following acts or occurrences:

(A) failure to pay when due Principal Installments or interest on any General Airport Revenue Bond; or

(B) failure to deposit to the Debt Service Fund money sufficient for the payment of any Principal Installments or interest payable on the General Airport Revenue Bonds by no later than the date when such Principal Installment or interest becomes due and payable; or

(C) failure by the Corporation to observe or perform any other covenant, agreement or obligation on its part to be observed or performed contained in the Indenture or in the General Airport Revenue Bonds, which failure shall have continued for a period of thirty (30) days after written notice, either by registered or certified mail, to the Corporation specifying the failure and requiring that it be remedied, which notice may be given by the Trustee in its discretion and shall be given by the Trustee at the written request of the Holders of not less than 25 percent (25%) in aggregate principal amount of the General Airport Revenue Bonds then outstanding.

Remedies

If an Event of Default shall occur and be continuing, then, in addition to all of the other rights and remedies granted to the Trustee by the Indenture, the Trustee in its discretion, subject to the provisions of the Indenture, may proceed to protect and enforce its rights and the rights of the Owners of General Airport Revenue Bonds by suit, action or proceeding in equity or at law or otherwise, whether for the specific performance of any covenant or agreement contained in the Indenture, the Bond Resolutions or the General Airport Revenue Bonds or in aid of the execution of any power granted in the Indenture or for the enforcement of any other legal, equitable or other remedy, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce any of the rights of the Trustee or such Owners of the General Airport Revenue Bonds, including, without limitation, the right to seek a writ of mandamus issued by a court of competent jurisdiction compelling the members of the Board and/or other officers of the Corporation or the City to make payment of the Net Revenues (but only from and to the extent of the sources provided in the Indenture and the Project Financing Agreement) or to observe and perform such covenant, obligations or conditions of the Indenture or the Project Financing Agreement.

Appointment of Receivers

If an Event of Default shall occur and be continuing, and upon filing of a bill in equity or commencement of other judicial proceedings to enforce the rights of the Trustee and the Owners under the Indenture, the Trustee shall be entitled as a matter of right, and to the extent permitted by law, to the appointment of a receiver or receivers of the Pledged Revenues and the income, rents, profits and use thereof pending such proceedings, with such powers as the court making such appointment shall confer.

Notices

In order to provide the Corporation and the City with information with respect to its obligations under the Indenture, the Trustee shall provide the Corporation and the City the following notices:

(A) notice of any draws upon the Reserve Fund (including any draws upon the Reserve Fund Surety Policy) which are required to be transferred to the Debt Service Fund for the payment of Principal Installments of or interest on any General Airport Revenue Bonds, together with the description of the amount drawn; and

(B) notice of transfers to the Rebate Fund pursuant to Section 4.07 of the Indenture.

Discharge and Release of Lien

When all General Airport Revenue Bonds have been paid in full as to principal and as to interest and premium, if any, or when all General Airport Revenue Bonds have become due and payable, whether at maturity or by prior redemption or otherwise, and the Corporation shall have provided for the payment of the whole amount due or to become due on all General Airport Revenue Bonds then outstanding, including all interest which has accrued thereon or which may accrue to the date of maturity or redemption by depositing with the Trustee or the Paying Agent/Registrar, for payment of such Outstanding General Airport Revenue Bonds and the interest thereon and any premium which may be due thereon, the entire amount due or to become due thereon, or amounts and investments (without reinvestment) sufficient to provide for such payment as provided and in accordance with the terms of the Bond Resolutions, and the Corporation shall also have (a) paid or caused to be paid all sums payable hereunder by the Corporation, including the compensation due or to become due the Trustee and (b) irrevocably directed the Trustee to give notice of redemption of any such General Airport Revenue Bonds to be redeemed prior to their stated maturities, then the Trustee shall, upon receipt of a letter of instructions from the Corporation requesting the same, discharge and release the lien of the Indenture and execute and deliver to the Corporation such releases or other instruments as shall be required to release the lien hereof. The Trustee shall be entitled to receive and may conclusively rely upon a verification report to the effect that any cash and investments will be sufficient to pay when due the principal of, premium, if any, and interest due or to become due on the General Airport Revenue Bonds.

Limitation on Suits

All rights of action in respect of the Indenture shall be exercised only by the Trustee, and no Owner of any Bond secured under the Indenture shall have any right to institute any suit, action or proceeding at law or in equity for the appointment of a receiver or for any other remedy under the Indenture or by reason hereof, unless and until the Trustee shall have received written request of the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the General Airport Revenue Bonds then Outstanding and shall have been furnished reasonable indemnity and shall have refused or neglected for ten (10) days thereafter to institute such suit, action or proceedings. The making of such request and the furnishing of such indemnity shall in each and every case be conditions precedent to the execution and enforcement by any Owner of any Bond of the powers and remedies given to the Trustee under the Indenture and to the institution and maintenance by any such Owner of any action or cause of action for the appointment of a receiver or for any other remedy under the Indenture, but the Trustee may, in its discretion, and when duly requested in writing by the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the General Airport Revenue Bonds then Outstanding and when furnished indemnity satisfactory to the Trustee to protect it against expenses, charges and liability shall, forthwith, take such appropriate action by judicial proceedings or otherwise in respect of any existing default on the part of the Corporation as the Trustee may deem expedient in the interest of the Owners of the General Airport Revenue Bonds.

Acceptance of Trusts

The Trustee, for itself and its successors, accepts the trusts under the Indenture, but only upon the following terms and conditions set forth in Article VIII of the Indenture.

(a) The Trustee may execute any of the trusts or powers in the Indenture and perform any duties required of it, by or through attorneys or agents selected by it with reasonable care, and shall be entitled to advice of counsel concerning all matters of trust in the Indenture and its duties under the Indenture, and may in all cases pay such reasonable compensation as it shall deem proper to all such attorneys and agents as may reasonably be required and employed in connection with the trusts of the Indenture, and the Trustee shall not be responsible for the acts or negligence of such attorneys, agents or counsel, if selected with reasonable care.

(b) The Trustee shall not be responsible for any recitals in the Indenture, in the Bond Resolutions or in the General Airport Revenue Bonds. The Trustee may require of the Corporation full information and advice as to the performance of the covenants, conditions and agreements contained in the Indenture. The recitals and statements of fact and warranties contained in the Indenture, the Bond Resolutions and in the General Airport Revenue Bonds shall be taken as statements by the Corporation and shall not be considered as made by or as imposing any obligation or liability upon the Trustee.

(c) Except as otherwise provided in the Indenture, the Trustee shall not be bound to recognize any person as an Owner of any Bond or to take action at such person's request, unless such person's name appears as the Registered Owner of such Bond in the Register.

(d) Prior to an Event of Default under the Indenture, and after the curing of any such Event of Default, (i) the Trustee shall not be liable for the performance of any duties, except such duties as are specifically set forth in the Indenture, and no implied covenants or obligations shall be read into the Indenture against the Trustee, and (ii) in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely upon the truth, completeness and accuracy of the letters of instruction, statements, certificates, opinions, certified resolutions and other certified showings conforming to the requirements of the Indenture. The Trustee, upon receipt of documents furnished to it by or on behalf of the Corporation pursuant to the Indenture, shall examine same to determine whether or not such documents conform to the requirements of the Indenture. In case of an Event of Default which has not been cured, the Trustee shall exercise such of the rights and powers vested in it by the Indenture and shall use the same degree of care and skill in its exercise thereof as a prudent person would exercise or use under the circumstances in the conduct of such person’s own affairs.

(e) Except as otherwise expressly provided by the provisions of the Indenture, the Trustee shall not be obligated and may not be required to give or furnish any notice, demand, report, request, reply, statement, advice or opinion to any Owner of any Bond or to the Corporation or any other person, and the Trustee shall not incur any liability for its failure or refusal to give or furnish same unless obligated or required to do so by express provision of the Indenture.

(f) Nothing contained in the Indenture shall relieve the Trustee from liability for its own negligent action or failure to act or its own willful misconduct, except that the Trustee shall not incur any liability (i) for any error of judgment made in good faith by a responsible officer or responsible officers thereof, unless it shall be proved that it was negligent in ascertaining the pertinent facts, or (ii) in respect of any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of the percentage of the General Airport Revenue Bonds specified in the Indenture relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred upon the Trustee under the Indenture.

(g) None of the provisions contained in the Indenture shall require the Trustee to advance, expend or risk its own funds or to otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers. The Trustee shall not be answerable for other than its negligence or willful misconduct. Under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the General Airport Revenue Bonds.

(h) Except for information provided by the Trustee concerning the Trustee, the Trustee shall have no responsibility with respect to any information in any offering memorandum or other disclosure material distributed with respect to the General Airport Revenue Bonds, and the Trustee shall have no responsibility for compliance with securities laws in connection with the issuance and sale of the General Airport Revenue Bonds.

(i) In the event the Trustee shall receive inconsistent or conflicting requests and indemnity from two or more groups of Owners, each representing less than a majority of the aggregate principal amount of the General Airport Revenue Bonds then Outstanding, the Trustee, in its sole discretion, may determine what action, if any, shall be taken.

(j) Except as otherwise especially provided by the provisions of the Indenture, the Trustee shall not be obligated and may not be required to give or furnish any notice, demand, report, request, reply, statement, advice or opinion to any Owner of any General Airport Revenue Bond or to the Corporation or any other person, and the Trustee shall not incur any liability for its failure or refusal to give or furnish same unless obligated or required to do so by express provisions hereof.

(k) The Trustee shall not be required to give any bond or surety with respect to the performance of its duties or the exercise of its powers under the Indenture.

(l) The Trustee is under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request or direction of any of the Owners of the General Airport Revenue Bonds unless such Owners have offered to the Trustee security or indemnity satisfactory to the Trustee as to its terms, coverage, duration, amount and otherwise with respect to the costs, expenses and liabilities which may be incurred by it in compliance with such request or direction, and the provision of such indemnity shall be mandatory for any remedy taken upon direction of the Owners of a majority in aggregate principal amount of the General Airport Revenue Bonds.

(m) The Trustee is not required to make any inquiry or investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, approval, bond, debenture or other paper or document but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit and, if the Trustee determines to make such further inquiry or investigation, it is entitled to examine the books, records and premises of the Corporation, in person or by agent or attorney.

(n) The Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties under the Indenture shall extend to the Trustee's officers, directors, agents, attorneys and employees. Such immunities and protections and right to indemnification, together with the Trustee’s right to compensation, shall survive the Trustee's resignation or removal, the discharge of the Indenture and final payment of the General Airport Revenue Bonds.

(o) The permissive right of the Trustee to take the actions permitted by the Indenture shall not be construed as an obligation or duty to do so.

Compensation of Trustee

The Corporation shall pay to the Trustee all reasonable fees, charges and expenses of the Trustee (including the reasonable fees, charges and expenses of its agents and counsel) for the administration and execution of the trusts created by the Indenture and the performance of its powers and duties thereunder. After an Event of Default, the Trustee shall have a first lien on the trust estate with right of payment prior to payment on account of interest, principal and premium, if any, on the General Airport Revenue Bonds for all administrative expenses, advances, disbursements, and counsel fees incurred or made in and about execution of the trusts and performance of the duties of the Trustee and for the cost and expense incurred in defending against any liability (unless such liability is finally adjudicated to have resulted from the negligence or willful misconduct of the Trustee). The Corporation further agrees that it will, to the extent permitted by law, indemnify, defend and hold the Trustee harmless from and against any loss, liability, damage, cost or expense incurred without negligence or willful misconduct on the Trustee’s part, arising out of or in connection with the acceptance or administration of the office of Trustee under the Indenture, including the costs of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties thereunder. The foregoing notwithstanding, should the Trustee exercise any of the rights or powers vested in it by the Indenture upon receiving security or indemnity satisfactory to the Trustee as provided in Section 8.01(l) of the Indenture, the Corporation shall be under no obligation to provide indemnity with respect to the particular actions taken by the Trustee for which security or indemnity has been so provided in accordance with Section 8.01(l) of the Indenture. The indemnification obligations of the Corporation set forth in this Section 8.05 of the Indenture shall survive the resignation or removal of the Trustee and the termination of the Indenture.

Merger, Conversion or Consolidation of Trustee

Notwithstanding any provision of the Indenture to the contrary, any corporation, trust company or association into which the Trustee may be merged or converted, or with which it may be consolidated, or any corporation, trust company or association succeeding to all or substantially all of the corporate trust business of the Trustee by sale or otherwise, or any corporation, trust company or association resulting from any merger, conversion or consolidation to which the Trustee shall be a party, shall be the successor Trustee under the Indenture without the execution or filing of any instrument or any other act on the part of any of the parties hereto.

APPENDIX E

PROJECT FINANCING AGREEMENT

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STATE OF TEXAS §

COUNTY OF DALLAS §

AMENDED AND RESTATED
PROJECT FINANCING AGREEMENT BY AND BETWEEN
THE CITY OF DALLAS, TEXAS AND
THE LOVE FIELD AIRPORT MODERNIZATION CORPORATION

THIS AMENDED AND RESTATED PROJECT FINANCING AGREEMENT (this "Agreement") is made by and between the City of Dallas, Texas, a municipal corporation organized under the laws of the State of Texas (the "City") and the Love Field Airport Modernization Corporation, a not-for-profit local government corporation organized and existing under Chapter 431, Subchapter D of the Texas Transportation (the "LFAMC").

W I T N E S S E T H:

WHEREAS, the City Council authorized the creation of the LFAMC as a local government corporation for the public purpose of aiding, assisting, and acting on behalf of the City in the performance of its governmental functions to promote the City, including the development of the geographic areas of the City included at or in the vicinity of Love Field, a public airport owned and operated by the City ("Love Field"); and

WHEREAS, the LFAMC has heretofore issued bonds to finance components of the Love Field Modernization Program (the "LFMP"), the City's program to redevelop the terminal building area of Love Field, and the issuance of such bonds was approved by the City Council; and

WHEREAS, the City and the LFAMC have determined that it will be advisable to refinance bonds issued by the LFAMC and approved by the City, to-wit, the Love Field Airport Modernization Corporation Special Facilities Revenue Bonds, Series 2010 (Southwest Airlines Co. – Love Field Modernization Project) in the aggregate principal amount of $310,000,000 (the "Series 2010 Bonds"); and

WHEREAS, the LFAMC previously issued two series of bonds in accordance with the terms of the Indenture of Trust by and between the LFAMC and Wells Fargo Bank, National Association, dated as of July 1, 2015 (the "Original Indenture") to finance improvements at Love Field; and

WHEREAS, the Original Indenture was amended by an Amended and Restated Indenture of Trust by and between the LFAMC and Wells Fargo Bank, National Association, dated as of September 1, 2021 (as amended, the "Indenture"); and

WHEREAS, the LFAMC reserved the right in the Indenture to issue and incur Subordinate Lien Obligations (as defined in the Indenture) to finance projects at Love Field; and

WHEREAS, the LFAMC and the City have approved the establishment of a commercial paper program to finance improvements at Love Field through the issuance from time to time of the LFAMC's Airport System Commercial Paper Notes, AMT Series (the "Commercial Paper Notes") and other evidences of indebtedness (including the Credit Agreement (as defined herein) and Bank Note, as defined herein)) as Subordinate Lien Obligations; and

WHEREAS, the payment of the Subordinate Lien Obligations are payable from GARB Debt Service Fund and senior to any reimbursement to Southwest Airlines Co. for certain facilities payments as provided in the Revenue Credit Agreement (as defined herein); and

WHEREAS, the City finds that the execution of this Agreement is necessary to the execution of a power granted to the City and for a purpose provided for by Chapter 22, Texas Transportation Code; and

WHEREAS, it is the intention of the parties to this Agreement that, subject to the limitations prescribed in this Agreement and its Articles of Incorporation, the LFAMC shall have the authority to issue, sell or deliver its bonds, notes, or other obligations in such amounts as may be necessary to provide for the design and construction of the LFMP and the funding of any necessary reserve fund or capitalized interest accounts, the refinancing of bonds, notes or other obligations issued to fund improvements at Love Field, including bonds, notes or other obligations issued to finance components of the LFMP and the payment of the costs of issuance of such bonds, notes, or other obligations, and perform other activities as further described in this Agreement; and

WHEREAS, the City agrees to pay for the LFAMC's activities performed pursuant to this Agreement, including specifically, but not by limitation, the issuance of bonds, notes or other obligations to finance or refinance improvements at Love Field and components of the LFMP, from Net Revenues as provided in this Agreement, Chapter 22, Texas Transportation Code, and Chapter 431, Texas Transportation Code (the "Act"); and

WHEREAS, the LFAMC was created in part to aid and assist the City in the manner set forth above, and the LFAMC is willing to enter into a contract with the City setting forth the duties and responsibilities of the LFAMC and the City in connection with financing and refinancing improvements at Love Field and components of the LFMP; and

WHEREAS, the issuance by the LFAMC of Commercial Paper Notes and the execution by the LFAMC of the Credit Agreement and Bank Note is consistent with the powers of the LFAMC set forth in its Articles of Incorporation; and

WHEREAS, the City and the LFAMC have received the written consent of the Trustee and of JPMorgan Chase Bank, National Association, as holder of a currently outstanding Bank Note, to the execution and delivery of this Agreement.

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants and agreements herein contained, it is agreed as follows:

I.
DEFINITIONS

"Act" shall mean Chapter 431, Texas Transportation Code.

"Agreement" shall mean this Agreement between the City and the LFAMC.

"Airport Cost Centers" shall have the meaning given said term in the Lease.

"Airport System" shall mean all airport, heliport and aviation facilities, or any interest therein, now or from time to time hereafter owned, operated or controlled by the City. The Airport System currently includes Love Field, Dallas Executive Airport, and the City's downtown heliport.

"Average Annual Debt Service" shall have the meaning given said term in the Indenture.

"Aviation Capital Fund" shall mean the fund by that name maintained by the City in accordance with the Lease.

"Aviation Revenue Fund" shall mean the fund by that name maintained by the City in accordance with the Lease.

"Bank Note" shall mean, collectively, the promissory note or notes issued pursuant to the Commercial Paper Resolution and described in the Credit Agreement.

"Bond Documents" shall mean the resolution of the LFAMC authorizing the issuance of a series of Bonds and any trust indenture or supplement thereto executed by the LFAMC in connection with the issuance of a series of Bonds, including specifically the Indenture.

"Bond Proceeds" shall mean the net proceeds from the sale of the Bonds.

"Bonds" shall mean the bonds, notes or other obligations issued by the LFAMC to finance or refinance improvements at Love Field, including specifically the LFMP, secured in whole or in part by a first lien on Pledged Revenues.

"City" shall mean the City of Dallas, Texas.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Commercial Paper Documents" shall mean the Commercial Paper Resolution and any agreements executed by the LFAMC in connection with the issuance of Commercial Paper Notes, including, but not by way of limitation, the Credit Agreement pursuant to which a Bank Note is issued.

"Commercial Paper Notes" shall mean the LFAMC's Airport System Commercial Paper Notes, AMT Series.

"Commercial Paper Proceeds" shall mean the proceeds from the sale of Commercial Paper Notes deposited to the credit of the "Note Construction Account" established under the Commercial Paper Resolution.

"Commercial Paper Resolution" shall mean the resolution authorizing the creation of the commercial paper program and the issuance of Commercial Paper Notes and Bank Notes and approving the Credit Agreement approved by the LFAMC on December 3, 2020.

"Credit Agreement" shall mean the credit or liquidity facility supporting the Commercial Paper Notes authorized pursuant to the Commercial Paper Resolution, initially the Letter of Credit Reimbursement Agreement among the City, LFAMC and JPMorgan Chase Bank, National Association, pursuant to which the letter of credit issued shall be issued to support the Commercial Paper Notes.

"Fiscal Year" shall mean the twelve (12) month period commencing on October 1 of a calendar year and ending September 30 of the next succeeding calendar year, or such other consecutive twelve (12) month period as determined by the City.

"GARB Debt Service Fund" shall mean the fund maintained by the City in accordance with the Lease to pay debt service on any Bonds and Subordinate Lien Obligations and cost of any Credit Agreement payable from the revenues generated by the Airport System that may be issued from time to time by the City or the LFAMC to finance or refinance improvements at Love Field, including, without limitation, the LFMP.

"GARB Debt Service Reserve Fund" shall mean the fund maintained by the City in accordance with the Lease to fund or restore any debt service reserve fund established in support of any bonds, notes or other obligations that may be issued from time to time by the City or the LFAMC to finance or refinance improvements at Love Field that are payable from the revenues generated by the Airport System, including, without limitation, components of the LFMP.

"Generally Accepted Accounting Principles" shall mean such accepted accounting practice that conforms at the time to a body of generally accepted accounting principles as applied to Texas municipalities such as the City.

"Indenture" shall mean the Indenture of Trust by and between the LFAMC and Wells Fargo Bank, National Association, dated as of July 1, 2015, executed and delivered in connection with the issuance of time to time of Bonds.

"Lease" shall mean the Airport Use and Lease Agreement executed by the City and the commercial airline users operating at Love Field, in connection with the lease and use of certain portions of Love Field by commercial aviation users of Love Field or in effect on the date hereof, and any extensions or modifications thereof.

"LFAMC" shall mean the Love Field Airport Modernization Corporation.

"LFAMC Board" shall mean the Board of Directors of the LFAMC.

"LFMP" shall mean the Love Field Modernization Program.

"Love Field" shall mean the public airport owned and operated by the City known as Dallas Love Field.

"Net Revenues" shall mean the revenues of the Airport System deposited to the credit of the Aviation Revenue Fund in accordance with the terms of each Lease and that are available after the funding of the O&M Account and the O&M Reserve Account (each as defined in the Lease) and deposited to the credit of the GARB Debt Service Fund, all as provided in the Lease, or if the Lease is no longer in effect, in a manner consistent with the Lease and Section IV hereof.

"Pledged Revenues" shall have the meaning given said term in the Indenture.

"Pledged Revenue Fund" shall mean the fund established by the LFAMC in the Bond Documents and held and administered by the Trustee, into which Net Revenues are to be deposited.

"Revenue Credit Agreement" shall mean the agreement executed as of November 18, 2010, between the City and Southwest Airlines Co. related to certain reimbursements to Southwest Airlines Co.

"State" shall mean the State of Texas.

"Subordinate Lien Obligations" shall have the meaning given said term in the Indenture.

"Trustee" shall mean the financial institution so designated in the Bond Documents.

II.
SCOPE OF SERVICES BY LFAMC

The LFAMC and the City shall cooperate and coordinate their activities with respect to the commencement, financing, design and construction of improvements at Love Field, including the LFMP, so that the commencement, financing, refinancing, design and construction of any such improvements shall occur at such times as are necessary or desirable to meet the construction time requirements of the City. To that end, (i) the LFAMC may directly transfer, or cause to be transferred, to the construction manager of any improvements at Love Field, including the LFMP, or to the City for transfer to the construction manager of any improvements at Love Field, including the LFMP, as designated by the City, such funds derived from Bond Proceeds to provide funding of any improvements at Love Field, including the LFMP, or the refinancing of bonds, notes or other obligations issued to finance any improvements at Love Field, including the LFMP, in the manner as further provided for in the Bond Documents, and (ii) the LFAMC may directly transfer, or cause to be transferred, to the City such funds to provide financing for any improvements at Love Field, including the LFMP, in the manner as further described in the Commercial Paper Resolution, with respect to the Commercial Paper Proceeds, or the proceedings authorizing the issuance of Subordinate Lien Obligations.

III.
LFAMC OBLIGATIONS

A. General Statement. The parties have agreed that the LFAMC has the authority to issue Bonds and Subordinate Lien Obligations, in one or more series, the debt service on which shall be repaid from moneys to be paid by the City, in furtherance of the implementation and development of the LFMP and to finance improvements at Love Field that are not part of the LFMP. The obligation of the City to make such payments shall be derived solely from Net Revenues, and the City shall not be obligated to make funds available from moneys raised or to be raised from taxation.

B. Power to Issue Bonds. Subject to the provisions of this Article, the LFAMC shall have the power from time to time to issue Bonds and Subordinate Lien Obligations including Commercial Paper Notes and to enter into any related Credit Agreement upon such terms and conditions as the LFAMC and the City shall determine to be necessary or desirable to finance any improvements at Love Field, including the LFMP.

C. Bonds.

1. To effect the financing or refinancing of any improvements at Love Field, including the LFMP, the LFAMC may issue its Bonds in an amount necessary to finance the design and construction of any improvements at Love Field, including the LFMP, and pay any costs associated therewith (including amounts necessary to fund reserve funds and capitalized interest accounts for the Bonds and to pay costs of issuance of the Bonds), which will be repaid by the LFAMC from payments made by the City pursuant to this Agreement. In addition, the LFAMC may issue its Bonds in an amount necessary to refinance obligations issued by the LFAMC to finance the design and construction of any improvements at Love Field, including the LFMP. The issuance of Bonds by the LFAMC shall be subject to the approval of the City by a resolution duly adopted by the City Council. The deposit and disbursement of Bond Proceeds shall be made in accordance with the Bond Documents.

2. The LFAMC agrees to commence the process to issue and sell the Bonds from time to time, at such times and in such amounts as are required to produce Bond Proceeds in an amount sufficient to accommodate the design and construction of any improvements at Love Field, including the LFMP, to refinance obligations issued by the LFAMC to finance the design

and construction of any improvements at Love Field, including the LFMP, and to pay other costs associated therewith as necessary. The LFAMC shall issue and sell the Bonds, from time to time, and shall hold and disburse the Bond Proceeds as provided in this Agreement and the Bond Documents. The parties hereto acknowledge that it is the intention of the parties that Bonds shall be issued in a manner that interest on Bonds is excludable from federal income taxation under the Code, and regulations promulgated thereunder.

3. Bonds issued by the LFAMC shall be secured, in whole or in part, by funds received from the City, including, without limitation, the Net Revenues, and deposited, or cause to be deposited, by the LFAMC from time to time in the Pledged Revenue Fund. The LFAMC agrees to provide to the City copies of any proposed trust indenture or bond resolution in connection with any issuance of Bonds prior to their approval by the LFAMC Board. In addition, to the fullest extent permitted by law, the LFAMC agrees that it will not revoke or amend any orders, resolutions or other actions relating to the issuance, sale or delivery of Bonds, except as provided in the resolutions, indentures or other instruments adopted or executed in connection with the sale of the Bonds. To the extent Bonds are issued as obligations, the interest on which is intended to be excludable from the income of the holders thereof for federal income tax purposes, the LFAMC agrees that it will take all actions necessary to ensure that the interest payable on the Bonds is and remains excludable from the income of the holders thereof under the Code, and regulations promulgated thereunder.

4. All Bond Proceeds received from the issuance of Bonds shall be deposited into such funds and accounts, and disbursed in such manner and at such times, as shall be provided for in the Bond Documents. All Bond Proceeds shall be held separate and apart from and shall not be commingled with any other funds of the LFAMC. Bond Proceeds issued to finance the design and construction of any improvements at Love Field, including the LFMP, shall be expended only for costs of improvements at Love Field, including the LFMP, as further described in Article III.C.1 of this Agreement.

5. To the extent necessary or desirable, the Bond Documents may provide that a reserve fund be established and funded as mutually agreeable to the LFAMC and the City to provide additional security for the holders of the Bonds in support of the payment of the principal and interest on the Bonds and/or to retire a portion of the Bonds.

D. <u>Subordinate Lien Obligations</u>.

1. To effect the financing of any improvements at Love Field, including the LFMP, the LFAMC may issue its Subordinate Lien Obligations (including Commercial Paper Notes and Bank Notes) in an amount necessary to finance the design and construction of any improvements at Love Field, including the LFMP and pay any costs associated therewith (including amounts necessary to fund reserve funds and capitalized interest accounts for the Subordinate Lien Obligations and to pay costs of issuance of the Subordinate Lien Obligations, including the costs of any related Credit Agreement), which will be repaid by the LFAMC from payments made by the City pursuant to this Agreement. The issuance of Subordinate Lien Obligations by the LFAMC shall be subject to the approval of the City by a resolution duly adopted

by the City Council. The deposit and disbursement of proceeds of Subordinate Lien Obligations shall be made in accordance with the authorizing documents approving the issuance of Subordinate Lien Obligations, including specifically with respect to Commercial Paper Notes, the Commercial Paper Documents.

2. The LFAMC agrees to commence the process to issue and sell Subordinate Lien Obligations from time to time, at such times and in such amounts as are required to produce proceeds in an amount sufficient to accommodate the design and construction of any improvements at Love Field, including the LFMP, and to pay other costs associated therewith as necessary. With respect to Commercial Paper Notes, the LFAMC shall issue and sell the Commercial Paper Notes, from time to time, and shall hold and disburse the Commercial Paper Proceeds as provided in this Agreement and the Commercial Paper Resolution. The parties hereto acknowledge that it is the intention of the parties that any improvements at Love Field, including the LFMP, be financed in a manner that interest on Subordinate Lien Obligations is excludable from taxation under the Code, and regulations promulgated thereunder.

3. Subordinate Lien Obligations issued or incurred by the LFAMC shall be secured, in whole or in part, by funds received from the City, including, without limitation, the Net Revenues, and deposited, or cause to be deposited, by the LFAMC from time to time in the Pledged Revenue Fund; provided, that the lien on and pledge of Pledged Revenues securing Subordinate Lien Obligations shall be inferior to the lien on and pledge of Pledged Revenues securing Bonds issued under the Indenture. The LFAMC agrees to provide to the City copies of any proposed trust indenture or bond resolution in connection with any issuance of Subordinate Lien Obligations prior to their approval by the LFAMC Board. In addition, to the fullest extent permitted by law, the LFAMC agrees that it will not revoke or amend any orders, resolutions or other actions relating to the issuance, sale or delivery of Subordinate Lien Obligations, except as provided in the resolutions, indentures or other instruments adopted or executed in connection with the sale of the Subordinate Lien Obligations including, with respect to the issuance of Commercial Paper Notes, the Commercial Paper Documents. To the extent Subordinate Lien Obligations are issued as obligations, the interest on which is intended to be excludable from the income of the holders thereof for federal income tax purposes, the LFAMC agrees that it will take all actions necessary to ensure that the interest payable on the Subordinate Lien Obligations is and remains excludable from the income of the holders thereof under the Code, and regulations promulgated thereunder.

4. All proceeds received from the issuance of Subordinate Lien Obligations shall be deposited into such funds and accounts, and disbursed in such manner and at such times, as shall be provided for in the documents authorizing the issuance of Subordinate Lien Obligations, including specifically the Commercial Paper Resolution. All such proceeds shall be held separate and apart from and shall not be commingled with any other funds of the LFAMC. Proceeds shall be expended only for costs of improvements at Love Field, including the LFMP, as further described in Article III.D.1 of this Agreement.

5. To the extent necessary or desirable, the documents authorizing the issuance of Subordinate Lien Obligations may provide that a reserve fund be established and funded as mutually agreeable to the LFAMC and the City to provide additional security for the holders of

the Subordinate Lien Obligations in support of the payment of the principal and interest on the Subordinate Lien Obligations and/or to retire a portion of the Subordinate Lien Obligations.

6. The Subordinate Lien Obligations are payable from the GARB Debt Service Fund and are senior to payments to reimburse Southwest Airlines Co. for Facilities Payments made by Southwest Airlines Co. under the Facilities Agreement (as defined in the Revenue Credit Agreement) pursuant to the terms of the Revenue Credit Agreement.

E. Accounting. Complete books and records shall be maintained showing deposits to and disbursements from the GARB Debt Service Fund and the GARB Debt Service Reserve Fund maintained by the City, the Pledged Revenue Fund or other funds of the LFAMC created in accordance with the Bond Documents, and the funds and accounts created of the LFAMC created in accordance with the Commercial Paper Documents, which books and records shall be deemed complete if kept in accordance with Generally Accepted Accounting Principles as applied to Texas municipalities. Such books and records shall be available for examination by the duly authorized officers or agents of the City or LFAMC Board during normal business hours upon request made not less than five (5) business days prior to the date of such examination. The City and the LFAMC shall maintain such books and records throughout the term of this Agreement and for three (3) years thereafter, all subject to any applicable requirements of the laws of the State.

F. Use of Net Revenues. The LFAMC will use the moneys in the Pledged Revenue Fund in the following priority:

1. First, to pay all principal of, interest on, premium (if any) and to fund any reserves necessary or desirable in connection with such Bonds, at the respective times and in the respective amounts as fixed and prescribed in the resolution or resolutions pursuant to which such Bonds are issued by the LFAMC;

2. Second, to make deposits to any debt service reserve fund established in accordance with the Bond Documents to attain or maintain the required reserve amount as provided for in the Bond Documents;

3. Third, to the payment of the fees and expenses of the Trustee and Paying Agent/Registrar due and owing, for the next twelve (12) month period;

4. Fourth, to pay amounts required on any Subordinate Lien Obligations including, to the extent the same are reasonably anticipated to be paid with moneys in the Pledged Revenue Fund, the interest on the Commercial Paper Notes and the interest on and principal of the Bank Note and other amounts due to the Bank under the Credit Agreement, as and when the same shall become due; and

5. Fifth, as directed by the LFAMC, to pay any costs the LFAMC may incur in connection with the administration of the funds and accounts established under the Bond Documents in addition to those incurred to pay the fees and expenses of the Trustee and the Paying

Agent/Registrar; provided that immediately prior to any such transfers the deposits required or payments made by clauses *First* through *Fourth* above have been made or provided for.

The foregoing notwithstanding, any pledge or deposit of monies in the Pledged Revenue Fund shall be made in accordance with the provisions of the Bond Documents.

G. Pledge of Pledged Revenue Fund. The LFAMC may pledge and assign all or a part of the Pledged Revenue Fund and the Net Revenues to be deposited to the credit of the Pledged Revenue Fund to the owners and holders of Bonds and Subordinate Lien Obligations of the LFAMC or to the Trustee or other fiscal agent acting on their behalf.

H. Depository. The Pledged Revenue Fund is the account into which the Net Revenues shall be deposited pursuant to this Agreement. Any moneys received from investing and reinvesting the moneys deposited to the credit of the Pledged Revenue Fund shall remain in the Pledged Revenue Fund until used by the LFAMC for the purposes permitted by this Agreement in accordance with Article III.H. Moneys in the Pledged Revenue Fund may be invested and reinvested by the LFAMC only in investments which would be eligible for investment by the City pursuant to the provisions of the Public Funds Investment Act (Chapter 2256, Texas Government Code), consistent with the City's written investment policy. Moneys on deposit in the Pledged Revenue Fund will be secured in the same manner as City funds are required to be secured at the City's depository bank.

I. Bond Consultants. McCall, Parkhurst & Horton L.L.P., Dallas, Texas and Escamilla & Poneck LLP, San Antonio, Texas, shall act as co-bond counsel for Bonds issued by the LFAMC. Norton Rose Fulbright US LLP, Dallas, Texas and Kintop Smith, PLLC, Dallas, Texas, shall act as co-disclosure counsel for Bonds issued by the LFAMC. Hilltop Securities Inc., Dallas, Texas and Estrada Hinojosa & Company, Inc., Dallas, Texas, shall act as co-financial advisors to the LFAMC.

IV.
DUTIES AND RESPONSIBILITIES OF THE CITY

A. Duties of City. Throughout the term of the Bonds and the Subordinate Lien Obligations, the City agrees to own and operate the Airport System and to charge and collect rates, fees, and revenues for the use and operation of Airport System, including, without limitation, terminal rentals, landing fees, fees charged to concessionaires and charges for use of parking facilities at Love Field, in amounts sufficient to generate revenues sufficient to maintain Love Field at the standards required by the Lease, including, without limitation, the standards in respect to the Airport Cost Centers effected and managed in accordance with the provisions of the Lease, and to make deposits to the GARB Debt Service Fund and the GARB Debt Service Reserve Fund in amounts sufficient to make the required deposits to the Pledged Revenue Fund and any reserve fund established in respect to the Bonds and Subordinate Lien Obligations, all as provided in this Agreement.

B. Funds. The City will establish separate funds as provided in the Lease, including specifically the Aviation Revenue Fund, the GARB Debt Service Fund and the GARB Debt Service Reserve Fund, for the benefit of the LFAMC, the trustee named in the Bond Documents, and the owners of the Bonds. During the term of this Agreement, the City will pay the LFAMC, on a monthly basis on the first business day of each month, all monies then available in the GARB Debt Service Fund and hereby pledges such monies to such payments. Upon receipt, the LFAMC shall deposit or cause to be deposited such funds in the Pledged Revenue Fund and use them in accordance with Article III.F. In addition, during the term of this Agreement, the City will pay to the LFAMC, upon its request delivered to the City in writing, from the GARB Debt Service Reserve Fund amounts sufficient to restore any deficiency that may occur upon the use of moneys in any reserve fund established in accordance with the Bond Documents.

C. Limitation of Source of Payment. The City shall have no financial obligation to the LFAMC other than as provided in this Agreement or in other agreements between the City and the LFAMC. The obligation of the City to the LFAMC under this Agreement is limited to the Net Revenues, which are hereby pledged by the City to make the payments required to be made by the City hereunder, and shall not be payable from moneys raised or to be raised by taxation. This Agreement shall create no obligation on the City which is payable from taxes or other moneys of the City other than the Net Revenues. For so long as any Bonds or Subordinate Lien Obligations of the LFAMC secured by or payable from Net Revenues are outstanding and unpaid, the City covenants and agrees (a) to operate and maintain the Airport System in accordance with the provisions of the Lease, (b) to fix, establish, maintain and collect such rates, charges and fees for the use and availability of the Airport System at all times as are necessary to produce revenues sufficient, (1) to pay all current operation and maintenance expenses and operation and maintenance reserve requirements of the Airport System, (2) to produce Net Revenues for each Fiscal Year at least equal to 1.25 times the Average Annual Debt Service on all outstanding Bonds scheduled to occur during each respective Fiscal Year, and (3) to pay all other obligations of the Airport System reasonably expected to be paid from Net Revenues, including Commercial Paper Notes and Bank Notes, to the extent secured by Pledged Revenues, and (c) to meet its obligations under this Agreement to collect Net Revenues sufficient to meet its payment obligations under this Agreement. The City agrees not to issue any debt or obligation that is senior or on a parity with its obligations hereunder in connection with the Bonds.

D. Allocated Funds: Limitation of Duties. The duty of the City to pay money to the LFAMC for any purpose under this Agreement is limited in its entirety by the provisions of this Article. The payments herein provided for shall be the entire and complete compensation of the LFAMC for its services and expenses in connection herewith.

E. Collection and Payment of Net Revenues by the City. In consideration of the issuance of Bonds and Subordinate Lien Obligations by the LFAMC to finance or refinance improvements at Love Field, including the LFMP, the City covenants and agrees that it will, as authorized under the Act and other applicable laws, continuously collect the Net Revenues during the term of this Agreement in the manner and to the maximum extent permitted by applicable law. The City further covenants and agrees that it will not amend the Lease in any manner that adversely affects the rights of the holders of the Bonds and the Subordinate Lien Obligations, including specifically the holder of any Bank Note. In addition, the City covenants and agrees that it will not dissolve the LFAMC and that any repeal of the right and power to collect the Net Revenues will not be effective until all Bonds and Subordinate Lien Obligations (including any Bank Note) have been paid in full or until they are legally defeased. The City further covenants and agrees that it will make all payments as set forth in Article IV.B. above, by a direct deposit into the Pledged Revenue Fund, without counterclaim or offset, but minus any expenses incurred by the City in connection with the collection of the Net Revenues. The City agrees that in the event the Lease is terminated prior to payment in full of the Bonds and any Subordinate Lien Obligation, the City shall continue to maintain the same structure for its funds and accounts as provided in Section 6.07 of the Lease and that no such termination shall impair the pledge of Net Revenues made by the City hereunder.

F. Transfers from GARB Debt Service Reserve Fund. If any debt service reserve fund established in accordance with the Bond Documents is drawn upon to make up any deficiency in any debt service fund established in accordance with the Bond Documents to enable the timely payment of principal of or interest on the Bonds when due, the City agrees to cause Net Revenues to be deposited in the GARB Debt Service Reserve Fund and promptly transfer moneys deposited to the credit of the GARB Debt Service Reserve Fund to the Trustee to restore the amounts on deposit in such debt service reserve fund to the required reserve amount as provided for in the Bond Documents.

G. Obligations of City to be Absolute. The obligation of the City to make the payments set forth in this Agreement from Net Revenues shall be absolute and unconditional, and until such time as this Agreement and all Bonds issued pursuant to this Agreement and Subordinate Lien Obligations have been fully paid or provision for payment thereof shall have been made in accordance with their terms, the City will not suspend or discontinue any payments provided for in this Agreement and will not terminate this Agreement for any cause, including, without limiting the generality of the foregoing, the failure of the LFAMC to perform and observe any agreement, whether express or implied, or any duty, liability, or obligation arising out of or connected with this Agreement. Nothing contained in this section shall be construed to release the LFAMC from performance of any of the agreements on its part contained in this Agreement, and in the event the LFAMC shall fail to perform any such agreement on its part, the City may institute such action against the LFAMC as the City may deem necessary to compel performance so long as this action does not abrogate the obligations of the City to make the payments set forth in this Agreement to pay the Bonds and any Subordinate Lien Obligation of the LFAMC or to meet its obligations under this Agreement.

H. Continuing Disclosure Obligation. The City acknowledges that for purposes of Rule 15c2-12, promulgated by the United States Securities and Exchange Commission, it shall be deemed to be an "obligated person" for purposes of said Rule, and that it will provide to the LFAMC the information described in the LFAMC's undertaking set forth in the Bond Documents to enable the LFAMC to timely meet its continuing disclosure undertaking set forth in the Bond Documents.

V.

CONSTRUCTION OF IMPROVEMENTS AT LOVE FIELD

A. Ownership of Projects. Upon the completion of any improvement at Love Field and its acceptance by the City, title thereto shall be vested in the City, and the LFAMC and the City shall execute and deliver such documents as shall be necessary to reflect title thereto in the name of the City.

B. Transfer of Net Revenues Unconditional. Anything in this Article to the contrary, the obligation of the City to transfer Net Revenues to the LFAMC in accordance with the terms of the Bond Documents or the documents authorizing the issuance of Subordinate Lien Obligations, including specifically the Commercial Paper Documents, shall remain in effect until such time as the Bonds or the Subordinate Lien Obligations are no longer outstanding under their terms and the terms of the Bond Documents and the documents authorizing the issuance of Subordinate Lien Obligations, including specifically the Commercial Paper Documents.

C. Disbursements of Refunding Bond Proceeds. With respect to Bonds issued to refinance bonds, notes or other obligations issued to finance the design and construction of any improvement at Love Field (refunding bonds), the Bond Documents governing the issuance of such refunding bonds shall provide for a procedure by which Bond Proceeds may be disbursed for the purposes set forth in the documents authorizing the issuance of such refunding bonds. Any disbursement of Bond Proceeds for such purpose must be approved by the City, acting through the Chief Financial Officer of the City, prior to the disbursement of moneys by the LFAMC.

VI.
PERSONAL LIABILITY OF PUBLIC OFFICIALS

To the extent permitted by State law, no director of the LFAMC, nor any employee or agent of the LFAMC, and no employee of the City, nor any councilmember or agent of the City, shall be personally responsible for any liability arising under or growing out of this Agreement, or operations of the LFAMC under the terms of this Agreement.

VII.
LAW TO BE OBSERVED

The LFAMC at all times shall observe and comply with all federal and State laws, local laws, ordinances, orders, and regulations of the federal, State, county, or city governments.

VIII.
INFORMATION

The LFAMC shall, at such times and in such form as the City may require, furnish periodic information concerning the status of the LFAMC and the performance of its obligations under this Agreement, and such other statements, certificates and approvals relative to the LFAMC as may be requested in writing by the City. The City covenants and agrees that it shall provide the LFAMC with such information as may be necessary for the LFAMC to satisfy its continuing disclosure obligation as set forth in the Bond Documents.

IX.
COORDINATION WITH CITY OFFICIALS

The LFAMC will coordinate its activities with the City Manager or the City Manager's designee. Nothing in this Agreement is intended to confer upon the LFAMC the right to use, improve, or service any City property without the approval of the City.

X.
ADDRESS AND NOTICE

Any and all notices and communications under this Agreement shall be mailed by first-class mail, or delivered, to the LFAMC at the following address:

President, Board of Directors
Love Field Airport Modernization Corporation
City of Dallas
1500 Marilla, 7DN
Dallas, Texas 75201

Any and all notices and communications under this Agreement shall be mailed by first-class mail, or delivered, to the City at the following addresses:

City Manager
City of Dallas
1500 Marilla, 4DN
Dallas, Texas 75201

City Attorney
City of Dallas
1500 Marilla, 7DN
Dallas, Texas 75201

XI.
APPLICABLE LAWS

THIS AGREEMENT IS MADE SUBJECT TO THE CONSTITUTION AND LAWS OF THE STATE.

XII.
CAPTIONS

The captions at the beginning of the Articles of this Agreement are guides and labels to assist in locating and reading such Articles and, therefore, will be given no effect in construing this Agreement and shall not be restrictive of the subject matter of any article, section, or part of this Agreement.

XIII.
SUCCESSORS AND ASSIGNS

This Agreement shall bind and benefit the respective parties and their legal successors, and shall not be assignable, in whole or in part, by any party hereto without first obtaining the written consent of the other party, except that the LFAMC shall assign its rights hereunder to Wells Fargo Bank, National Association, as Trustee, under the Indenture, to secure the Bonds. Nothing herein shall be construed as creating any personal liability on the part of any officer or agency of the City or of the LFAMC.

XIV.
TERM AND TERMINATION, DISSOLUTION OF LFAMC

A. In General. This Agreement shall become effective, and its initial term shall begin, on the date of execution by all parties, and shall end once all Bonds and Subordinate Lien Obligations issued or incurred by the LFAMC are no longer outstanding by their terms.

B. Termination for Cause. A party may terminate its performance under this Agreement only upon default by another party. Default by a party shall occur if the party fails to perform or observe any of the terms and conditions of this Agreement required to be performed or observed by that party. Should such a default occur, the party against whom the default has occurred shall have the right to terminate all or part of its duties under this Agreement as of the thirtieth (30th) day following the receipt by the defaulting party of a notice describing such default and intended termination, provided, that such termination may be stayed, at the sole option of the party against whom the default has occurred, pending cure of the default. Notwithstanding the foregoing provisions of this Clause B, (a) this Agreement shall not be terminated while any Bond or Subordinate Lien Obligation is outstanding in accordance with its terms and (b) no termination of this Agreement will affect the obligation of the City to pay from Net Revenues an amount which will permit the LFAMC to pay in full all amounts due and to become due on Bonds or Subordinate Lien Obligations issued or incurred by the LFAMC prior to termination.

C. Dissolution of LFAMC. The City agrees not to dissolve the LFAMC unless it makes satisfactory arrangements to provide for the payment in full of Bonds and Subordinate Lien Obligations in accordance with the requirements of the Indenture and the proceedings authorizing the issuance of Subordinate Lien Obligations, including specifically the Commercial Paper Documents, issued prior to its dissolution.

XV.
AMENDMENT OR MODIFICATIONS

Except as otherwise provided in this Agreement, this Agreement shall be subject to change, amendment, or modification only by the mutual written consent of the parties hereto and the Trustee for the holders of the Bonds, and the holder of a currently outstanding Bank Note. The foregoing notwithstanding, no amendment shall become effective until the parties have received an opinion of nationally-recognized bond counsel selected by the LFAMC and approved by the City to the effect that such amendment will not adversely impair the rights of the owners of any outstanding bonds, notes or other obligations issued by the LFAMC.

XVI.
COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same instrument. The delivery of copies of this Agreement as executed by Adobe Acrobat PDF or similar electronic form of execution, or by electronic reproduction of a manual signature transmitted via electronic mail or facsimile, shall constitute effective execution and delivery as to the parties and may be used in lieu of originals for all purposes.

XVII.

EFFECT OF THIS AGREEMENT

This Agreement amends, restates and supersedes the Project Financing Agreement, dated as of July 1, 2015, as previously amended by an Amended and Restated Project Financing Agreement, dated as of December 17, 2020, each between the City and the Corporation,. The City and the Corporation find that the execution and delivery of this Agreement is not materially adverse to the interests of the owners of Parity Bonds (as defined in the Indenture).

[The remainder of this page is intentionally left blank.]

EXECUTED this ___ day of ___________, 2021, by City, signing by and through its City Manager, duly authorized to execute same by Resolution No. 21-_________, as approved by the City Council on June __, 2021, and by the LFAMC, acting through their duly authorized officials.

APPROVED AS TO FORM: CHRISTOPHER J. CASO, City Attorney	CITY OF DALLAS T.C. BROADNAX, City Manager
By: ____________________________ Assistant City Attorney	By:____________________________ Assistant City Manager

LOVE FIELD AIRPORT MODERNIZATION CORPORATION

By: ____
President, Board of Directors

ATTEST:

By: ____ [SEAL]
Secretary, Board of Directors

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APPENDIX F

BOND RESOLUTION

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RESOLUTION AUTHORIZING THE ISSUANCE OF LOVE FIELD AIRPORT MODERNIZATION CORPORATION GENERAL AIRPORT REVENUE REFUNDING BONDS, SERIES 2021, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $350,000,000; APPROVING A BOND PURCHASE AGREEMENT AND OTHER DOCUMENTS RELATING TO THE SERIES 2021 BONDS; APPROVING THE USE OF A PRELIMINARY OFFICIAL STATEMENT AND THE USE AND EXECUTION OF A FINAL OFFICIAL STATEMENT; DELEGATING AUTHORITY TO EFFECT THE SALE OF THE BONDS AND EXECUTION OF DOCUMENTS; AND CONTAINING OTHER PROVISIONS RELATED THERETO

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE LOVE FIELD AIRPORT MODERNIZATION CORPORATION:

ARTICLE I

RECITALS

WHEREAS, the City Council of the City of Dallas (the "City") authorized the creation of the Love Field Airport Modernization Corporation (the "Corporation") as a local government corporation for the public purpose of aiding, assisting, and acting on behalf of the City in the performance of its governmental functions to promote the City, including the development of the geographic areas of the City included at or in the vicinity of Love Field, a general aviation airport owned and operated by the City ("Love Field"); and

WHEREAS, the Corporation has heretofore issued bonds to finance components of the Love Field Modernization Project (the "LFMP"), to-wit, Love Field Airport Modernization Corporation Special Facilities Revenue Bonds, Series 2010 (Southwest Airlines Co. – Love Field Modernization Project) in the aggregate principal amount of $310,000,000 (the "Series 2010 Bonds") and Love Field Airport Modernization Corporation Special Facilities Revenue Bonds, Series 2012 (Southwest Airlines Co. – Love Field Modernization Project) in the aggregate principal amount of $146,260,000 (the "Series 2012 Bonds"), and the issuance of such bonds was approved by the City Council; and

WHEREAS, the Corporation and Wells Fargo Bank, National Association, as trustee, have executed and delivered that certain Indenture of Trust, dated as of July 1, 2015 (the "Indenture") authorizing the issuance of general airport revenue bonds for any lawful purpose; and

WHEREAS, pursuant to the Indenture, the Corporation has issued and delivered its (i) Love Field Airport Modernization Corporation General Airport Revenue Bonds, Series 2015, in the aggregate principal amount of $109,235,000 (the "Series 2015 Bonds") and (ii) Love Field Airport Modernization Corporation General Airport Revenue Bonds, Series 2017, in the aggregate principal amount of $116,850,000 (the "Series 2017 Bonds"); and

WHEREAS, the Corporation reserved the right in the Indenture to issue Additional Parity Bonds; and

WHEREAS, the City and the Corporation have determined that refunding all or a portion of the outstanding Series 2010 Bonds (identified herein as the "Refundable Bonds") would provide savings to the City in the operation of Love Field and reduce payments made to Southwest under the terms of the Revenue Credit Agreement executed by the City and Southwest in connection with funding of the LFMP at Love Field; and

WHEREAS, the Corporation seeks to issue Additional Parity Bonds to refund the Refundable Bonds, fund the Reserve Fund and other funds and accounts established by the Indenture, and pay related Costs of Issuance; and

WHEREAS, as permitted by Chapter 431, Texas Transportation Code, as amended, the Corporation desires to issue bonds upon the terms and conditions and for the purposes herein provided.

ARTICLE II

DEFINITIONS AND INTERPRETATIONS

Section 2.1: Definitions. In this Resolution, the following terms shall have the following meanings, unless the context clearly indicates otherwise. Terms not defined herein shall have the meanings assigned to such terms in the Indenture:

The term "Audit" shall mean the comprehensive annual financial report of the City.

The term "Authorized Denominations" shall mean $5,000 or any integral multiple of $5,000.

The term "Authorized Representative" shall mean the President or the Vice President of the Corporation, or any other person designated by the Board of Directors of the Corporation to act in such capacity.

The term "Bond Purchase Agreement" shall mean the Bond Purchase Agreement between the Corporation and the Underwriters, executed in connection with the sale of the Series 2021 Bonds.

The term "Comptroller" shall mean the Comptroller of Public Accounts of the State of Texas.

The term "Date of Delivery" shall mean the date of delivery of the Bonds as identified in the Bond Purchase Agreement.

The term "Defeasance Securities" shall mean (i) Federal Securities, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the Corporation adopts or approves proceedings authorizing the issuance of refunding bonds or, if such defeasance is not in connection with the issuance of refunding bonds, on the date the Corporation provides for the funding of an escrow to effect the defeasance of Parity Bonds, are rated as to investment quality by a nationally-recognized investment rating firm not less than "AAA" or its equivalent, (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the Corporation adopts or approves proceedings authorizing the issuance of refunding bonds or, if such defeasance is not in connection with the issuance of refunding bonds, on the date the Corporation provides for the funding of an escrow to effect the defeasance of Parity Bonds, are rated as to investment quality by a nationally-recognized investment rating firm not less than "AAA" or its equivalent, or (iv) any other then authorized securities or obligations that may be used to defease obligations such as the Parity Bonds under the then applicable laws of the State of Texas.

The term "Designated Trust Office" shall mean the designated corporate trust office of the Registrar, which, as of the date of adoption of this Resolution, is located in Dallas, Texas.

The term "EMMA" shall mean the Electronic Municipal Market Access system administered by the MSRB.

The term "Federal Securities" shall mean direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America.

The term "Indenture" shall mean the Indenture of Trust dated as of July 1, 2015, between the Corporation and Wells Fargo Bank, National Association, as trustee, and its successors in that capacity.

The term "Initial Bond" has the meaning given said term in Section 3.1 of this Resolution.

The term "Issuance Date" shall mean the date on which the Series 2021 Bonds are authenticated by the Registrar and delivered to and paid for by the Underwriters.

The term "LFMP" has the meaning given said term in the preamble to this Resolution.

The term "Love Field" has the meaning given said term in the preamble to this Resolution.

The term "MSRB" shall mean the Municipal Securities Rulemaking Board.

The terms "Paying Agent", "Paying Agent/Registrar" and "Registrar" shall mean Wells Fargo Bank, National Association, and its successors in that capacity.

The term "Project Financing Agreement" shall mean the Amended and Restated Project Financing Agreement between the City and the Corporation, the form of which is approved by the terms of this Resolution.

The term "Record Date" shall mean, for any Interest Payment Date, the fifteenth day of the month next preceding each Interest Payment Date.

The term "Refundable Bonds" has the meaning given said term in the preamble to this

Resolution.

The term "Refunded Bonds" shall mean the outstanding Refundable Bonds identified in the final official statement for the Series 2021 Bonds as the obligations being refunded with the proceeds of the Series 2021 Bonds.

The term "Resolution" or "Bond Resolution" shall mean this resolution, and all amendments hereof and supplements hereto.

The term "Rule" means SEC Rule 15c2-12, as amended from time to time.

The term "SEC" means the United States Securities and Exchange Commission.

The term "Series 2015 Bonds" shall mean the Corporation's General Airport Revenue Bonds, Series 2015, issued on August 18, 2015, in the aggregate principal amount of $109,235,000.

The term "Series 2017 Bonds" or "Bonds" shall mean the Corporation's General Airport Revenue Bonds, Series 2017, issued on January 18, 2017, in the aggregate principal amount of $116,850,000.

The term "Series 2021 Bonds" shall mean the Corporation's General Airport Revenue Refunding Bonds, Series 2021, authorized by this Resolution.

The term "Special Record Date" has the meaning given said term in the FORM OF BOND set forth in Exhibit A to this Resolution.

The term "Underwriters" shall mean the investment banking firms named in the Bond Purchase Agreement.

Section 2.2: Interpretations. All terms defined herein and all pronouns used in this Resolution shall be deemed to apply equally to singular and plural and to all genders. The titles and headings of the articles and sections of this Resolution have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof. References to any constitutional, statutory or regulatory provision means such provision as it exists on the date this Resolution is adopted by the Corporation and any future amendments thereto or successor provisions thereof. This Resolution and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to sustain the validity of the Parity Bonds and the validity of the lien on and pledge of the Pledged Revenues to secure the payment of the Parity Bonds.

ARTICLE III

TERMS OF THE BONDS

Section 3.1: Maximum Amount, Purpose, Authorization. The Series 2021 Bonds shall be issued in fully registered form, without coupons, numbered consecutively from R-1 upward, in an aggregate principal amount not to exceed $350,000,000 for the purpose of (1) refunding the Refunded Bonds, (2) making a deposit to the Reserve Fund and (3) paying Costs of Issuance, all under and pursuant to the authority of the Act and all other applicable law. The foregoing notwithstanding, the Corporation agrees to cause to be delivered to the Registrar one (1) initial Bond numbered T-1 (the "Initial Bond") and registered to the Underwriters, following the approval by the Attorney General and the registration by the Comptroller, as further provided in the FORM OF BOND. The Refunded Bonds were issued to finance components of the LFMP.

Section 3.2: Sale of the Series 2021 Bonds. The sale of the Series 2021 Bonds to the Underwriters, at the price, terms and conditions set forth in the Bond Purchase Agreement, is hereby approved. The Authorized Representative is hereby authorized to act for and on behalf of the Corporation in connection with the issuance and sale of the Series 2021 Bonds and pursuant to such authority may execute and deliver the Bond Purchase Agreement, which shall be in substantially the form of the bond purchase agreement executed in connection with the issuance of the Series 2012 Bonds, with such changes as may be accepted by the Authorized Representative executing the Bond Purchase Agreement effecting the sale of the Series 2021 Bonds. The Authorized Representative's approval of the Bond Purchase Agreement shall be conclusively evidenced by the execution thereof. The execution of the Bond Purchase Agreement shall be subject to the terms of Section 7.1 hereof.

Section 3.3: Execution of Series 2021 Bonds. The Series 2021 Bonds shall be signed on behalf of the Corporation by the President and countersigned by the Secretary by their manual, lithographed, or facsimile signatures. Such facsimile signatures on the Series 2021 Bonds shall have the same effect as if each of the Series 2021 Bonds had been signed manually and in person by each of said officers. If any officer of the Corporation whose manual or facsimile signature shall appear on the Series 2021 Bonds shall cease to be such officer before the authentication of such Series 2021 Bonds or before the delivery of such Series 2021 Bonds, such manual or facsimile signature shall nevertheless be valid and sufficient for all purposes as if such officer had remained in such office.

Section 3.4: Approval by Attorney General; Registration by Comptroller. The Series 2021 Bonds to be initially issued shall be delivered to the Attorney General of Texas for examination and approval and shall be registered by the Comptroller. The manually executed registration certificate of the Comptroller substantially in the form provided in Exhibit A to this Resolution shall be affixed or attached to the Series 2021 Bonds to be initially issued and delivered to the Underwriters.

Section 3.5: Authentication. Except for the Series 2021 Bonds to be initially issued, which need not be authenticated by an authorized representative of the Registrar, only such Series 2021 Bonds as shall bear thereon a certificate of authentication substantially in the form provided in Exhibit A to this Resolution, manually executed by an authorized representative of the Registrar, shall be entitled to the benefits of this Resolution or shall be valid or obligatory for any purpose. Such duly executed certificate of authentication shall be conclusive evidence that the Series 2021 Bond so authenticated was delivered by the Registrar hereunder.

The Registrar, when it authenticates a Series 2021 Bond, shall cause the Date of Delivery to be stamped, typed or imprinted on such Series 2021 Bond. Series 2021 Bonds issued on transfer of or in exchange for other Series 2021 Bonds shall bear the same Date of Delivery as the Series 2021 Bond or Series 2021 Bonds presented for transfer or exchange.

Section 3.6. Payment of Principal and Interest. The Registrar is hereby appointed as the registrar and paying agent for the Series 2021 Bonds. The principal of the Series 2021 Bonds shall be payable, without exchange or collection charges, in any coin or currency of the United States of America which, on the date of payment, is legal tender for the payment of debts due the United States of America, upon their presentation and surrender as they respectively become due and payable, whether at maturity or by prior redemption, at the Designated Trust Office. The interest on each Series 2021 Bond shall be payable by check payable on the Interest Payment Date, mailed by the Registrar on or before each Interest Payment Date to the Owner of record as of the Record Date, to the address of such Owner as shown on the Register, or by such other method, acceptable to the Registrar, requested by and at the risk and expense of the Owner.

If the date for the payment of principal or interest on any Series 2021 Bond is not a Business Day, then the date for such payment shall be the next succeeding Business Day, and payment on such date shall have the same force and effect as if made on the original date such payment was due.

Section 3.7. Successor Registrars. The Corporation covenants that at all times while any Series 2021 Bond is Outstanding it will provide a commercial bank or trust company organized under the laws of the State of Texas or other entity duly qualified and legally authorized to act as Registrar for the Series 2021 Bonds. The Corporation reserves the right to change the Registrar for the Series 2021 Bonds on not less than sixty (60) days written notice to the Registrar, so long as any such notice is effective not less than sixty (60) days prior to the next succeeding Principal Installment Payment Date or Interest Payment Date on the Series 2021 Bonds. Promptly upon the appointment of any successor Registrar, the previous Registrar shall deliver the Register or a copy thereof to the new Registrar, and the new Registrar shall notify each Owner, by United States mail, first class postage prepaid, of such change and of the address of the new Registrar. Each Registrar hereunder, by acting in that capacity, shall be deemed to have agreed to the provisions of this Section.

Section 3.8. Special Record Date. If interest on any Series 2021 Bond is not paid on any Interest Payment Date and continues unpaid for thirty (30) days thereafter, the Registrar shall establish a new record date for the payment of such interest, to be known as a "Special Record Date". The Registrar shall establish a Special Record Date when funds to make such interest payment are received from or on behalf of the Corporation. Such Special Record Date shall be fifteen (15) days prior to the date fixed for payment of such past due interest, and notice of the date of payment and the Special Record Date shall be sent by United States mail, first class, postage prepaid, not later than five (5) days prior to the Special Record Date, to each Owner or record of an affected Series 2021 Bond as of the close of business on the day prior to the mailing of such notice.

Section 3.9. Ownership; Unclaimed Principal and Interest. Subject to the further provisions of this Section, the Corporation, the Registrar and any other person may treat the person in whose name any Series 2021 Bond is registered as the absolute Owner of such Series 2021 Bond for the purpose of making and receiving payment of the principal of or interest on such Series 2021 Bond, and for all other purposes, whether such Series 2021 Bond is overdue, and neither the Corporation nor the Registrar shall be bound by any notice or knowledge to the contrary. All payments made to the person deemed to be the Owner of any Series 2021 Bond in accordance with this Section 3.9 shall be valid and effectual and shall discharge the liability of the Corporation and the Registrar upon such Series 2021 Bond to the extent of the sums paid.

Amounts held by the Registrar which represent principal of and interest on the Series 2021 Bonds remaining unclaimed by the Owner after the expiration of three (3) years from the date such amounts have become due and payable shall be reported and disposed of by the Registrar in accordance with the applicable provisions of Texas law including, to the extent applicable, Title 6 of the Texas Property Code.

Section 3.10. Registration, Transfer, and Exchange. So long as any Series 2021 Bond remains Outstanding, the Registrar shall keep the Register at the Designated Trust Office and, subject to such reasonable regulations as it may prescribe, the Registrar shall provide for the registration and transfer of Series 2021 Bonds in accordance with the terms of this Resolution.

Upon cancellation of the Initial Bond, one Series 2021 Bond in the principal amount maturing on each maturity date as set forth in the Bond Purchase Agreement shall be delivered to the Underwriters, and the Underwriters shall have the right to exchange the Initial Bond without cost. The FORM OF BOND shall be revised to reflect the terms of the sale of the Bonds as reflected in the Bond Purchase Agreement executed by an Authorized Representative as reflecting the most advantageous terms for the sale of the Series 2021 Bonds. The Initial Bond shall initially be registered in the name of the representative for the Underwriters named in the Bond Purchase Agreement.

Each Series 2021 Bond shall be transferable only upon the presentation and surrender thereof at the Designated Trust Office of the Registrar, duly endorsed for transfer, or accompanied by an assignment duly executed by the Registered Owner or his authorized representative in form satisfactory to the Registrar. Upon due presentation of any Series 2021 Bond in proper form for transfer, the Registrar shall authenticate and deliver in exchange therefor, within three (3) Business Days after such presentation, a new Series 2021 Bond or Series 2021 Bonds, registered in the name of the transferee or transferees, in Authorized Denominations and of the same maturity, aggregate principal amount, and Date of Delivery, and bearing interest at the same rate as the Series 2021 Bond or Series 2021 Bonds so presented.

All Series 2021 Bonds shall be exchangeable upon presentation and surrender thereof at the Designated Trust Office of the Registrar for a Series 2021 Bond or Series 2021 Bonds of the same maturity, Date of Delivery, and interest rate and in any Authorized Denomination, in an aggregate amount equal to the unpaid principal amount of the Series 2021 Bond or Series 2021 Bonds presented for exchange. The Registrar shall be and is hereby authorized to authenticate and deliver exchange Series 2021 Bonds in accordance with the provisions of this Section 3.10. Each Series 2021 Bond delivered in accordance with this Section 3.10 shall be entitled to the benefits and security of this Resolution to the same extent as the Series 2021 Bond or Series 2021 Bonds in lieu of which such Series 2021 Bond is delivered.

The Corporation or the Registrar may require the Owner of any Series 2021 Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the transfer or exchange of such Series 2021 Bond. Any fee or charge of the Registrar for such transfer or exchange shall be paid by the Corporation.

The Registrar shall not be required to transfer or exchange any Series 2021 Bond during the period beginning on a Record Date or a Special Record Date and ending on the next succeeding Interest Payment Date or to transfer or exchange any Series 2021 Bond called for redemption during the period beginning thirty days prior to the date fixed for redemption and ending on the date fixed for redemption; provided, however, that this limitation shall not apply to the exchange by the Owner of the unredeemed portion of a Series 2021 Bond called for redemption in part.

Section 3.11. Cancellation of Series 2021 Bonds. All Series 2021 Bonds paid or redeemed in accordance with this Resolution, and all Series 2021 Bonds in lieu of which exchange Series 2021 Bonds or replacement Series 2021 Bonds are authenticated and delivered in accordance herewith, shall be canceled and thereafter treated in accordance with the Registrar's document retention policies.

Section 3.12. Mutilated, Lost, or Stolen Series 2021 Bonds. Upon the presentation and surrender to the Registrar of a mutilated Series 2021 Bond, the Registrar shall authenticate and deliver in exchange therefor a replacement Series 2021 Bond of like maturity, Date of Delivery, interest rate and principal amount, bearing a number not contemporaneously Outstanding. The Corporation or the Registrar may require the Owner of such Series 2021 Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith and any other expenses connected therewith, including the fees and expenses of the Registrar.

If any Series 2021 Bond is lost, apparently destroyed, or wrongfully taken, the Corporation, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Series 2021 Bond has been acquired by a bona fide purchaser, shall execute and the Registrar shall authenticate and deliver a replacement Series 2021 Bond of like maturity, Date of Delivery, interest rate and principal amount, bearing a number not contemporaneously Outstanding, provided that the Owner thereof shall have:

(1) furnished to the Registrar satisfactory evidence of the ownership of and the circumstances of the loss, destruction or theft of such Series 2021 Bond;

(2) furnished such security or indemnity as may be required by the Registrar to save it and the Corporation harmless;

(3) paid all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Registrar and any tax or other governmental charge that may be imposed; and

(4) met any other reasonable requirements of the Corporation and the Registrar.

If, after the delivery of such replacement Series 2021 Bond, a bona fide purchaser of the original Series 2021 Bond in lieu of which such replacement Series 2021 Bond was issued presents for payment such original Series 2021 Bond, the Corporation and the Registrar shall be entitled to recover such replacement Series 2021 Bond from the person to whom it was delivered or any person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Corporation or the Registrar in connection therewith.

If any such mutilated, lost, apparently destroyed or wrongfully taken Series 2021 Bond has become or is about to become due and payable, the Corporation in its discretion may, instead of issuing a replacement Series 2021 Bond, authorize the Registrar to pay such Series 2021 Bond.

Each replacement Series 2021 Bond delivered in accordance with this Section 3.12 shall be entitled to the benefits and security of this Resolution to the same extent as the Series 2021 Bond or Series 2021 Bonds in lieu of which such replacement Series 2021 Bond is delivered.

Section 3.13: Redemption. The Series 2021 Bonds are subject to redemption under the conditions, on the dates, and for the redemption prices set forth in the Bond Purchase Agreement. If less than all of the Series 2021 Bonds are to be redeemed, the Corporation shall determine the particular Series 2021 Bonds or portions thereof to be redeemed.

Principal amounts may be redeemed only in integral multiples of $5,000. Upon surrender of any Series 2021 Bond for redemption in part, the Registrar, in accordance with Section 3.10 hereof, shall authenticate and deliver in exchange therefor a Series 2021 Bond or Series 2021 Bonds of like maturity, Date of Delivery, and interest rate in an aggregate principal amount equal to the unredeemed portion of the Series 2021 Bond so surrendered.

Unless waived by the Owner, notice of any redemption identifying the Series 2021 Bonds to be redeemed in whole or in part shall be given by the Registrar at least thirty days prior to the date fixed for redemption by sending written notice by first class mail, postage prepaid, to the Owner of each Series 2021 Bond to be redeemed in whole or in part at the address shown on the Register. Such notices shall state the redemption date, the redemption price, the place at which Series 2021 Bonds are to be surrendered for payment and, if less than all Series 2021 Bonds Outstanding of a particular maturity are to be redeemed, the numbers of the Series 2021 Bonds or portions thereof of such maturity to be redeemed. Any notice given as provided in this Section 3.13 shall be conclusively presumed to have been duly given, whether the Owner receives such notice. By the date fixed for redemption, due provision shall be made with the Registrar for payment of the redemption price of the Series 2021 Bonds or portions thereof to be redeemed, plus accrued interest to the date fixed for redemption. When Series 2021 Bonds have been called for redemption in whole or in part and due provision has been made to redeem the same as herein provided, the Series 2021 Bonds or portions thereof so redeemed shall no longer be regarded as Outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the

Owners to collect interest which would otherwise accrue after the redemption date on any Series 2021 Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

The foregoing notwithstanding, any redemption of Series 2021 Bonds at the option of the Corporation may be made conditional, upon the occurrence of certain conditions as set forth in the Form of Bond as set forth in Exhibit A to this Resolution.

Should ownership of the Series 2021 Bonds be established in accordance with the book-entry-only system of The Depository Trust Company ("DTC"), the Paying Agent for the Series 2021 Bonds shall notify DTC that in the exercise by DTC of the selection of Series 2021 Bonds for redemption, the Series 2021 Bonds shall be so selected by DTC in such a manner that no beneficial owner of Series 2021 Bonds shall own less than $100,000 in principal amount of any Series 2021 Bonds of any one maturity.

Section 3.14: Limited Obligations. THE SERIES 2021 BONDS ARE A LIMITED OBLIGATION OF THE CORPORATION, PAYABLE SOLELY OUT OF THE TRUST ESTATE, WHICH IS THE SOLE ASSET OF THE CORPORATION PLEDGED THEREFOR. THE SERIES 2021 BONDS ARE OBLIGATIONS SOLELY OF THE CORPORATION AND DO NOT CONSTITUTE, WITHIN THE MEANING OF ANY STATUTORY OR CONSTITUTIONAL PROVISION, AN INDEBTEDNESS, AN OBLIGATION OR A LOAN OF CREDIT OF THE CITY, THE STATE OF TEXAS, OR ANY OTHER MUNICIPALITY, COUNTY, OR OTHER MUNICIPAL OR POLITICAL CORPORATION OR SUBDIVISION OF THE STATE OF TEXAS. THE CITY IS NOT OBLIGATED TO MAKE PAYMENTS IN SUPPORT OF THE DEBT SERVICE ON THE SERIES 2021 BONDS FROM ANY SOURCES, OTHER THAN THE NET REVENUES AS DESCRIBED IN THE INDENTURE.

ARTICLE IV

FORM OF SERIES 2021 BONDS AND CERTIFICATES

Section 4.1: Forms. The form of the Series 2021 Bonds, including the form of the Registrar's authentication certificate, the form of assignment, and the form of the Comptroller's Registration Certificate for the Series 2021 Bonds to be initially issued, shall be in substantially the form as set forth in Exhibit A to this Resolution.

Section 4.2: Legal Opinion; Cusip Numbers; Bond Insurance. The approving opinion of Bond Counsel and CUSIP Numbers may be printed on the Series 2021 Bonds, but errors or omissions in the printing of such opinion or such numbers shall have no effect on the validity of the Series 2021 Bonds. If bond insurance is obtained by the Underwriters or the Issuer, the Series 2021 Bonds may bear an appropriate legend as provided by the insurer.

ARTICLE V

ADDITIONAL BONDS

Section 5.1: Additional Parity Bonds. The Corporation reserves the right to issue, for any lawful purpose (including the refunding of any previously issued Parity Bonds), one or more series of Additional Parity Bonds payable from and secured by a first lien on the Pledged Revenues, on a parity with the Series 2021 Bonds, and any previously issued Additional Parity Bonds; provided, however, that Additional Parity Bonds may be issued only in accordance with the provisions of Article III of the Indenture.

Section 5.2: Subordinate Lien Obligations. The Corporation reserves the right to issue, for any lawful purpose, Subordinate Lien Obligations secured in whole or in part by liens on the Pledged Revenues that are junior and subordinate to the lien on Pledged Revenues securing payment of the Parity Bonds. Such Subordinate Lien Obligations may be further secured by any other source of payment lawfully available for such purposes.

ARTICLE VI

GENERAL COVENANTS

Section 6.1: Punctual Payment of Parity Bonds. The Corporation will punctually pay or cause to be paid the interest on and principal of all Parity Bonds according to the terms thereof and will faithfully do and perform, and at all times fully observe, any and all covenants, undertakings, stipulations and provisions contained in this Resolution and in any resolution authorizing the issuance of Additional Parity Bonds.

Section 6.2: Accounts, Records, and Audits. So long as any Parity Bond remains Outstanding, the Corporation covenants and agrees that it will maintain a proper and complete system of records and accounts pertaining to the Corporation in which full, true and proper entries will be made of all dealings, transactions, business and affairs which in any way affect or pertain to the Corporation or the Pledged Revenues. The Audit shall be prepared by an independent certified public accountant or independent firm of certified public accountants after the close of each Fiscal Year. Information relating to Love Field and the Net Revenues will be incorporated as part of the Audit. All expenses incurred in preparing Audits shall be payable by the City.

Section 6.3: Pledge and Encumbrance of Pledged Revenues. (a) The Corporation covenants and represents that it has the lawful power to create a lien on and to pledge the Pledged Revenues to secure the payment of the Parity Bonds and has lawfully exercised such power under the Constitution and laws of the State of Texas. The Corporation further covenants and represents that, other than to the payment of the Parity Bonds, the Pledged Revenues are not and will not be made subject to any other lien pledge or encumbrance to secure the payment of any debt or obligation of the Corporation, unless such lien, pledge or encumbrance is junior and subordinate to the lien and pledge securing payment of the Parity Bonds.

(b) Pursuant to the terms of the Project Financing Agreement, the City is obligated to make available to the Corporation Net Revenues, on the dates and in the manner provided in the Project Financing Agreement, in amounts sufficient to pay the principal of and interest on outstanding Parity Bonds, to restore any deficiency in the Reserve Fund, and to pay the fees and expenses of the Trustee and the Paying Agent/Registrar incurred in connection with the administration of the Trust Estate and the payment of debt service on the Parity Bonds. The Corporation has assigned to the Trustee its rights, title and interests in the Net Revenues, and will cause the Trustee to deposit Net Revenues so received to the credit of the Pledged Revenue Fund and used in accordance with the terms of the Indenture.

(c) By approving this Resolution, the City agrees that for so long as any Parity Bond is Outstanding, commencing on the Issuance Date, the City will not amend the Lease or the Project Financing Agreement in a manner that is materially adverse to the interests of the owners of the Parity Bonds.

Section 6.4: Owners' Remedies. This Resolution shall constitute a contract between the Corporation and the Owners of the Parity Bonds from time to time Outstanding and this Resolution shall be and remain irrepealable until the Parity Bonds and the interest thereon shall be fully paid or discharged or provision therefor shall have been made as provided herein. In the event of a default in the payment of the principal of or interest on any of the Parity Bonds or a default in the performance of any duty or covenant provided by law or in this Resolution, the Owner or Owners of any of the Parity Bonds may pursue all legal remedies afforded by the Constitution and laws of the State of Texas to compel the Corporation to remedy such default and to prevent further default or defaults. Without in any way limiting the generality of the foregoing, it is expressly provided that any Owner of any of the Parity Bonds may at law or in equity, by suit, action, mandamus, or other proceedings, enforce and compel performance of all duties required to be performed by the Corporation under this Resolution, the deposit of the Pledged Revenues into the special funds herein provided and in accordance with the terms of the Indenture, and the application of such Pledged Revenues in the manner required in this Resolution. The foregoing notwithstanding, acceleration of the Parity Bonds is not an available remedy. The sole source of the Corporation available for the payment of debt service on the Parity Bonds is and shall be the Pledged Revenues.

Section 6.5: Discharge by Deposit. (a) That any Parity Bond and the interest thereon shall be deemed to be paid, retired and no longer Outstanding (a "Defeased Obligation"), except to the extent hereinafter provided in this Section 6.5, when payment of the principal of such Parity Bond, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other similar instrument (the "Future Escrow Agreement") for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the Board with the Trustee for the payment of its services until all Defeased

Obligations shall have become due and payable. At such time as a Parity Bond shall be deemed to be a Defeased Obligation hereunder, as aforesaid, such Parity Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the Debt Service Fund and the Reserve Fund, and such principal and interest shall be payable solely from such money or Defeasance Securities. Notwithstanding any other provision of this Resolution to the contrary, it is hereby provided that any determination not to redeem Defeased Obligations that is made in conjunction with the payment arrangements specified in clauses (i) or (ii) above shall not be irrevocable; *provided*, that in the proceedings providing for such payment arrangements, the Corporation (1) expressly reserves the right to call the Defeased Obligations for redemption; (2) gives notice of the reservation of that right to the owners of the Defeased Obligations immediately following the making of the payment arrangements; and (3) directs that notice of the reservation be included in any redemption notices that it authorizes.

(b) Any moneys so deposited with the Trustee may be invested at the written direction of the Corporation in Defeasance Securities, maturing in the amounts and times as hereinbefore set forth, and all income from such Defeasance Securities received by the Trustee that is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, shall be turned over to the Corporation, or deposited as directed in writing by the Corporation. Any Future Escrow Agreement pursuant to which the money and/or Defeasance Securities are held for the payment of Defeased Obligations may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of the requirements specified in clauses (i) or (ii) of subsection (a) of this Section. All income from such Defeasance Securities received by the Trustee which is not required for the payment of the Defeased Obligations, with respect to which such money has been so deposited, shall be remitted to the Corporation or deposited as directed in writing by the Corporation.

(c) The Corporation covenants that no deposit will be made or accepted under clause (ii) of subsection (a) of this Section and no use will be made of any such deposit which would cause the Bonds to be treated as "arbitrage bonds" within the meaning of section 148 of the Code.

(d) Notwithstanding any other provisions of this Resolution, all money or Defeasance Securities set aside and held in trust pursuant to the provisions of this Section for the payment of the Bonds, the redemption premium, if any, and interest thereon, shall be applied to and used for the payment of such Bonds, the redemption premium, if any, and interest thereon.

Section 6.6: Registrar and Trustee May Own Parity Bonds. The Registrar and Trustee for the Parity Bonds, in their individual or any other capacity, may become holders or pledges of the Parity Bonds with the same rights they would have if they were not the Registrar or Trustee.

Section 6.7: No Recourse against Corporation Officials. No recourse shall be had for the payment of principal of or interest on any Parity Bonds or for any claim based thereon or on this Resolution against any official of the Corporation or any person executing any Parity Bonds. No member of the Board of Directors of the Corporation or any officer, agent, employee or representative of the Corporation in his or her individual capacity, nor the officers, agents, employees or representatives of the Corporation nor any person executing the Series 2021 Bonds shall be personally liable thereon or be subject to any personal liability or accountability by reason of the issuance thereof, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being expressly released and waived as a condition of and in consideration for the adoption of this Resolution and the issuance of the Series 2021 Bonds.

ARTICLE VII

PROVISIONS CONCERNING SALE AND APPLICATION OF PROCEEDS OF SERIES 2021 BONDS

Section 7.1: Execution of Documents to Effect Sale of Series 2021 Bonds. An Authorized Representative and other appropriate officers, agents and representatives of the Corporation are hereby authorized to do any and all things necessary or desirable to provide for the issuance and delivery of the Series 2021 Bonds. In respect thereto, the Authorized Representative may execute the Bond Purchase Agreement with the Underwriters to effect the sale of the Series 2021 Bonds. In the Bond Purchase Agreement, the Authorized Representative shall determine, based upon advice provided by the Corporation's financial advisors, that acceptance of the purchase price for the Series 2021 Bonds is in the best interests of the Corporation. The Authorized Representative is authorized to determine and fix the date of the Series 2021 Bonds, any additional or different designation or title by which the Series 2021 Bonds shall be known, the aggregate principal amount of the Series 2021 Bonds, the date of delivery of the Series 2021 Bonds, the price at which the Series 2021 Bonds will be sold, the years in which the Series 2021 Bonds will mature, the principal amount of Series 2021 Bonds to mature in each of such years, the rate or rates of interest to be borne by or accrue on each such maturity, the interest payment periods, the dates, price, and terms upon and at which the Bonds shall be subject to redemption prior to maturity at the option of the Corporation, as well as any mandatory sinking fund redemption provisions, and all other matters relating to the issuance, sale, and delivery of the Series 2021 Bonds; provided, however, the Authorized Representative shall not execute the Bond Purchase Agreement if (a) the aggregate principal amount of the Series 2021 Bonds exceeds $345,000,000, (b) the price to be paid for the Series 2021 Bonds is less than 95% of the aggregate original principal amount thereof, plus accrued interest, if any, thereon from the date of their delivery, (c) the interest rate on the Series 2021 Bonds shall not exceed a True Interest Cost rate excess of five percent (5.00%), and (d) the refunding of the aggregate principal amount of the Refunded Bonds must produce a net present value savings of at least five percent (5.00%). The Authorized Representative may elect not to refund all or any Refundable Bonds if the refunding of the aggregate principal amount of the Refundable Bonds selected for refunding does not result in the minimum savings threshold established in this Section being realized. On or before the date of delivery of the Series 2021 Bonds an Authorized Representative shall execute and deliver to the Board of Directors of the Corporation and the City Council a certificate stating that (i) Southwest has approved the terms of the Series 2021 Bonds and the refunding of the Refunded Bonds and (ii) the savings threshold herein established has been realized. This certificate shall specifically state both the net present value savings and the gross savings realized by the refunding the Refunded Bonds. As used in this Resolution, "True Interest Cost rate" means that rate which, when used to compute the total present value as of the delivery date of all debt service payments on the Series 2021 Bonds on the basis of semi-annual compounding interest, produces an amount equal to the sum of the par value of the Series 2021 Bonds plus any premium. The authority of the Authorized Representative to effect the sale of the Series 2021 Bonds through the execution of a Bond Purchase Agreement shall expire at 5:00 p.m. on Friday, July 1, 2022.

Section 7.2: Application of Proceeds. Proceeds from the sale of the Series 2021 Bonds shall, promptly upon receipt by the Trustee, be applied in the manner provided for in a certificate executed by an Authorized Representative or the Corporation's financial advisor, acting on behalf of the Corporation.

ARTICLE VIII

TAX EXEMPTION

Section 8.1: General Tax Covenants. The Corporation covenants to take any action to assure, or refrain from any action which would adversely affect, the treatment of the Series 2021 Bonds as obligations described in section 103 of the Code, the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. The Corporation covenants as follows:

(a) to take such action or refrain from such action which would result in the Series 2021 Bonds not being "exempt facility bonds", as defined in section 142(a) of the Code, at least 95 percent of the proceeds of which are used to provide airport facilities (within the meaning of section 142(a) of the Code);

(b) to take such action to assure at all times while the Series 2021 Bonds remain outstanding, the facilities, directly or indirectly, financed with the proceeds thereof will be owned by a governmental unit;

(c) that no part of the facilities, directly or indirectly, financed with the proceeds of the Series 2021 Bonds will constitute: (A) any lodging facility; (B) any retail facility (including food or beverage facilities) in excess of a size necessary to serve passengers and employees at the exempt facility; (C) any retail facility (other than parking) for passengers or the general public located outside the exempt facility terminal; (D) any office building for individuals who are not employees of a governmental unit or of the operating authority for the exempt facility; (E) any industrial park or manufacturing facility; or (F) any residential real property for family units;

(d) that the maturity of the Series 2021 Bonds does not exceed 120 percent of the economic life of the facilities, directly or indirectly, financed with the proceeds of the Bonds, as more specifically set forth in section 147(b) of the Code;

(e) that fewer than 25 percent of the proceeds of the Series 2021 Bonds will be used for the acquisition of land or an interest in such land, unless such land is acquired for noise abatement or wetland preservation or the future use of Love Field, and there is no other significant use of such land;

(f) to refrain from using any portion of the proceeds of the Series 2021 Bonds, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) which produces a materially higher yield over the term of the Series 2021 Bonds, other than investment property acquired with:

(1) proceeds of the Series 2021 Bonds invested for a reasonable temporary period until the proceeds are needed for the purpose for which the Series 2021 Bonds are issued;

(2) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Treasury Regulations; and

(3) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of the Series 2021 Bonds;

(g) that any property acquired, directly or indirectly, with the proceeds of the Series 2021 Bonds was not placed-in-service prior to its acquisition unless the provisions of section 147(d) of the Code, relating to rehabilitation, are satisfied;

(h) that the costs of issuance to be financed with the proceeds of the Series 2021 Bonds do not exceed two percent of the proceeds of the Series 2021 Bonds;

(i) to refrain from taking any action that would result in the Series 2021 Bonds being "federally guaranteed" within the meaning of section 149(b) of the Code;

(j) to otherwise restrict the use of the proceeds of the Bonds or amounts treated as proceeds of the Series 2021 Bonds, as may be necessary, to satisfy the requirements of section 148 of the Code (relating to arbitrage);

(k) to refrain from using the proceeds of the Series 2021 Bonds or the proceeds of any prior bonds to pay debt service on another issue more than ninety (90) days after the issuance of the Series 2021 Bonds in contravention of section 149(d) of the Code (relating to advance refundings);

(l) to create and maintain a Rebate Fund, as required below, to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Series 2021 Bonds) an amount that is at least equal to 90 percent of the "Excess Earnings", within the meaning of section 148(f) of the Code, and to pay to the United States of America, not later than 60 days after the Series 2021 Bonds have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code; and

(m) to maintain records that will enable the Corporation to fulfill its responsibilities under this Section and section 148 of the Code and to retain the records for at least six years following the final payment of principal and interest on the Series 2021 Bonds.

The Corporation understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of the issuance of the Series 2021 Bonds. It is the understanding of the Corporation that the covenants contained in this Resolution are intended to assure compliance with the Code, the Treasury Regulations and any rulings promulgated by the U.S. Department of the Treasury pursuant to the Code. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Series 2021 Bonds, the Corporation will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally-recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Series 2021 Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Series 2021 Bonds, the Corporation agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally-recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Series 2021 Bonds under section 103 of the Code. In furtherance of the foregoing, the Authorized Representative may execute any documents, certificates or other reports required by the Code and to make such elections, on behalf of the Corporation, which may be permitted by the Code as are consistent with the purpose for the issuance of the Series 2021 Bonds.

In order to facilitate compliance with clause (l) above, a "Rebate Fund" is established and held by the Corporation for the sole benefit of the United States of America, and such Rebate Fund shall not be subject to the claim of any other person, including without limitation the Registered Owners of the Series 2021 Bonds. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

<u>Section 8.2</u>: <u>Disposition of Improvements</u>. The Corporation covenants that the property constituting the improvements at Love Field financed with the proceeds of the Refunded Bonds will not be sold or otherwise disposed in a transaction resulting in the receipt by the Corporation of cash or other compensation, unless the Corporation obtains an opinion of nationally-recognized bond counsel substantially to the effect that such sale or other disposition will not adversely affect the tax-exempt status of the Series 2021 Bonds. For purposes of this Section, the portion of the property comprising personal property and disposed of in the ordinary course of business shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes of this Section 8.2, the Corporation shall not be obligated to comply with this covenant if it obtains an opinion of nationally-recognized bond counsel to the effect that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest on the Series 2021 Bonds.

Section 8.3: Written Procedures. Unless superseded by another action of the City or the Corporation, to ensure compliance with the covenants contained in this Resolution regarding private business use, remedial action, arbitrage and rebate, the written procedures adopted by the City on August 8, 2012, in the ordinance authorizing the issuance of the City's Waterworks and Sewer System Revenue Refunding Bonds, Series 2012A, shall apply to the Series 2021 Bonds.

ARTICLE IX
CONTINUING DISCLOSURE UNDERTAKING

Section 9.1: Annual Reports. (a) The Corporation shall provide annually to the MSRB, within six months after the end of each Fiscal Year ending in or after 2021, financial information and operating data with respect to the Corporation of the general type set forth in Exhibit B to this Resolution (provided that such information and data is customarily prepared by the Corporation), being the information described in Exhibit B (as such information may be amended or supplemented by an Authorized Representative to conform Exhibit B to the final official statement prepared in connection with the sale of the Series 2021 Bonds). Any financial statements so to be provided shall be (1) prepared in accordance with the accounting principles described in Exhibit B hereto, or such other accounting principles as the Corporation may be required to employ from time to time pursuant to state law or regulation, and (2) audited, if the City commissions an Audit and the Audit is completed within the period during which they must be provided. If the Audit is not complete within such period, then the Corporation shall provide notice that the Audit is not available and provide unaudited financial information of the type described in the numbered tables referenced in Exhibit B by the required time and will provide the Audit for the applicable Fiscal Year to the MSRB, when and if the audit report on such statements becomes available. Such information shall be transmitted electronically to the MSRB, in such format as prescribed by the MSRB.

(b) If the Corporation changes its Fiscal Year, it will notify the MSRB of the change (and of the date of the new Fiscal Year end) prior to the next date by which the Corporation otherwise would be required to provide financial information and operating data pursuant to this Section. The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to the MSRB or filed with the SEC.

Section 9.2: Disclosure Event Notices. The Corporation shall notify the MSRB, of any of the following events with respect to the Series 2021 Bonds, in a timely manner not in excess of ten Business Days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or

final determinations of taxability, Notices of Proposed Issue (IRS Form 5701- TEB) or other material notices or determinations with respect to the tax status of the Series 2021 Bonds, or other material events affecting the tax status of the Series 2021 Bonds;

7. Modifications to rights of holders of the Series 2021 Bonds, if material;
8. Series 2021 Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Series 2021 Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Corporation;
13. The consummation of a merger, consolidation, or acquisition involving the Corporation or the sale of all or substantially all of the assets of the Corporation, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor Trustee or Paying Agent/Registrar or change in the name of the Trustee or the Paying Agent/Registrar, if material;
15. Incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar event under the terms of a Financial Obligation of the Obligated Person, and which reflect financial difficulties.

The Corporation shall notify the MSRB, in a timely manner, of any failure by the Corporation or the City to provide financial information or operating data in accordance with subsection (a) of this Section by the time required by such subsection.

As used in clause 12 above, the phrase "bankruptcy, insolvency, receivership or similar event" means the appointment of a receiver, fiscal agent or similar officer for the Corporation in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets of the Corporation, or if jurisdiction has been assumed by leaving the Board of Directors of the Corporation and official or officers of the Corporation in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Corporation. The Corporation shall notify the MSRB, in a timely manner, of any failure by the Corporation to provide financial information or operating data in accordance with subsection (a) of this Section by the time required by such subsection.

As used in clauses 15 and 16 above, the term "Financial Obligation" means: (i) a debt obligation; (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii); however, the term Financial Obligation shall not include Municipal Securities as to which a final official statement has been provided to the MSRB consistent with the Rule; the term "Municipal Securities" means securities which are direct obligations of, or obligations guaranteed as to principal or interest by, a state or any political subdivision thereof, or any agency or instrumentality of a state or any political subdivision thereof, or any municipal corporate instrumentality of one or more states and any other Municipal Securities described by Section 3(a)(29) of the Securities Exchange Act of 1934, as the same may be amended from time to time; and the term "Obligated Person" means the Corporation.

Section 9.3: Limitations, Disclaimers, and Amendments. (a) The Corporation shall be obligated to observe and perform the covenants specified in this Article for so long as, but only for so long as, the Corporation remains an "obligated person" with respect to the Series 2021 Bonds within the meaning of the Rule, except that the Corporation in any event will give notice of any deposit made in accordance with this Resolution or applicable law that causes Series 2021 Bonds no longer to be Outstanding.

(b) The provisions of this Article are for the sole benefit of the holders and beneficial owners of the Series 2021 Bonds, and nothing in this Article, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Corporation undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Article and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Corporation's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Article or otherwise, except as expressly provided herein. The Corporation does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Series 2021 Bonds at any future date.

(c) UNDER NO CIRCUMSTANCES SHALL THE CORPORATION BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY SERIES 2021 BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE CORPORATION, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS ARTICLE, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

(d) No default by the Corporation in observing or performing its obligations under this Article shall comprise a breach of or default under this Resolution for purposes of any other provision of this Resolution. Nothing in this Article is intended or shall act to disclaim, waive, or otherwise limit the duties of the Corporation under federal and state securities laws.

(e) Should the Rule be amended to obligate the Corporation to make filings with or provide notices to entities other than the MSRB, the Corporation agrees to undertake such obligation in accordance with the Rule as amended.

(f) The provisions of this Article may be amended by the Corporation from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Corporation, but only if (1) the provisions of this Article, as so amended, would have permitted an underwriter to purchase or sell Series 2021 Bonds in the primary offering of the Series 2021 Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (A) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Resolution that authorizes such an amendment) of the outstanding Series 2021 Bonds consent to such amendment or (B) a person that is unaffiliated with the Corporation (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the holders and beneficial owners of the Bonds. If the Corporation so amends the provisions of this Article, it shall include with any amended financial information or operating data next provided in accordance with Section 9.1 an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided. The Corporation may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Series 2021 Bonds in the primary offering of the Series 2021 Bonds.

Section 9.4: Continuing Disclosure Obligation of the City. The City has agreed in the Project Financing Agreement to provide the Corporation with information to enable the Corporation to satisfy its obligations under this Article IX. The Corporation agrees to take such actions that may be necessary or desirable to cause the City to comply with its covenant in the Project Financing Agreement to provide such information to the Corporation in a timely manner.

ARTICLE X

AUTHORIZATION OF AGREEMENTS

The Board hereby approves issuance of the Series 2021 Bonds and all agreements determined by the Board to be necessary in connection with the issuance of the Series 2021 Bonds, including without limitation the following: Paying Agent/Registrar Agreement by and between the Corporation and Wells Fargo Bank, National Association, in substantially the form approved in connection with the issuance of the Series 2017 Bonds, with such changes to conform the Paying Agent/Registrar Agreement to the purpose for which the Series 2021 Bonds are to be issued; the Bond Purchase Agreement, in substantially the form approved by the Corporation in connection with the issuance of the Series 2017 Bonds, with such changes to conform the Bond Purchase Agreement to the purpose for which the Series 2021 Bonds are to be issued; an amended and restated Project Financing Agreement between the City and the Corporation, in substantially the form attached to this Resolution as Exhibit C; and any and all other documents and agreements reasonable and necessary to issue the Bonds and to provide an escrow for the Refunded Bonds (collectively, the

"Agreements"). The Board, by a majority vote of its members, at a regular meeting, hereby approves the use of the Agreements and authorizes the execution and delivery of the Agreements, with such changes as determined by an Authorized Representative to be necessary or desirable to effect the purpose for which the Series 2021 Bonds are to be issued.

ARTICLE XI

MISCELLANEOUS

Section 11.1: Further Proceedings. The President, the Vice President, the Secretary, the Treasurer and other appropriate officials of the Corporation are hereby authorized and directed to do any and all things necessary and/or convenient to carry out the intent, purposes and terms of this Resolution, including the execution and delivery of such certificates, documents or papers necessary and advisable.

Section 11.2: Severability. If any Section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such Section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

Section 11.3: Open Meeting. It is hereby officially found and determined that the meeting at which this Resolution was adopted was open to the public, and that public notice of the time, place and purpose of said meeting was given, all as required by the Texas Open Meetings Act, Chapter 551, Texas Government Code.

Section 11.4: Parties Interested. Nothing in this Resolution expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the Corporation, the Registrar, and the Owners of the Series 2021 Bonds, any right, remedy or claim under or by reason of this Resolution or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Resolution shall be for the sole and exclusive benefit of the Corporation, the Registrar, and the Owners of the Series 2021 Bonds.

Section 11.5: Repealer. All orders, resolutions and ordinances, or parts thereof, inconsistent herewith are hereby repealed to the extent of such inconsistency.

Section 11.6: Form of Bond. The FORM OF BOND set forth in Exhibit A to this Resolution shall be revised and completed to reflect the terms of the sale of the Series 2021 Bonds, consistent with the provisions of the Bond Purchase Agreement.

Section 11.7: Series 2021 Bonds and Application of Additional Parity Bonds Test. The Series 2021 Bonds are to be issued to refund the Refunded Bonds for a debt service savings, consistent with Section 7.1 hereof. Since the Refunded Bonds were not issued under the terms of the Indenture, for purposes of the Indenture the issuance of the Series 2021 Bonds must satisfy the tests provided in the Indenture for the issuance of Additional Parity Bonds, as if the Refunded Bonds were initially issued as Parity Bonds under the Indenture.

Section 11.8: Effective Date. This Resolution shall become effective immediately upon passage by this Corporation and signature of the President of the Board of Directors of the Corporation.

PASSED AND APPROVED this ____ day of June, 2021.

By: ________________________
Name: ________________________
Title: President, Board of Directors

ATTEST:

By: ________________________
Name: ________________________
Title: Secretary, Board of Directors

(SEAL)

EXHIBIT A:

FORM OF BOND

United States of America
State of Texas

____________	____________
Registered	Registered

LOVE FIELD AIRPORT MODERNIZATION CORPORATION
GENERAL AIRPORT REVENUE REFUNDING BOND
SERIES 2021

Interest Rate	Date of Delivery	Maturity Date	Cusip No.
%			

Registered Owner: ______________________________

Principal Amount: ____________________________ Dollars

THE LOVE FIELD AIRPORT MODERNIZATION CORPORATION (the "Issuer"), a not-for-profit local government corporation created under authority of Chapter 431, Subchapter D, Texas Transportation Code (the "Act") by the City of Dallas, Texas (the "City"), for value received, promises to pay, but solely from certain Pledged Revenues as hereinafter provided, to the Registered Owner identified above or registered assigns, on the Maturity Date specified above, upon presentation and surrender of this Bond at the designated corporate trust office in Dallas, Texas (the "Designated Trust Office") of Wells Fargo Bank, National Association, as registrar (the "Registrar"), the principal amount identified above, in any coin or currency of the United States of America which on the date of payment of such principal is legal tender for the payment of debts due the United States of America, and to pay, solely from such Pledged Revenues, interest thereon at the rate shown above, calculated on the basis of a 360-day year of twelve 30-day months, from the later of the Date of Delivery of the Bonds specified above, or the most recent interest payment date to which interest has been paid or duly provided for. Interest on this Bond is payable by check on _______ 1 and _________ 1, beginning on ________ 1, 202_, mailed to the Registered Owner as shown on the books of registration kept by the Registrar as of the fifteenth day of the month next preceding each interest payment date (the "Record Date"), or by such other method, acceptable to the Registrar, requested by and at the risk and expense of the Registered Owner. If interest on this Bond is not paid on any interest payment date specified above and continues unpaid for thirty (30) days thereafter, the Registrar shall establish a new Record Date for the payment of such interest (a "Special Record Date"). Such Special Record Date shall be established in accordance with the terms of the hereinafter defined Resolution.

IF THE DATE for the payment of the principal of or interest on this Bond shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the Designated Trust Office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

THIS BOND IS ONE OF A DULY AUTHORIZED SERIES OF BONDS dated as of the Date of Delivery, aggregating $__________, issued for the purpose of (1) refunding the Refunded Bonds (as defined in the hereinafter defined Resolution), (2) making an initial deposit to the Reserve Fund, and (3) paying Costs of Issuance, all under and pursuant to the authority of the Act and all other applicable laws, an Indenture of Trust dated as of July 1, 2015 (the "Indenture"), between the Issuer and Wells Fargo Bank, National Association, as trustee (the "Trustee"), and a resolution adopted by the Issuer on June __, 2021 (the "Resolution"). All defined terms not herein defined shall have the meaning attributed thereto in accordance with the terms of the Resolution.

THIS BOND AND THE SERIES OF WHICH IT IS A PART are limited obligations of the Issuer that are payable from, and are equally and ratably secured by a first lien on the "Pledged Revenues", as defined and provided in the Indenture, which Pledged Revenues are required to be set aside and pledged to the payment of the Bonds and all additional bonds and parity contractual obligations issued or entered into on a parity therewith, in the Debt Service Fund and the Reserve Fund maintained for the payment of all such Bonds, all as more fully described and provided for in the Resolution. This Bond and the series of which it is a part, together with the interest thereon, are payable solely from such Pledged Revenues.

THE BONDS maturing on and after ___________, 20__ may be redeemed only in principal amounts of $5,000 or any integral multiple thereof (an "Authorized Denomination"), at the option of the Issuer, on __________, 20__, or on any date thereafter, at the redemption price of par plus accrued interest to the date fixed for redemption. If less than all of the Bonds are to be redeemed by the Issuer, the Issuer shall determine the maturity or maturities and the amounts therewith to be redeemed and shall direct the Registrar to call by lot Bonds, or portions thereof, within such maturity or maturities and in such principal amounts, for redemption; *provided*, that during any period in which ownership of the Bonds is determined only by a book entry at a securities depository for the Bonds, if fewer than all of the Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Bonds of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the Issuer and the securities depository.

AT LEAST THIRTY DAYS prior to any date fixed for redemption, notice of any redemption shall be given (i) by the Registrar to the Registered Owner of each Bond or a portion thereof being called for redemption by depositing such notice in the United States mail, first-class, postage pre-paid, addressed to each such registered owner at his address shown on the Registration Books of the Paying Agent/Registrar and (ii) by the Corporation by causing a notice of such redemption to be published one (1) time in a financial journal or publication of general circulation in the United States of America or the State of Texas carrying as a regular feature notices of municipal bonds called for redemption; provided, however, that the failure to send, mail or receive such notice described in (i) above, or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of any Bond, and the publication of notice as described in (ii) above shall be the only notice actually required in connection with or as a prerequisite to the redemption of any Bonds. When Bonds or portions thereof have been called for redemption, and due provision has been made to redeem the same, the principal amounts so redeemed shall be payable solely from the funds provided for redemption, and interest which would otherwise accrue on the amounts called for redemption shall terminate on the date fixed for redemption.

WITH RESPECT TO any optional redemption of this Bond, unless the Paying Agent/Registrar has received funds sufficient to pay the principal and premium, if any, and interest on this Bond to be redeemed before giving of a notice of redemption, the notice of redemption may state the Issuer may condition redemption on the receipt by the Paying Agent/Registrar of such funds on or before the date fixed for the redemption, or on the satisfaction of any other prerequisites set forth in the notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption and sufficient funds are not received, the notice shall be of no force and effect, the Issuer shall not redeem this Bond and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, that this Bond has not been redeemed.

THIS BOND IS TRANSFERABLE only upon presentation and surrender at the Designated Trust Office of the Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner or his authorized representative, subject to the terms and conditions of the Resolution.

THIS BOND IS EXCHANGEABLE at the Designated Trust Office of the Registrar for Bonds in principal amounts only in Authorized Denominations, subject to the terms and conditions of the Resolution.

NEITHER THE ISSUER NOR THE REGISTRAR shall be required (i) to make any transfer or exchange of any Bond during the period beginning at the opening of business 15 days before the day of the first mailing of a notice of redemption of Bonds and ending at the close of business on the day of such mailing, or (ii) to transfer or exchange any Bonds so selected for redemption when such redemption is scheduled to occur within 30 calendar days; provided, however, such limitation shall not be applicable to an exchange by the registered owner of the uncalled principal balance of a Bond.

DURING ANY PERIOD in which ownership of the Bonds is determined only by a book entry at a securities depository for the Bonds, if fewer than all of the Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Bonds of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the Issuer and the securities depository; provided, however, that no Bonds shall be redeemed in a manner where the beneficial owner thereof shall own Bonds in any Authorized Denomination.

THIS BOND shall not be valid or obligatory for any purpose or be entitled to any benefit under the Resolution unless this Bond is either (i) registered by the Comptroller of Public Accounts of the State of Texas by registration certificate attached or affixed hereto or (ii) authenticated by the Registrar by due execution of the authentication certificate endorsed hereon.

THE ISSUER HAS RESERVED THE RIGHT to issue additional parity General Airport Revenue Bonds, subject to the restrictions contained in the Indenture and the Resolution, which may be equally and ratably payable from, and secured by a first lien on and pledge of, the Pledged Revenues in the same manner and to the same extent as this Bond and the series of which it is a part.

THE BONDS ARE A LIMITED OBLIGATION OF THE CORPORATION, PAYABLE SOLELY OUT OF THE TRUST ESTATE HELD BY THE TRUSTEE UNDER THE TERMS OF THE INDENTURE, WHICH IS THE SOLE ASSET OF THE CORPORATION PLEDGED THEREFOR. THE BONDS ARE OBLIGATIONS SOLELY OF THE CORPORATION AND DO NOT CONSTITUTE, WITHIN THE MEANING OF ANY STATUTORY OR CONSTITUTIONAL PROVISION, AN INDEBTEDNESS, AN OBLIGATION OR A LOAN OF CREDIT OF THE CITY, THE STATE OF TEXAS, OR ANY OTHER MUNICIPALITY, COUNTY, OR OTHER MUNICIPAL OR POLITICAL CORPORATION OR SUBDIVISION OF THE STATE OF TEXAS. THE CITY IS NOT OBLIGATED TO MAKE PAYMENTS IN SUPPORT OF THE DEBT SERVICE ON THE BONDS FROM ANY SOURCES, OTHER THAN THE NET REVENUES AS DESCRIBED IN THE INDENTURE.

IT IS HEREBY DECLARED AND REPRESENTED that this Bond has been duly and validly issued and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the issuance and delivery of this Bond have been performed, existed, and been done in accordance with law; that the Bonds do not exceed any statutory limitation; and that provision has been made for the payment of the principal of and interest on this Bond and all of the Bonds by the creation of the aforesaid lien on and pledge of the Pledged Revenues, as further provided for in the Indenture.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be executed by the manual or facsimile signatures of the President or Vice President and the Secretary.

LOVE FIELD AIRPORT MODERNIZATION CORPORATION

____
President

(SEAL)

____
Secretary

FORM OF REGISTRATION CERTIFICATE

COMPTROLLER'S REGISTRATION CERTIFICATE:

REGISTER NO. ______

I hereby certify that this Bond has been examined, certified as to validity, and approved by the Attorney General of the State of Texas, and that this Bond has been registered by the Comptroller of Public Accounts of the State of Texas.

WITNESS MY SIGNATURE AND SEAL this _________________________.

____
Comptroller of Public Accounts
of the State of Texas

(SEAL)

FORM OF REGISTRAR'S AUTHENTICATION CERTIFICATE

AUTHENTICATION CERTIFICATE

It is hereby certified that this Bond has been delivered pursuant to the Bond Resolution described in the text of this Bond; and that this Bond is one of a series of Bonds approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Wells Fargo Bank, National Association, as Registrar

By: __________________________________
Authorized Signature

Date of Authentication: ________________

FORM OF ASSIGNMENT

ASSIGNMENT

For value received, the undersigned hereby sells, assigns, and transfers unto

____

(Please print or type name, address, and zip code of Transferee)

____

____

(Please insert Social Security or Taxpayer Identification Number of Transferee)
the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

____
attorney to transfer said Bond on the books kept for registration thereof, with full power of substitution in the premises.

DATED: __________________

Signature Guaranteed:

____
Registered Owner

NOTICE: Signature must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program ("STAMP") or similar program.

NOTICE: The signature above must correspond to the name of the Registered Owner as shown on the face of this Bond in every particular, without any alteration, enlargement or change whatsoever.

The Initial Bond shall be in the form set forth above, except that the form of the single fully registered Initial Bond shall be modified as follows:

(i) immediately under the name of the bond the headings "Interest Rate", "Date of Delivery", "Maturity Date" and "Cusip No." shall be omitted; and

(ii) Paragraph one shall read as follows:

Registered Owner:

Principal Amount: __________________ Dollars

Date of Delivery: __________, 2021

THE LOVE FIELD AIRPORT MODERNIZATION CORPORATION (the "Issuer"), a not-for-profit local government corporation created under authority of Chapter 431, Subchapter D, Texas Transportation Code (the "Act") by the City of Dallas, Texas (the "City"), for value received, promises to pay to the Registered Owner named above, or the registered assigns thereof, the Principal Amount hereinabove stated on _________ 1 in each of the years and in principal installments in accordance with the following schedule:

(Information to be inserted from the Bond Purchase Agreement)

and to pay interest thereon from the Date of Delivery specified above, on ______ 1, 2021 and semiannually on each _______ 1 and _______ 1 thereafter to the maturity date specified above, or to the date of redemption prior to maturity, at the interest rate per annum specified above. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Exhibit B
to
Resolution

DESCRIPTION OF ANNUAL FINANCIAL INFORMATION

The following information is referred to in Section 9.1 of this Resolution.

Annual Financial Statements and Operating Data

The financial information and operating data with respect to the Corporation to be provided annually in accordance with such Section are as specified (and included in the Appendix or under the headings of the Official Statement referred to) below:

1. The information of the general type included in Tables 1 through __ of the Official Statement.

2. **"Financial Statements of the City of Dallas, Texas"**.

Accounting Principles

The accounting principles referred to in such Section are the accounting principles described in the notes to the financial statements referred to in paragraph 2 above.

<u>APPENDIX G</u>

FORM OF CO-BOND COUNSEL'S OPINION

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An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P. and Escamilla & Poneck, LLP, co-Bond Counsel, upon the delivery of the Bonds, assuming no material changes in facts or law.

LOVE FIELD AIRPORT MODERNIZATION CORPORATION
GENERAL AIRPORT REVENUE REFUNDING BONDS, SERIES 2021 (AMT)

AS CO-BOND COUNSEL for the Love Field Airport Modernization Corporation (the "Corporation"), the issuer of the bonds described above (the "Bonds"), we have examined into the legality and validity of the Bonds, which Bonds are issued in the aggregate principal amount of $255,160,000. The Bonds bear interest from their date of delivery and mature on the dates specified on the face of the Bonds, and are subject to redemption prior to maturity on the dates and in the manner specified in the Bonds, all in accordance with the bond resolution of the Corporation authorizing the issuance of the Bonds (the "Bond Resolution") and an Amended and Restated Indenture of Trust between the Corporation and Wells Fargo Bank, National Association, as trustee (the "Trustee"), dated as of September 1, 2021 (the "Indenture"). Terms used herein and not otherwise defined shall have the meaning given in the Indenture.

WE HAVE EXAMINED the Constitution and Statutes of the State of Texas, certified copies of the proceedings of the Corporation, the City of Dallas (the "City"), and other proofs authorizing and relating to the issuance of the Bonds, including one of the executed Bonds (Bond Number T-1); we do not, however, express any opinion with regard to any statement of insurance printed on the Bonds.

IN OUR OPINION, the Corporation is a local development corporation duly and validly incorporated, existing, and functioning under and pursuant to Subchapter D, Chapter 431, Texas Transportation Code; that the Bond Resolution authorizing the execution of the Indenture and the issuance of the Bonds has been duly and lawfully adopted and constitutes a valid and binding obligation of the Corporation; and that the Bonds have been authorized and issued in accordance with law, and that the Bonds constitute valid, legally binding, and enforceable special revenue obligations of the Corporation, in accordance with their terms, with the principal of, redemption premium, if any, and interest on the Bonds, and other payments with respect to the Bonds, being payable from the payments to be made or paid, or caused to be made or paid, to the Trustee pursuant to the Indenture and together with outstanding General Airport Revenue Bonds and bonds of the Corporation that may be hereafter issued in accordance with the terms of the Indenture, are payable from, and secured by a first lien on and pledge of, the Pledged Revenues. All such bonds are secured ratably by such pledge of the Pledged Revenues in such manner that no one Bond shall have priority of lien over any other Bond so secured. The Bonds are not a general obligation of the Corporation or the City, and the issuance of the Bonds does not give rise to a charge against the general credit or taxing powers of the City, and the holder or holders of the Bonds shall never have the right to demand payment out of money raised or to be raised by taxation, other than from the Pledged Revenues.

THE BONDS are further secured by the Indenture, whereunder the Trustee is custodian of the Pledged Revenue Fund, the Debt Service Fund, the Reserve Fund and the Project Fund created in the Indenture, and is obligated to enforce the rights of the Corporation and the owners of the Bonds, and to perform other duties, in the manner and under the conditions stated in the Indenture; and it is our further opinion that the Indenture has been duly and lawfully authorized, executed, and delivered by the Corporation, and that it is a valid and binding agreement of the Corporation enforceable in accordance with its terms and conditions. We are relying upon the opinion of the counsel to the Trustee, to the effect that the Indenture has been duly and lawfully authorized, executed, and delivered by the Trustee, and that the Indenture is valid and binding upon the Trustee in accordance with its terms and conditions.

THE CORPORATION reserves the right, subject to the restrictions stated, and adopted by reference, in the Indenture, to issue additional parity bonds payable from and equally secured by a lien on and pledge of the Pledged Revenues in all things on a parity with the Bonds.

THE OPINIONS HEREINBEFORE EXPRESSED are qualified to the extent that the obligations of the Corporation and the Trustee, and the enforceability thereof, with respect to the Bonds and the Indenture, are subject to applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting creditors' rights generally and to the exercise of judicial discretion in accordance with general principles of equity.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Bonds is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. The exceptions are as follows:

(1) interest on the Bonds will be includable in the gross income of the holder during any period that such Bonds are held by either a "substantial user" of the facilities financed or refinanced with the proceeds of the Bonds or a "related person" of such user, as provided in section 147(a) of the Internal Revenue Code of 1986 (the "Code"); and

(2) interest on the Bonds will be treated as a "preference item" in calculating the alternative minimum tax imposed on individuals and corporations under section 57(a)(5) of the Code.

In expressing the aforementioned opinions, we have relied on certain representations, including particularly written representations with respect to material facts which are solely within the knowledge of the Corporation and the City, the accuracy of which we have not independently verified, and assume compliance with certain covenants, regarding the use and investment of the proceeds of the Bonds and the construction, use and management of the property financed therewith. We call your attention to the fact that if the representations are determined to be inaccurate or if the either the Corporation or the City fails to comply with such covenants, interest on the Bonds may become includable in gross income retroactively to the date of issuance of the Bonds.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Bonds. In particular, but not by way of limitation, we express no opinion with respect to federal, state or local tax consequences arising from the enactment of any pending or future legislation. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result.

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Bonds, nor as to any such insurance policies issued in the future.

OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as co-Bond Counsel for the Corporation, and, in that capacity, we have been engaged by the Corporation for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Bonds for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified any records, data, or other material relating to the financial condition or capabilities of the Corporation or the City, or the disclosure thereof in connection with the sale of the Bonds and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds and have relied solely on certificates executed by officials of the Corporation and the City as to the availability and sufficiency of the Pledged Revenues. Our role in connection with the Corporation's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

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

Respectfully,

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APPENDIX H

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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ASSURED GUARANTY® MUNICIPAL

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No: -N

BONDS: $ in aggregate principal amount of

Effective Date:

Premium: $

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By ________________________________
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
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