



VOLUNTARY INFORMATION STATEMENT

Department of Airports of the City of Los Angeles, California

April 10, 2020

*This filing is made voluntarily by the Department of Airports (the “**Department**” or “**LAWA**”) of the City of Los Angeles, California (the “**City**”), acting through the Board of Airport Commissioners of the City (the “**Board**”).*

BACKGROUND

The outbreak of COVID-19, a respiratory disease which was first reported in China, has since spread to other countries, including the United States, and is considered a Public Health Emergency of International Concern by the World Health Organization and a Local Health Emergency by the County of Los Angeles. The United States State Department and the Centers for Disease Control and Prevention (“**CDC**”), as well as other governmental authorities, nations and airlines, have, among other things, characterized COVID-19 as a pandemic and issued travel restrictions and warnings domestically and internationally. These restrictions include restrictions on travel, public gatherings and large group events, orders for residents to stay at home, promotion of working-at-home, and orders closing schools, restaurants, bars, and other public venues and non-essential businesses. The outbreak has had an adverse effect on travel, goods movement and a number of travel-related industries, including airlines serving LAX and LAX concessionaires.

In response to the COVID-19 outbreak, LAWA is proactively implementing measures intended to mitigate operational and financial impacts, including: hiring limits, except for specific critical positions; deferring non-essential discretionary spending; limiting approvals of contracts and task orders to those that are essential to key capital projects and critical tasks; limiting overtime to those activities that are necessary for safety, critical operations or emergency management; encouraging voluntary furloughs or reduced work schedules for certain hourly employees; collaborating with CDC on enhanced screening and increasing sanitation procedures at LAX.

The recently-enacted federal relief law, the Coronavirus Aid, Relief, and Economic Security Act (“**CARES Act**”) allocates funds to eligible airports, provided they take particular steps, including with respect to keeping their workforces intact. LAWA expects to be eligible for funding under the CARES Act.

All passenger airlines have reported a downturn in traffic as well as expectations for continued reduced levels of traffic in the upcoming months. Airlines serving LAX have reduced or cancelled flights and curtailed their overall capacity due to a severe and dramatic drop in demand for both domestic and international air travel. Facing pressures on their cash reserves, airlines, concessionaires and service providers at LAX have requested that LAWA provide, among other things, temporary financial relief.

TEMPORARY RELIEF PROGRAM

This Statement contains a summary of the relief program approved on April 9, 2020 by the Board with respect to passenger airlines serving LAX (the “**Passenger Airline Temporary Relief Program**”). Such program is subject the approval of the City Council of the City (the “**City Council**”), which request is pending as of the date of this Statement. If approved as presented, the Passenger Airline Temporary Relief Program will permit eligible passenger air carriers subject to a terminal lease or the Los Angeles International Airport Passenger Terminal Tariff to apply for relief.

Key elements of the Passenger Airline Temporary Relief Program are as follows:

- Deferral of terminal and airfield fees payable for April and May 2020.
- For airlines that are party to an Amended and Restated Rate Agreement by July 31, 2020, repayment of the deferred amounts will be required to be made over a six-month period, starting July 1, 2020 to be paid in equal monthly installments, and for airlines that are not party to an Amended and Restated Rate Agreement by July 31, 2020, repayment of the deferred amounts in a single lump sum on or before August 1, 2020.
- Temporary suspension of all gate utilization calculations and/or requirements under airline leases during April and May 2020.
- The Passenger Airline Temporary Relief Program is available to all commercial passenger air carriers operating scheduled passenger service at LAX, provided such air carriers have no payment delinquencies in the 12 months ending March 31, 2020 that have resulted in a drawdown on their Faithful Performance Guarantee (“**FPG**”), unless they have since then fully replenished their FPGs.

The foregoing is a summary of certain provisions of the Passenger Airline Temporary Relief Program. Such summary is only a brief description of limited provisions of such program and is qualified in its entirety by reference to the full text of the Passenger Airline Temporary Relief Program.

LAWA is also considering a relief program designed to benefit concessionaires and service providers at LAX. Any such program is subject the approval of the Board and may be subject to the approval by the City Council.

FISCAL IMPACTS OF TEMPORARY RELIEF PROGRAMS

The fiscal impact of the Passenger Airline Temporary Relief Program will be a delay in cash receipts from fiscal year ending June 30, 2020 to fiscal year ending June 30, 2021 that is estimated to result in lower fiscal year ending June 30, 2020 ending cash balance in the range of \$90 to \$100 million, depending on the level of traffic and related deferred activity fees. The collection of these deferred amounts is expected to occur in fiscal year ending June 30, 2021.

LAWA expects that the implementation of the Passenger Airline Temporary Relief Program will not affect LAWA’s ability to meet all its obligations in connections with its securities.

IMPORTANT NOTES REGARDING THIS STATEMENT

Notwithstanding anything in this Statement to the contrary, LAWA cannot predict (i) the duration or extent of the COVID-19 outbreak or other outbreak or pandemic; (ii) the duration or

expansion of travel restrictions and warnings; (iii) whether additional countries or destinations will be added to the travel restrictions or warnings; (iv) what long and short term effect the COVID-19 or other outbreak/pandemic-related travel restrictions or warnings may have on demand for air travel, including to and from LAX, Department costs or LAWA revenues; (v) to what extent the COVID-19 outbreak or other outbreak or pandemic will disrupt the local or global economy, manufacturing or supply chain, or and the extent to which any such disruption will adversely impact construction or other operations at LAX; (vi) the extent to which the COVID-19 outbreak or other outbreak or pandemic, may result in changes in demand for travel, or may have an impact on the airlines serving LAX, concessionaires or the airline and travel industry, generally; (vii) whether or to what extent LAWA may provide any further deferrals, forbearances, adjustment or other changes to LAWA's arrangements with its counterparties and whether its counterparties will fully perform their obligations under the temporary relief programs described herein; or (viii) whether any of the foregoing may have a material adverse effect on the finances and operations of LAX.

This Statement is provided as of the date above. If you are viewing this Statement after the date above there may have been events that occurred subsequent to such date that would have a material adverse effect on the information contained in this Statement, and LAWA does not undertake any obligation to update this Statement. The information provided in this Statement is subject to change without notice. All numbers contained in this Statement are approximate.

Any investment decisions regarding LAWA's securities should only be made after a careful review of an Official Statement or Offering Memorandum of LAWA, as applicable, related to such securities. In no event will LAWA be liable for any use by any party of, for any decision made or action taken by any party in reliance upon, or for any inaccuracies or errors in, or omissions from, the information contained in this Statement and such information may not be relied upon by any party in evaluating the merits of participating in any transaction. Past performance is not indicative of future returns, which will vary. Transactions involving LAWA's securities may not be suitable for all investors. Each investor should consult with his, her or its own advisors as to the suitability of securities or other financial instruments for the investor's particular circumstances.

Certain statements included in this Statement constitute "forward-looking statements." The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. No assurance can be given that any future results discussed in this Statement will be achieved, and actual results may differ materially from the expectations and forecasts described in this Statement. All projections, forecasts, assumptions, expressions of opinion, estimates and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this Statement. LAWA does not plan to issue any updates or revisions to those forward-looking statements if or when the expectations, or events, conditions or circumstances on which such statements are based, occur. Information contained in this Statement which involves estimates, forecasts, or other matters of opinion, whether or not expressly so described in this Statement, are intended solely as such and are not to be construed as representations of fact. Further, expressions of opinion contained in this Statement are subject to change without notice and the delivery of this Statement will not, under any circumstances, create any implication that there has been no change in the affairs of LAWA.

By providing the information in this Statement, LAWA does not imply or represent (a) that all information provided in this Statement is material to investors' decisions regarding investment in LAWA's securities, (b) the completeness or accuracy of any financial, operational or other information not included in this presentation, (c) regarding any other financial, operating or other information about LAWA, or its outstanding securities, (d) that no changes, circumstances or events have occurred since the date of this Statement or (e) that no other circumstances or events have occurred or that no other information exists concerning LAWA, its outstanding securities or any contemplated transactions which may have a bearing on LAWA's financial condition, the security for LAWA securities, or an investor's decision to buy, sell, or hold any of LAWA's securities.