RETIREMENT PLANS
FOR EMPLOYEES AND DPS COVERED EMPLOYEES
OF THE
DALLAS FORT WORTH INTERNATIONAL AIRPORT

Combined Financial Statements
and
Required Supplementary Information

As of and for the year ended December 31, 2016

Prepared by
Department of Finance

Christopher A. Poinsatte
Executive Vice President and Chief Financial Officer

Retirement Plans for Employees and DPS Covered Employees of the Dallas Fort Worth International Airport
Combined Financial Statements and Required Supplementary Information
As of and for the year ended December 31, 2016

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INDEPENDENT AUDITOR'S REPORT

The Members of the Retirement/Investment Committee:

Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of the Retirement Plan for Employees of the Dallas Fort Worth International Airport Board and the Retirement Plan for DPS Covered Employees of the Dallas Fort Worth International Airport Board (collectively, the "Plans"), as of and for the year ended December 31, 2016, and the related notes to the combined financial statements, which collectively comprise the Plans' combined basic financial statements as listed in the table of contents.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the combined financial statements based on our audit. 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined 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 entity'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 combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Plans as of December 31, 2016, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and Schedule of Changes in the Net Pension Liability and Related Ratios, Schedule of Contributions, and Schedule of Investment Returns on pages 4, 26-28, 29-30, and 31, respectively, be presented to supplement the combined basic financial statements. Such information, although not a part of the combined 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 combined basic financial statements in an appropriate operational, economic, or historical context. We 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 combined basic financial statements, and other knowledge we obtained during our audit of the combined 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 an opinion on the Plans' combined basic financial statements. The supplemental information by plan in the combined statements of fiduciary net position and changes in fiduciary net position and accompanying notes is presented for the purpose of additional analysis and is not a required part of the combined basic financial statements.

This information by plan is the responsibility of the Plans' management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the combined 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 combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information by plan is fairly stated, in all material respects, in relation to the combined basic financial statements as a whole.

Deloitte & Touche LLP

June 16, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

The following discussion and analysis of the Retirement Plans for Employees (Employee Plan) and for DPS Covered Employees (DPS Plan) of the Dallas Fort Worth International Airport (collectively, the "Plans") provides a narrative overview and analysis of the combined financial summary for the years ended December 31, 2016 and 2015. The Employee Plan and the DPS Plan are single-employer defined benefit retirement plans. The MD&A has been prepared by management and should be read in conjunction with the combined financial statements and notes thereto, which follow this section.

FINANCIAL HIGHLIGHTS & ANALYSIS

- The Plans' total fiduciary net position increased $47.9 million to $600.7 million in 2016 compared to a $3.4 million decrease to $552.8 million in 2015. The 2016 increase was primarily due to the net appreciation in fair value of investments.

- The Plans' total investment income (loss) increased $49.5 million, from ($5.4) million in 2015 to $44.1 million in 2016, primarily due to gains in Limited partnerships, Master limited partnerships/Exchange traded notes, Commingled funds, and Common stocks.

- Total employer contributions were $30.5 million in 2016, compared to $26.3 million contributed in 2015 primarily due to actuarial assumption changes based on a new experience study.

PLANS' FIDUCIARY NET POSITION

The following table shows a financial summary of the Plans' fiduciary net position.

Total Plans' Fiduciary Net Position and Changes in Fiduciary Net Position
(Amounts in Thousands)

	2016	2015	Change
Total assets	$ 601,765	$ 557,429	$ 44,336
Total liabilities	1,082	4,627	(3,545)
Total fiduciary net position	**$ 600,683**	**$ 552,802**	**$ 47,881**
Total investment income (loss)	$ 44,105	$ (5,405)	$ 49,510
Plan member contributions	1,926	1,872	54
Employer contributions	30,548	26,349	4,199
Total additions	76,579	22,816	53,763
Benefit payments and administrative expenses	(28,698)	(26,204)	(2,494)
Changes in plan fiduciary net position	47,881	(3,388)	51,269
Beginning fiduciary net position	552,802	556,190	(3,388)
Ending fiduciary net position	**$ 600,683**	**$ 552,802**	**$ 47,881**

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Plans' finances. Questions concerning any of the information presented in this report or requests for additional information should be addressed to the Office of the Executive Vice President and Chief Financial Officer, 2400 Aviation Drive, DFW Airport, Texas 75261-9428.

Retirement Plans for Employees and DPS Covered Employees of the Dallas Fort Worth International Airport
Combined Statement of Fiduciary Net Position
As of December 31, 2016
(Amounts in Thousands)

	Supplemental Information by Plan		Total
	Employee	DPS	2016
Assets			
Investment in Master Trust at fair value (Notes 6, 7)	$ 439,703	$ 160,931	$ 600,634
Receivables			
Accrued interest and dividends	360	132	492
Due from broker for securities sold	468	171	639
Total assets	**$ 440,531**	**$ 161,234**	**$ 601,765**
Liabilities			
Due to broker for securities purchased	$ 587	$ 215	$ 802
Accrued administrative fees	87	31	118
Accrued management fees	119	43	162
Total liabilities	**$ 793**	**$ 289**	**$ 1,082**
Fiduciary net position restricted for pensions	**$ 439,738**	**$ 160,945**	**$ 600,683**

The accompanying notes to the financial statements are an integral part of these statements.

Retirement Plans for Employees and DPS Covered Employees of the Dallas Fort Worth International Airport
Combined Statement of Changes in Fiduciary Net Position
For the year ended December 31, 2016
(Amounts in Thousands)

	Supplemental Information by Plan		Total
	Employee	**DPS**	**2016**
Additions			
Contributions (Note 5)			
Plan members contributions	$ -	$ 1,926	$ 1,926
Employer contributions	22,292	8,256	30,548
Total contributions	**22,292**	**10,182**	**32,474**
Plans' interest in Master Trust investment gain (Note 7)	$ 33,683	$ 12,246	$ 45,929
Less: Investment fees (Note 8)	(1,337)	(487)	(1,824)
Total investment income	**32,346**	**11,759**	**44,105**
Total additions	**54,638**	**21,941**	**76,579**
Deductions			
Benefits paid to plan members and beneficiaries	$ 20,625	$ 7,011	$ 27,636
Administrative fees (Note 8)	779	283	1,062
Total deductions	**21,404**	**7,294**	**28,698**
Net increase in fiduciary net position	**33,234**	**14,647**	**47,881**
Fiduciary net position restricted for pensions			
At beginning of the year	**$ 406,504**	**$ 146,298**	**$ 552,802**
At end of the year	**$ 439,738**	**$ 160,945**	**$ 600,683**

The accompanying notes to the financial statements are an integral part of these statements.

1. DESCRIPTION OF THE PLANS

The following brief description of the Retirement Plans for Employees (Employee Plan) and for DPS Covered Employees (DPS Plan) of Dallas Fort Worth International Airport Board (collectively the "Plans") is provided for general information purposes only. Participants should refer to the specific plan agreements for more complete information.

General

The Employee Plan and the DPS Plan are single-employer defined benefit retirement plans covering significant portion of Dallas Fort Worth International Airport ("DFW") employees. The Employee Plan was established in 1978 and the DPS Plan was established in 1999. Both plans are governed by the DFW Board of Directors ("the board"), which is composed of twelve members, eleven of whom are voting members (seven of which are appointed by Dallas and four by Fort Worth) in accordance with each city's ownership interest in the Airport. The 12th position rotates between the Airport's host cities of Irving, Grapevine, Euless and Coppell and is non-voting. The board is a semi-autonomous body charged with governing DFW and may enter into contracts without approval of City Councils. The board has the authority to establish and amend benefits terms and contribution requirements. The Executive Vice President of Administration and Diversity and the Vice President of Human Resources serve as the "Plan Administrators". The management of the assets of the Plans is the responsibility of the DFW Board's Retirement/Investment Committee, the Executive Vice President/CFO and the Vice President of Treasury Management. DFW has contracted with JPMorgan Chase Bank ("Trustee") for custody and safekeeping of investments, accounting for transactions based on the instructions of investment managers, and payment of benefits to participants, subject to the policies and guidelines established by DFW.

Membership

The number of participants covered by the Plans according to current membership classification at December 31, 2016 is as follows:

	Supplemental Information by Plan		
	Employee	DPS	Total
Inactive plan members or beneficiaries currently receiving benefits	1,187	172	1,359
Inactive plan members entitled to but not yet receiving benefits	477	33	510
Active plan members	793	350	1,143
Total plan members	2,457	555	3,012

Pension Benefits

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

<u>Employee Plan</u>

The Employee Plan covers all employees hired prior to January 1, 2010, and provides a Normal/Late Retirement benefit on/after age 62, and permits Early Retirement between the ages of 55 and 61. Employees who terminate before rendering five years of service forfeit the right to receive Employee Plan benefits. Retired Employees receive pension benefits in one of four ways (1) Single life annuity (2) Qualified joint and survivor annuity employee (3) Guaranteed period option or (4) Level income option. Lump sum distributions upon retirement or termination are available only in limited situations. Pension benefits increase by a cost of living adjustment ("COLA"), as applicable, each January 1st.

DFW has amended the Employee Plan for employees hired on or after January 1, 2010 whereby these employees will not be eligible to participate in the defined benefit employee retirement plan. All employees hired on after January 1, 2010 are eligible to participate in "Savings Plus Plan". This plan has two main components: the Mandatory 401(a) and the Voluntary 457(b). ICMA-RC is the administrator of this Plan. The 401(a) and 457(b) plans are not part of the Retirement Plans.

Under the Mandatory 401(a) new employees during the first two years of service must contribute one percent of their pre-tax salary to the 401(a), DFW matches the one percent contribution in the 401(a). After two years of service new employees must contribute three percent of their pre-tax salary to 401(a), DFW matches the employees' three percent contribution.

Under the Voluntary 457(b) new employees during the first two years of service may also contribute up to ninety percent of their pre-tax salary to the 457(b), up to IRS limits, DFW matches, dollar-for-dollar, up to six percent per pay period. After two years of service new employees may also contribute up to ninety percent of their pre-tax salary to the 457(b), up to IRS limits, DFW matches, dollar-for-dollar, up to four percent per pay period.

<u>DPS Plan</u>

The DPS Plan was not closed as of January 1, 2010, and remains available to all Public Safety Officers employed by DFW. DPS participants may retire upon the satisfaction of the "Rule of 80" or the "25-Year Rule". The "Rule of 80" is the attainment of age fifty and the completion of the number of years of benefit service that when added to the participant's age equals the sum of eighty. The "25-year Rule" is the attainment of twenty-five years of benefit service, regardless of age, in a DPS covered position. Normal Retirement occurs, when vested, at the age of 62. The DPS Plan permits Early Retirement, when vested, between the ages of 55 and 61. Each plan participant is required to contribute seven percent of their compensation to the DPS Plan.

Retired DPS covered employees receive pension benefits in one of four ways (1) Single life annuity (2) Qualified joint and survivor annuity employee (3) Guaranteed period option or (4) Level income option. Lump sum distributions upon retirement or termination are available only in limited situations. Pension benefits increase by COLA, as applicable, each January 1st. DPS covered employees who terminate before rendering five years of service forfeit the right to receive DPS Plan benefits. DPS covered employees who do not qualify under the "Rule of 80" or the "25-Year Rule" will be refunded the whole amount contributed to the plan (without interest) upon termination or retirement.

<u>Death and Disability Benefits</u>

If an active employee participating in either of the Plans dies, a death benefit is provided to the employee's beneficiary calculated under the provisions of both the Employee Plan and DPS Plan. Active employees who become disabled receive disability compensation in accordance with DFW's Long Term Disability Income Plan. Upon returning to employment after the disability period, the employee's years of service are determined without regard to the disability period. Employees on long-term disability will continue to accrue pension service credits while on disability.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The combined financial statements of the Employee Plan and DPS Plan are presented using the accrual basis of accounting. Accordingly, interest earned but not received as of the calendar year end is recorded as accrued interest receivable. In addition, unsettled investment purchases and sales are accrued. Expenses are recognized when incurred.

The Plans are primarily governed by Governmental Accounting Standards Board (GASB) Statement No. 67, "*Financial Reporting for Pension Plans*." This Statement replaced many of the requirements of Statement No. 25, "*Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans"*, and Statement No. 50, "Pension Disclosures", as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. This Statement builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. Statement No. 67 enhances note disclosures and required supplementary information (RSI) for both defined benefit and defined contribution pension plans. Statement No. 67 also requires the presentation of annual money-weighted rates of return in the notes to the financial statements and in the 10-year historical RSI schedules.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires the use of estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Investments

Investments are stated at net asset value or fair value. Fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 6 for descriptions of the basis of valuation for each of the types of investments held by the Plans.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plans' gains and losses on investments bought and sold as well as held during the year. Investments are valued at fair value based on quoted market values when available. Purchases and sales of securities are recorded on a trade-date basis.

Payment of Benefits

Benefit payments to participants are recorded upon distribution.

Adoption of Current GASB Statements

The GASB has issued Statement No. 72, *"Fair Value Measurement and Application."* This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. Statement No. 72 is effective for the Plan's financial periods beginning January 1, 2016. Statement No. 72 was implemented and only had a disclosure impact on the combined financial statements.

The GASB has issued Statement No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB 67 and 68."* Statement No. 73 provides additional guidance for pension situations outside the scope of Statement No. 68. This Statement also clarifies the application of certain provisions of Statements No. 67 and 68. Statement No. 73 is effective for financial periods beginning after June 15, 2015. Statement No. 73 was implemented and had no impact on the combined financial statements.

Future GASB Statements

The GASB has issued Statement No. 82, "*Pension Issues – An amendment of GASB Statements No. 67, No. 68, and No. 73."* Statement No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. Statement No. 82 is effective for financial periods beginning after June 15, 2016. The Plans are evaluating the effect that Statement No. 82 will have on their combined financial statements.

3. ACTUARIAL ASSUMPTIONS

In determining costs and liabilities, actuaries use assumptions about the future, such as rates of salary increase, probabilities of retirement, termination, death and disability, and an investment return assumption. The actuary also makes use of an actuarial funding method to allocate costs to past, current and future years of service. The actuarial assumptions and methods are adopted by the Board of Directors, based upon the recommendation of the actuary. For the purpose of calculating the net pension liability, the Plans' assets were valued at market.

An Actuarial Experience Investigation Study for the Plans was performed as of December 31, 2015. This study includes discussion of recent experience, presents recommendations for new actuarial assumptions and methods, and provides information about the actuarial impact of these recommendations on the liabilities and other key actuarial measures. The study was conducted by a qualified actuary in accordance with generally accepted actuarial principles and practices.

As a result of this study, DFW changed its Non-disabled mortality tables from RP-2000 Healthy Mortality projected to 2011 using Mortality Improvement Scale AA to the RP-2014 Combined Healthy Mortality with Blue Collar adjustments projected with Scale BB from 2014. This new table incorporates Generational Mortality versus the previous Static method.

The adoption of this mortality method combined with increased life expectancies was the primary driver for the $34.6 million Assumption change increase of the 2015 Total Pension Liability (as shown in the Required Supplementary Information – Schedule of Changes in the Net Pension Liability and Related Ratios table). The Assumption change totaled $27.8 million and $6.8 million, for the Employee and DPS plans, respectively.

Employee Plan

The Entry Age Normal Level Percentage of Pay funding method is used to allocate the actuarial present value of future benefits between the portion due for the current year (the normal cost), prior years (the actuarial accrued liability) and future years (present value of future normal cost). Under this cost method, the current and future normal costs are determined as a level percentage of pay. The foregoing actuarial assumptions are based on the presumption that the Employee Plan will continue. Were the Employee Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial accrued liability.

Employee Plan's Significant Actuarial Assumptions:	
Valuation date	For the year beginning January 1, 2017.
Actuarially assumed investment return	7.25% per annum compounded annually, net of investment expenses. Administrative expenses are added to the annual Actuarially Determined Contribution.
Mortality rates for males and females	Experience-based table of rates that are specific to the class of employee. Last updated for the 2016 valuation pursuant to an experience study of a 5-year period from January 1, 2011 through December 31, 2015.
a. Retirees: Non-Disabled (Healthy)	Retirement Plans RP-2014 Combined Healthy Mortality Tables with Blue Collar adjustments. Projected with Scale BB from 2014.
b. Retirees: Disabled	Retirement Plans RP-2014 Combined Healthy Mortality Tables with Blue Collar adjustments. Projected with Scale BB from 2014, set forward 3 years with a minimum 3.00% rate.
c. Pre-retirement (Active)	Retirement Plans RP-2014 Combined Healthy Mortality Tables. Projected with Scale BB from 2014.
Retirement, disablement and separation rate	Graduated rates based on age or years of employment (detailed in actuary's report).
Actuarial cost method	Entry Age Normal Level Percentage of Pay.
Cost of living adjustment (at core inflation rate)	2.75% per annum.
Projected salary increase	Variable Rate (3.75% to 6.25%) of increase based on years of services which includes inflation rate (2.75%).
Asset valuation method: Net pension liability	Market value.
Asset valuation method: Actuarially determined contribution	Actuarial Value of Assets equals the Fair Value of Assets (FVA) adjusted to reflect 100% of any gains or losses from the current year against prior years' deferred gains or losses. Any remaining amount is recognized at a rate of at least 20% per year with each base being recognized over a period of no more than 5 years, but subject to the constraint that the result cannot be less than 67% or greater than 133% of the FVA.

DPS Plan

The Entry Age Normal Level Percentage of Pay funding method is used to allocate the actuarial present value of future benefits between the portion due for the current year (the normal cost), prior years (the actuarial accrued liability) and future years (present value of future normal cost). Under this cost method, the current and future normal costs are determined as a level percentage of pay. The foregoing actuarial assumptions are based on the presumption that the DPS Plan will continue. Were the DPS Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial accrued liability.

DPS Plan's Significant Actuarial Assumptions:	
Valuation date	For the year beginning January 1, 2017.
Actuarially assumed investment return	7.25% per annum compounded annually, net of investment expenses. Administrative expenses are added to the annual Actuarially Determined Contribution.
Mortality rates for males and females	Experience-based table of rates that are specific to the class of employee. Last updated for the 2016 valuation pursuant to an experience study of a 5-year period from January 1, 2011 through December 31, 2015.
a. Retirees: Non-Disabled (Healthy)	Retirement Plans RP-2014 Combined Healthy Mortality Tables with Blue Collar adjustments. Projected with Scale BB from 2014.
b. Retirees: Disabled	Retirement Plans RP-2014 Combined Healthy Mortality Tables with Blue Collar adjustments. Projected with Scale BB from 2014, set forward 3 years with a minimum 3.00% rate.
c. Pre-retirement (Active)	Retirement Plans RP-2014 Combined Healthy Mortality Tables. Projected with Scale BB from 2014.
Retirement, disablement and separation rate	Graduated rates based on age or years of employment (detailed in actuary's report).
Actuarial cost method	Entry Age Normal Level Percentage of Pay.
Cost of living adjustment (at core inflation rate)	2.75% per annum.
Projected salary increase	Variable Rate (3.75% to 13.25%) of increase based on years of services which includes inflation rate (2.75%).
Asset valuation method: Net pension liability	Market value.
Asset valuation method: Actuarially determined contribution	1. Actuarial Value of Assets equals the Fair Value of Assets (FVA) adjusted to reflect 100% of any gains or losses from the current year against prior years' deferred gains or losses. Any remaining amount is recognized at a rate of at least 20% per year with each base being recognized over a period of no more than 5 years, but subject to the constraint that the result cannot be less than 67% or greater than 133% of the FVA.
Employee contribution rate	7.0% of compensation.

4. NET PENSION LIABILITY AND RATES OF RETURN

Net Pension Liability

The net pension liability is measured as the total pension liability, less the fiduciary net position. In actuarial terms, this will be the accrued liability less the market value of assets. Based on the assumptions listed in Note (3) and the projection of cash flows, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Accordingly, a single discount rate of 7.25% was applied to all periods of projected benefit payments to determine the net pension liability as of December 31, 2016. This single discount rate was used for both plans. The table below is based on the actuarial valuation dated January 1, 2016 (in thousands):

	Supplemental Information by Plan		
	Employee	**DPS**	**Total**
Total pension liability	$ 559,299	$ 217,411	$ 776,710
Plan fiduciary net position	439,738	160,945	600,683
Net pension liability	$ 119,561	$ 56,466	$ 176,027
Plan fiduciary net position as a percentage of the total pension liability	78.62%	74.03%	77.34%

Sensitivity of Net Pension Liability

The table below provides the sensitivity of the net position liability to changes in the discount rate as of December 31, 2016. In particular, the table presents the net pension liability, if it were calculated using a single discount rate that is one percentage-point lower or one percentage-point higher than the single discount rate. The table below is based on the actuarial valuation dated January 1, 2016 (in thousands):

Plan	**1% Decrease from 7.25% to 6.25%**	**Current Discount Rate 7.25%**	**1% Increase from 7.25% to 8.25%**
Employee	$ 199,006	$ 119,561	$ 54,096
DPS	89,568	56,466	29,556
Total DFW plans	$ 288,574	$ 176,027	$ 83,652

Real Rate of Return for the Asset Portfolio

The table below provides real rates of return and expected rates of return by asset class. The long-term expected rate of return on pension plan assets was determined using a building block method in which best-estimate range of expected future real rates of return (expected returns, net of inflation) 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 rates by the target asset allocation percentage and by adding the expected inflation. The target allocation and the best estimates of the arithmetic real rates of return for each major asset class are summarized in the following table:

	Target Allocation	Arithmetic Real Return	Asset Class Return
Domestic Equity	20.0%	6.25%	1.25%
International / Global Equity	17.5%	7.79%	1.36%
Domestic Fixed Income	10.0%	1.20%	0.12%
Treasury Inflation-Protected Securities	5.0%	1.21%	0.06%
Non-Core Fixed Income	15.0%	2.94%	0.44%
Real Estate	10.0%	4.43%	0.44%
Private Equity	12.5%	8.78%	1.10%
Real Assets, MLP's	10.0%	5.06%	0.51%
Total	100.0%		5.28%
Inflation			2.75%
Arithmetic nominal return before adverse experience			8.03%
Margin for adverse experience			(0.78%)
Expected arithmetic nominal return			7.25%

5. FUNDING POLICY AND CONTRIBUTIONS

DFW determines each Plans' funding policy. In general, DFW contributes an amount approximately equal to the actuarially determined pension cost for each fiscal year. This contribution becomes a component of the fiscal year operating budget approved annually by the Board of Directors. The Entry Age Normal funding method is used to determine the contribution requirement for each plan. The significant actuarial assumptions used to compute the Actuarially Determined Contribution (ADC) requirement are the same as those used to compute the actuarial accrued liability. The ADC is computed through an actuarial valuation performed as of each previous calendar year-end. The contribution amount is determined by combining the normal cost with the amortization of the Unfunded Actuarially Accrued Liability (UAAL) over the 30-year period from January 1, 2005 to December 31, 2034 (18 years from this valuation).

Employee Plan

Based on the annual ADC requirements for the Employee Plan, DFW made a payment of $22.3 million to the Trustee in calendar year 2016.

DPS Plan

Based on the annual ADC requirements for the DPS Plan, DFW made a payment of $8.3 million to the Trustee in calendar year 2016. Employee contributions totaled $1.9 million in the same calendar year.

6. INVESTMENT VALUATION AND PERFORMANCE

The Plans' investments by type as of December 31, 2016 (in thousands):

	Supplemental Information by Plan		Total
Investment Type	**Employee**	**DPS**	**2016**
Common stocks	$ 95,971	$ 35,126	$ 131,097
Corporate bonds	20,533	7,515	28,048
Asset/Commercial mortgage backed bonds	2,288	838	3,126
U.S. Treasury and Agency securities	30,347	11,106	41,453
Money market funds	32,960	12,063	45,023
ADR/Foreign stocks	2,503	916	3,419
Commingled funds	58,783	21,515	80,298
Mutual funds	25,064	9,173	34,237
Limited partnerships	171,254	62,679	233,933
TOTAL	**$ 439,703**	**$ 160,931**	**$ 600,634**

The following is a description of the hierarchy level and valuation methodologies for assets measured at fair value.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market based measurement, not an entity specific measurement.

The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels. These three levels are as follows:

Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities in active markets that a government can access at the measurement date. An *active market* for the asset or liability is a market in which transactions for an asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. Accordingly, a quoted price in an active market provides the most reliable evidence of fair value and shall be used to measure fair value whenever available.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly. If an asset or liability has a specified term to maturity, then to qualify for Level 2 designation, an input must be observable for substantially the full term to maturity of the asset or liability.

Level 2 inputs include the following: (a) Quoted prices for similar assets or liabilities in active markets; (b) Quoted prices for identical or similar assets or liabilities in markets that are not active, that is, markets in which there are few transactions for the asset or liability, the prices are not current, or price quotations vary substantially either over time or among market makers (for example, some brokered markets), or in which little information is released publicly (for example, a principal-to-principal market); (c) Inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves observable at commonly quoted intervals, implied volatilities, prepayment speeds, loss severities, credit risks, and default rates); (d) Inputs that are derived principally from or corroborated by observable market data by correlation or other means (market-corroborated inputs).

Level 3 – Inputs that are unobservable for an asset or liability.

Fair Value Assets (Methodologies)

Common stocks: Valued at the closing price reported on the active market on which the individual securities.

Exchange traded funds (ETF): Valued at the closing price reported on the active market on which the ETF is traded. For the purpose of this report, ETF's have been combined with common stock.

Master limited partnership (MLP) / Exchange traded notes (ETN): Valued at the closing price reported on the active market on which the MLP or ETN is traded.

American depository receipts (ADR): Valued at the closing price reported on the active market on which the individual securities are traded. Currency exchange rate is taken into account.

Foreign stocks: Valued at the closing price reported on the active market on which the individual securities are traded. Currency exchange rate is taken into account.
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U.S. Treasury and Agency securities: Valued at the daily closing price using multi-source valuations. U.S. Agency securities and instrumentalities, such as agency issued debt and mortgage pass-throughs, are categorized differently depending on the call feature of the security and trading activity. Non-callable agency issued debt securities and to-be announced "TBA" securities are generally valued using quoted market prices. Therefore, actively traded non-callable agency issued debt securities and TBA securities can be categorized in Level 1 of the fair value hierarchy. Plan non-callable agency investments were not actively traded and thus were categorized as Level 2. Callable agency/instrumentality issued debt securities and mortgage pass-through pools are valued by benchmarking model-derived prices and therefore are categorized in Level 2 of the fair value hierarchy.

Corporate bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flows approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks or a broker quote, if available.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-ended mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Plans are deemed to be actively traded.

Asset/Commercial mortgage backed bonds: Evaluated using historical and prepayments speed and loss scenarios. Spreads are obtained from trade prices and dealer quotes.

As of September 30, 2016, DFW investments, measured at fair value, are categorized in the three levels as follows (in thousands):

Investments	Level 1: Quoted Prices in Active Markets for Identical Assets	Level 2: Significant Other Observable Inputs	Level 3: Significant Unobservable Inputs	Total
Common stocks	$ 131,097	$ -	$ -	$ 131,097
ADR/Foreign stocks	3,419	-	-	3,419
U.S. Treasury and Agency securities	-	41,453	-	41,453
Mutual funds	-	34,237	-	34,237
Corporate bonds	-	28,048	-	28,048
Asset/Commerical mortgage backed bonds	-	3,126	-	3,126
Total: Levels 1-3	$ 134,516	$ 106,864	$ -	$ 241,380

<u>Net Asset Value Assets (Methodologies)</u>

Limited partnerships: Valued at fair value by using the net asset values provided by the general partners. The net asset values are determined based upon the fair values of the underlying investments within the funds.

Commingled funds: The net asset value as provided by the issuer is used as a practical expedient to estimate fair value. The net asset value is based on the fair value of the underlying investments held by the fund less its liabilities.

Money market funds: Valued at the cost plus accrued interest adjusted to a net asset value of $1.00.

Investments measured at fair value and net asset value as of December 31, 2016 (in thousands):

Investments by Value	2016
Investments measured at Fair Value	
Common stocks	$ 131,097
U.S. Treasury and Agency securities	41,453
Mutual funds	34,237
Corporate bonds	28,048
ADR/Foreign stocks	3,419
Asset/Commercial mortgage backed bonds	3,126
Total Investments measured at Fair Value	$ 241,380
Investments measured at Net Asset Value	
Limited partnerships	$ 233,933
Commingled funds	80,298
Money market funds	45,023
Total Investments measured at Net Asset Value	$ 359,254
Total Investments	**$ 600,634**

Net Appreciation

The Plans' investments, including investments bought and sold as well as held during the year, appreciated (depreciated) in value during 2016 as follows (in thousands):

	Supplemental Information by Plan					
Investment Type	**Employees**	**DPS**	**Total**	**Realized Gain (Loss)**	**Unrealized Gain (Loss)**	**Total**
Common stocks	$ 8,101	$ 2,947	$ 11,048	$ 3,071	$ 7,977	$ 11,048
U.S. Treasury and agency securities	194	71	265	12	253	265
Money market funds	(192)	(72)	(264)	(264)	-	(264)
Mutual funds	578	210	788	362	426	788
Corporate bonds	71	26	97	31	66	97
ADR/Foreign stocks	614	224	838	(654)	1,492	838
MLP/Exchange traded notes	665	242	907	(8,697)	9,604	907
Asset/Commercial mortgage backed bonds	(13)	(4)	(17)	17	(34)	(17)
Limited partnerships	13,442	4,890	18,332	7,001	11,331	18,332
Commingled funds	3,762	1,368	5,130	3,878	1,252	5,130
Total Net Appreciation	**$ 27,222**	**$ 9,902**	**$ 37,124**	**$ 4,757**	**$ 32,367**	**$ 37,124**

Investment Income

The Plans' investment income during 2016 is as follows (in thousands):

	Supplemental Information by Plan		Total
	Employee	**DPS**	**2016**
Investment Appreciation	$ 27,222	$ 9,902	$ 37,124
Interest	1,252	454	1,706
Dividends	5,209	1,890	7,099
TOTAL	**$ 33,683**	**$ 12,246**	**$ 45,929**

Annual Money-Weighted Rate of Return

The annual money-weighted rate of return on pension plan investments is calculated as the internal rate of return on pension plan assets, net of pension plan investment expense. The money-weighted rate of return expresses investment performance adjusted for the changing amounts actually invested. Pension plan investment expense is measured on an accrual basis of accounting. Inputs to the internal rate of return are determined monthly. For the year ended December 31, 2016, the money-weighted rate of return for the Plans' investments was 7.9%.

7. INVESTMENT RISK

The Plans' assets are invested thru investment managers per the investment policy. The board has the authority to establish and amend the investment policy of the Plans. This investment policy establishes asset allocation parameters that will provide for sufficient diversification of asset classes to control investment risk and achieve the investment return objective. It also establishes procedures for selecting, monitoring, evaluating and, if appropriate, replacing investment managers. There were no significant investment policy changes in 2016.

Credit Risk

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. This risk is measured by the assignment of ratings by nationally recognized rating agencies such as S&P and Moody's. The following tables show the ratings of the Plan's investments as of December 31, 2016 (in thousands):

	Rating						
Long Term Bond Investments	**AAA/ AA+**	**AA/ AA-**	**A+/ A/A-**	**BBB+/ BBB**	**BBB-/ BB+**	**No Rating**	**Total**
U.S. government securities	$ 33,325	$ -	$ -	$ -	$ -	$ 587	$ 33,912
Mortgage backed securities	-	-	-	-	-	7,541	7,541
Total governmental	**$ 33,325**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 8,128**	**$ 41,453**
Corporate bonds	$ 723	$ 812	$ 12,006	$10,135	$ 3,932	$ 440	$ 28,048
Asset backed bonds	1,795	250	-	-	-	-	2,045
Commercial mortgage backed bonds	1,081	-	-	-	-	-	1,081
Total non-governmental	**$ 3,599**	**$1,062**	**$ 12,006**	**$10,135**	**$ 3,932**	**$ 440**	**$ 31,174**
Other Investments							
Common stocks	-	-	-	-	-	$ 131,097	$131,097
Money market funds	-	-	-	-	-	45,023	45,023
ADR/Foreign stocks	-	-	-	-	-	3,419	3,419
Commingled funds	-	-	-	-	-	80,298	80,298
Mutual funds	-	-	-	-	-	34,237	34,237
Limited partnerships	-	-	-	-	-	233,933	233,933
Total Other Investments	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 528,007**	**$528,007**
Total Investments	**$ 36,924**	**$1,062**	**$ 12,006**	**$10,135**	**$ 3,932**	**$ 536,575**	**$600,634**

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater sensitivity of its fair value to changes in market interest rates. The investment strategy of the Plans is to emphasize total return in the form of aggregate return from capital appreciation, dividend, and interest income.

The primary objectives over a five year period for the plan assets are to maintain the purchasing power of the current assets and all future contributions by producing positive real rates of return on the plan assets, meet or exceed the actuarially assumed rate of return, and provide an acceptable level of volatility in both the long and short-term periods.

As of December 31, 2016 the maturities of investments subject to interest rate risk are as follows (in thousands):

	2016 Maturity (in years)				
Long Term Bond Investments	**0-5**	**6-10**	**11-15**	**16+**	**Total**
U.S. government securities	$ 16,694	$ 12,124	$ 4,226	$ 868	$ 33,912
Mortgage backed securities	28	376	780	6,357	7,541
Total governmental	**$ 16,722**	**$ 12,500**	**$ 5,006**	**$ 7,225**	**$ 41,453**
Corporate bonds	$ 19,606	$ 8,251	$ 191	$ -	$ 28,048
Asset backed bonds	1,679	366	-	-	2,045
Commercial mortgage backed bonds	-	-	-	1,081	1,081
Total non-governmental	**$ 21,285**	**$ 8,617**	**$ 191**	**$ 1,081**	**$ 31,174**

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Plans' investments in a single user. The board has approved the following guidelines of assets allocation for the Plans:

Asset Class	Minimum	Maximum	Target	Actual
Domestic Equity	15.0%	35.0%	20.0%	25.2%
International / Global Equity	10.0%	30.0%	17.5%	16.1%
Domestic Fixed Income	7.5%	25.0%	10.0%	8.6%
Treasury Inflation-Protected Securities (TIPS)	0.0%	10.0%	5.0%	3.9%
Non Core Fixed Income	5.0%	25.0%	15.0%	10.4%
Real Estate	5.0%	15.0%	10.0%	14.5%
Private Equity	5.0%	20.0%	12.5%	12.7%
Real Assets, MLPs	5.0%	15.0%	10.0%	8.6%

The Plans' assets are currently managed by 50 investment managers. The percentage of the total portfolio managed by the investment managers as of December 31, 2016 is as follows:

Investment Managers	Asset Class	Investment Managers Share	Asset Class Share
Westwood Holding Group Inc.	Domestic Equity	4.4%	
Rhumbline Mid-Cap Index Fund	Domestic Equity	4.3%	
South Texas Money Management	Domestic Equity	3.8%	
Fred Alger Management	Domestic Equity	4.4%	
Luther King	Domestic Equity	4.0%	
Barrow Hanley	Domestic Equity	4.3%	25.2%
Barrow Hanley	Domestic Fixed Income	3.7%	
Smith Graham & Co	Domestic Fixed Income	4.9%	8.6%
International Value Advisors	International Global Equity	6.1%	
Johnston Global Equity Fund	International Global Equity	7.3%	
Waddell & Reed International Equity Fund	International Global Equity	2.7%	16.1%
Mcnally Mezzanine II	Non Core Fixed Income	1.6%	
Morgan Stanley AIP Income Fund	Non Core Fixed Income	0.9%	
Blackston BREDS II	Non Core Fixed Income	0.7%	
Blackstone BREDS III	Non Core Fixed Income	0.2%	
LBC Credit Partners IV	Non Core Fixed Income	0.5%	
Marathon Credit Fund III	Non Core Fixed Income	0.8%	
RCP SBIC Fund	Non Core Fixed Income	0.1%	
PIMCO COF II	Non Core Fixed Income	1.1%	
Pimco Tactical Fund	Non Core Fixed Income	2.0%	
Crescent Lending Fund	Non Core Fixed Income	1.3%	
LBC Credit Partners III	Non Core Fixed Income	1.2%	10.4%
Lone Star CRA Fund	Private Equity	2.2%	
Glouston IV	Private Equity	0.4%	
CIPEF VI	Private Equity	0.5%	
Lone Star V	Private Equity	3.0%	
Bay Hills Capital III	Private Equity	0.2%	
Glouston V	Private Equity	0.6%	
Ironside IV	Private Equity	0.5%	
Global Dynamics IV	Private Equity	0.8%	
Ironside Partnerhip Fund II	Private Equity	0.9%	
Bay Hills Capital II	Private Equity	0.7%	
Altius Private Equity Fund II	Private Equity	1.1%	
Ironside III Funds	Private Equity	1.8%	12.7%
Alerian MLP	Real Assets, MLPs	2.3%	
Seamax Shipping Opportunities Fund	Real Assets, MLPs	1.8%	
First Trust MLP Fund	Real Assets, MLPs	2.0%	
Tortoise Direct Opportunity Fund	Real Assets, MLPs	1.6%	
Altius Real Asset Fund	Real Assets, MLPs	0.9%	8.6%
Invesco Core Real Estate	Real Estate	1.5%	
ING Core Real Estate	Real Estate	1.6%	
AEW Partners VII	Real Estate	1.1%	
Starwood Opportunity Fund X	Real Estate	1.8%	
Ethika Real Estate Fund	Real Estate	1.1%	
Crow Holding Realty Patners VII	Real Estate	2.2%	
Aureus Real Estate Fund	Real Estate	2.4%	
Dune Real Estate Fund III	Real Estate	1.3%	
Pennybacker Real Estate Fund III	Real Estate	1.5%	14.5%
Barow Hanley TIPS	TIPS	1.9%	
Mutual of America TIPS/CIPS	TIPS	2.0%	3.9%
	TOTAL	**100.0%**	**100.0%**

The Plans' individual investments that represented 5% or more of the Plans' fiduciary net position restricted for pensions as of December 31, 2016 are as follows:

Investment	Amount	Percentage
JP Morgan US Governmental Money Market Fund	$ 41,458,944	6.90%
Johnston Global Equity Fund - Int'l Global Equity	$ 40,965,770	6.82%
International Value Advisors - Int'l Global Equity	$ 34,237,417	5.70%

Redemption Restrictions

Many of the limited partnerships that the Plans are invested in have redemption restrictions. Investment decisions for these limited partnerships are typically made by the General Partners. The General Partners call capital as they see opportunities to invest and distribute capital back to the investors when they exit portfolio companies or funds and/or the companies or funds generate profit. For this reason, capital is "locked up" during the investment period and investors cannot submit any redemption requests.

The following is a summary of the capital that is committed, invested and remaining available as of December 31, 2016 (in thousands):

Total Commitment	Provided as of 12/31/2016	Remaining Commitment Available for Call
$ 395,220	$ 227,678	$ 167,542

Also, during 2016 the Plans received distributions of $29.2 million from the limited partnerships.

8. INTEREST IN MASTER TRUST

The Plans' investments are held in a trust account at the Trustee and each plan holds an undivided interest in an investment account of the Dallas/Fort Worth International Airport Master Trust (the "Master Trust"), a master trust established by DFW and administered by the Trustee. Use of the Master Trust permits the commingling of trust assets of the Plans for investment and administrative purposes. Although assets of both plans are commingled in the Master Trust, the Trustee maintains supporting records for the purpose of allocating the net gain or loss of the investment account to the Plans. The net investment income and administrative expenses are allocated by the Trustee to each of the Plans based on the relationship of the interest of each plan to the total of the interests of the Plans. The net position and investments of the Master Trust at December 31, 2016 are summarized below (in thousands):

		2016
Assets		
Investments - fair value based on quoted market prices:		
Common Stocks	$	131,097
Corporate bonds		28,048
Asset/Commercial mortgage backed bonds		3,126
U.S. Treasury and Agency Securities		41,453
Money market funds		45,023
ADR/Foreign Stocks		3,419
Commingled funds		80,298
Mutual funds		34,237
Investments - fair value based on estimated market prices:		
Limited partnerships		233,933
Receivables		
Accrued interest and dividends		492
Due from broker for securities sold		639
Total Assets	**$**	**601,765**
Liabilities		
Due to broker for securities purchased	$	802
Accrued management fees		118
Accrued transaction fees		162
Total Liabilities	**$**	**1,082**
Net position of the DFW Airport Master Trust	**$**	**600,683**
Employee Plan's interest in net position of the DFW Airport Master Trust	**$**	**439,738**
Employee Plan's interest in net position of the DFW Airport Master Trust as a percentage		73.2%
DPS Plan's interest in net position of the DFW Airport Master Trust	**$**	**160,945**
DPS Plan's interest in net position of the DFW Airport Master Trust as a percentage		26.8%

The net investment earnings (loss) of the Master Trust for the year ended December 31, 2016 is summarized below (in thousands).

		2016
Interest income	$	1,706
Dividend income		7,099
Net appreciation (depreciation) in fair value of investments whose fair value was based on quoted market prices:		
Common stocks		11,048
U.S. Treasury and agency securities		265
Money market funds		(264)
Mutual funds		788
Corporate bonds		97
ADR/Foreign stocks		838
MLP/Exchange traded notes		907
Asset/Commercial mortgage backed bonds		(17)
Commingled funds		5,130
Net appreciation in fair value of investments whose fair value was estimated:		
Limited partnerships		18,332
Investment income of DFW Airport Master Trust	**$**	**45,929**

9. ADMINISTRATION AND INVESTMENT EXPENSES

Employee Plan

Administrative and investment expenses for the year ended December 31, 2016 were $2.1 million. These fees are calculated quarterly based on the value of the Employee Plan's assets and the published schedule of fees.

DPS Plan

Administrative and investment expenses for the year ended December 31, 2016 were $0.8 million. These fees are calculated quarterly based on the value of the DPS Plan's assets and the published schedule of fees.

10. TAX STATUS

The Employee Plan and the DPS Plan are public plans and are considered to be in accordance with the Section 401(a) of the Internal Revenue Code, and therefore are entitled to favorable tax status. These plans are qualified to distribute an eligible rollover distribution.

On September 22, 2011 the Internal Revenue Services issued favorable determination letters as to the qualified status of the Employee Plan and the DPS Plan under section 401(a) of the Internal Revenue Code.

11. PLAN AMENDMENTS

DFW reserves the right at any time, and from time to time, to amend these Plans subject to certain limitations as specified in the plans. There were no amendments in 2016.

12. PLAN TERMINATION

DFW reserves the right at any time, at its sole discretion, to terminate these Plans in whole or in part. Written notice of any termination shall be delivered to: the Plan Administrator, and the Trustee within a reasonable time following the termination.

In the event of the termination or partial termination of the Plans, each affected participant shall be considered fully vested. Upon a partial termination, the Plan Administrator shall instruct the Trustee to allocate and segregate for the benefit of the affected participants the proportionate interest of such participants in the assets of the Plans as determined by the Plans' actuary based on the value of the aggregate accrued benefits of affected, and unaffected participants, and the allocated and segregated funds shall be used by the Trustee or Plan Administrator to pay pension benefits to or on behalf of the affected participants.

Upon full or partial termination of the Plans, the Master Trust (or applicable portion thereof) shall be allocated and distributed in accordance with the rules and procedures regarding distributions which would apply if the Plans were subject to Title IV of Employee Retirement Income Security Act (ERISA). If there are any assets remaining after such allocations, such residual assets shall be distributed to DFW.

Notwithstanding anything in the Plans to the contrary, in the event of termination of the Plans, the Plans benefit of any highly compensated employee or any former highly compensated employee is limited to a benefit that is nondiscriminatory under Code Section 401(a)(4) and the related regulations, to the extent such Section and regulations are applicable.

Retirement Plans for Employees and DPS Covered Employees of the Dallas/Fort Worth International Airport
Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios
As of and for the Last Three Calendar Years
(Amounts in thousands)

Employee and DPS	2016	2015	2014
Total Pension Liability			
Service cost	$ 15,778	$ 15,567	$ 15,569
Interest on the Total Pension Liability	53,476	48,992	46,638
Difference between expected and actual experience of the Total Pension Liability	(8,560)	(10,748)	(4,672)
Assumption changes	-	34,635	-
Benefit payments and refunds	(27,636)	(25,798)	(24,052)
Net change in Total Pension Liability	33,058	62,648	33,483
Total Pension Liability - beginning	743,652	681,004	647,521
Total Pension Liability - ending	$ 776,710	$ 743,652	$ 681,004
Plan Fiduciary Net Position			
Contributions - employer	$ 30,548	$ 26,349	$ 31,460
Contributions - member	1,926	1,872	1,870
Net investment income	44,105	(5,119)	23,614
Benefit payments, including member refunds	(27,636)	(25,798)	(24,052)
Administrative expense	(1,062)	(692)	(372)
Net change in Plan Fiduciary Net Position	47,881	(3,388)	32,520
Plan Fiduciary Net Position - beginning	552,802	556,190	523,670
Plan Fiduciary Net Position - ending	$ 600,683	$ 552,802	$ 556,190
Net Pension Liability - ending	$ 176,027	$ 190,850	$ 124,814
Plan Fiduciary Net Position as a percentage of the total pension liability	77.34%	74.34%	81.67%
Covered-employee payroll	$ 86,350	$ 89,486	$ 89,476
Net pension liability as a percentage of covered-employee payroll	203.85%	213.27%	139.49%

Notes to Schedule:

Three year history based on data availability.

Retirement Plans for Employees and DPS Covered Employees of the Dallas/Fort Worth International Airport
Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios
As of and for the Last Three Calendar Years
(Amounts in thousands)

Employee	2016	2015	2014
Total Pension Liability			
Service cost	$ 9,813	$ 10,030	$ 10,231
Interest on the Total Pension Liability	38,764	35,483	33,944
Difference between expected and actual experience of the Total Pension Liability	(8,823)	(7,991)	(3,967)
Assumption changes	-	27,843	-
Benefit payments and refunds	(20,625)	(19,367)	(18,225)
Net change in Total Pension Liability	19,129	45,998	21,983
Total Pension Liability - beginning	540,170	494,172	472,189
Total Pension Liability - ending	$ 559,299	$ 540,170	$ 494,172
Plan Fiduciary Net Position			
Contributions - employer	$ 22,292	$ 19,294	$ 23,510
Net investment income	32,346	(3,756)	17,484
Benefit payments, including member refunds	(20,625)	(19,367)	(18,225)
Administrative expense	(779)	(509)	(275)
Net change in Plan Fiduciary Net Position	33,234	(4,338)	22,494
Plan Fiduciary Net Position - beginning	406,504	410,842	388,348
Plan Fiduciary Net Position - ending	$ 439,738	$ 406,504	$ 410,842
Net Pension Liability - ending	$ 119,561	$ 133,666	$ 83,330
Plan Fiduciary Net Position as a percentage of the total pension liability	78.62%	75.25%	83.14%
Covered-employee payroll	$ 59,467	$ 63,294	$ 64,184
Net pension liability as a percentage of covered-employee payroll	201.05%	211.18%	129.83%

Notes to Schedule:

Three year history based on data availability.

Retirement Plans for Employees and DPS Covered Employees of the Dallas/Fort Worth International Airport
Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios
As of and for the Last Three Calendar Years
(Amounts in thousands)

DPS	2016	2015	2014
Total Pension Liability			
Service cost	$ 5,965	$ 5,537	$ 5,338
Interest on the Total Pension Liability	14,712	13,509	12,694
Difference between expected and actual experience of the Total Pension Liability	263	(2,757)	(705)
Assumption changes	-	6,792	-
Benefit payments and refunds	(7,011)	(6,431)	(5,827)
Net change in Total Pension Liability	13,929	16,650	11,500
Total Pension Liability - beginning	203,482	186,832	175,332
Total Pension Liability - ending	$ 217,411	$ 203,482	$ 186,832
Plan Fiduciary Net Position			
Contributions - employer	$ 8,256	$ 7,055	$ 7,950
Contributions - member	1,926	1,872	1,870
Net investment income	11,759	(1,363)	6,130
Benefit payments, including member refunds	(7,011)	(6,431)	(5,827)
Administrative expense	(283)	(183)	(97)
Net change in Plan Fiduciary Net Position	14,647	950	10,026
Plan Fiduciary Net Position - beginning	146,298	145,348	135,322
Plan Fiduciary Net Position - ending	$ 160,945	$ 146,298	$ 145,348
Net Pension Liability - ending	$ 56,466	$ 57,184	$ 41,484
Plan Fiduciary Net Position as a percentage of the total pension liability	74.03%	71.90%	77.80%
Covered-employee payroll	$ 26,883	$ 26,192	$ 25,292
Net pension liability as a percentage of covered-employee payroll	210.05%	218.33%	164.02%

Notes to Schedule:

Three year history based on data availability.

Retirement Plans for Employees and DPS Covered Employees of the Dallas/Fort Worth International Airport
Required Supplementary Information
Schedule of Contributions
As of and for the Last Three Calendar Years
(Amounts in thousands)

Employee	2016	2015	2014
Actuarially determined contribution	$ 22,292	$ 19,294	$ 20,784
Contributions in relation to the actuarially determined contribution	22,292	19,294	23,510
Contribution deficiency (excess)	-	-	$ (2,726)
Covered-employee payroll	$ 59,467	$ 63,294	$ 64,184
Contributions as a percentage of covered-employee payroll	37.49%	30.48%	36.63%

Notes to Schedule:

Three year history based on data availability. There were no benefit changes during the year.

Valuation date:	Actuarially determined contribution amounts are calculated as of January 1st.

Methods and assumptions used to determine contribution rates:

Remaining amortization period	18 years from December 31, 2016
Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Retirement age	Experience-based table of rates that are specific to the class of employee. Last updated for the 2015 valuation pursuant to an experience study from the 5-year period from January 1, 2011 to December 31, 2015; and remaining the same based on the experience study for the 5-year period January 1, 2011 to December 31, 2015.

2016	
Investment rate of return	7.25%, net of investment expenses. Administrative expenses are added to the actuarial determined contribution
Asset valuation method	Actuarial Value of Assets equals the Fair Value of Assets (FVA) adjusted to reflect 100% of any gains or losses from the current year against prior years' deferred gains or losses. Any remaining amount is recognized at a rate of at least 20% per year with each base being recognized over a period of no more than 5 years, but subject to the constraint that the result cannot be less than 67% or greater than 133% of the FVA.
Wage inflation (Core 2.75%, Wage 1.00%)	3.75%
Salary increases	3.75% to 6.25%
Mortality	Experience-based table of rates that are specific to the class of employee. Last updated for the 2016 valuation pursuant to an experience study of a 5-year period from January 1, 2011 through December 31, 2015. Retirement Plans RP-2014 Combined Healthy Mortality Tables with Blue Collar adjustments. Projected with Scale BB from 2014.

2014-2015	
Investment rate of return	7.25%, net of investment and administrative expenses
Asset valuation method	5-year moving average
Wage inflation (Core 3.0%, Wage 0.75%)	3.75%
Salary increases	3.75% to 6.25%
Mortality	RP 2000 Combined Healthy Mortality with no setback for males or females, projected to 2011 using Mortality Improvement Scale AA.

Retirement Plans for Employees and DPS Covered Employees of the Dallas/Fort Worth International Airport
Required Supplementary Information
Schedule of Contributions
As of and for the Last Three Calendar Years
(Amounts in thousands)

DPS	2016	2015	2014
Actuarially determined contribution	$ 8,256	$ 7,055	$ 7,076
Contributions in relation to the actuarially determined contribution	8,256	7,055	7,950
Contribution deficiency (excess)	-	-	$ (874)
Covered-employee payroll	$ 26,883	$ 26,192	$ 25,292
Contributions as a percentage of covered-employee payroll	30.71%	26.93%	31.43%

Notes to Schedule:

Three year history based on data availability. There were no benefit changes during the year.

Valuation date:	Actuarially determined contribution amounts are calculated as of January 1st.

Methods and assumptions used to determine contribution rates:

Remaining amortization period	18 years from December 31, 2016
Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Retirement age	Experience-based table of rates that are specific to the class of employee. Last updated for the 2013 valuation pursuant to an experience study from the 5-year period from January 1, 2006 to December 31, 2010; and remaining the same based on the experience study for the 5-year period January 1, 2011 to December 31, 2015.

2016

Investment rate of return	7.25%, net of investment expenses. Administrative expenses are added to the actuarial determined contribution
Asset valuation method	Actuarial Value of Assets equals the Fair Value of Assets (FVA) adjusted to reflect 100% of any gains or losses from the current year against prior years' deferred gains or losses. Any remaining amount is recognized at a rate of at least 20% per year with each base being recognized over a period of no more than 5 years, but subject to the constraint that the result cannot be less than 67% or greater than 133% of the FVA.
Wage inflation (Core 2.75%, Wage 1.00%)	3.75%
Salary increases	3.75% to 13.25%
Mortality	Experience-based table of rates that are specific to the class of employee. Last updated for the 2016 valuation pursuant to an experience study of a 5-year period from January 1, 2011 through December 31, 2015. Retirement Plans RP-2014 Combined Healthy Mortality Tables with Blue Collar adjustments. Projected with Scale BB from 2014.

2014-2015

Investment rate of return	7.25%, net of investment and administrative expenses
Asset valuation method	5-year moving average
Wage inflation (Core 3.0%, Wage 0.75%)	3.75%
Salary increases	3.75% to 11.50%
Mortality	RP 2000 Combined Healthy Mortality with no setback for males or females, projected to 2011 using Mortality Improvement Scale AA.

Retirement Plans for Employees and DPS Covered Employees of the
Dallas/Fort Worth International Airport
Required Supplementary Information
Schedule of Investment Returns
As of and for the Last Three Calendar Years

	2016	**2015**	**2014**
Annual money-weighted rate of return, net of investment expenses	7.9%	(1.3%)	5.3%