



VOLUNTARY INFORMATION STATEMENT

Department of Airports of the City of Los Angeles, California

April 16, 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

This Voluntary Information Statement is provided as a further update of information provided in LAWA’s Voluntary Information Statement dated April 9, 2020, regarding LAWA’s proactive measures to support its business counterparties that are experiencing severe financial impacts, and to manage its own operations, as a result of the outbreak and worldwide pandemic spread of the respiratory disease COVID-19. The contents of that Voluntary Information Statement are hereby incorporated herein by this reference. The outbreak has had a dramatic adverse effect on travel, goods movement and a number of travel-related industries, including airlines serving LAX and LAX concessionaires. As noted in LAWA’s April 9, 2020 Voluntary Information Statement, facing pressures on their cash reserves, airlines, concessionaires and service providers at LAX have requested that LAWA provide, among other things, temporary financial relief. The Voluntary Information Statement dated April 9, 2020 contained a summary of a relief program approved by the Board with respect to passenger airlines serving LAX.

TEMPORARY RELIEF PROGRAM

This Statement contains a summary of the relief programs approved on April 16, 2020 by the Board with respect to LAWA concessionaires and service providers at LAX, and LAWA’s tenant Authorized Taxicab Supervision, Inc. Some of these programs, as well as the proposed relief program for passenger airlines, are also subject the approval of the City Council of the City, which request is pending as of the date of this Statement. If approved as presented, the relief programs described in this Statement will permit LAWA to enter into revisions to agreements with LAWA concessionaires and service providers at LAX (collectively, the “Concessionaires and Services Temporary Relief Program”), and a lease amendment with Authorized Taxicab Supervision, Inc.

Key elements of the Concessionaires and Services Temporary Relief Program are as follows:

- For the Duration Period beginning April 1, 2020 to June 30, 2020:
- LAWA will only require payment of the specific percentage fees defined in each concessionaire or service provider agreement instead of the specific minimum annual guarantee (“MAG”), and, if applicable, defer receipt of in-terminal concession storage rent.

- In the case of off-airport rental car companies, LAWA will only require payment of the lesser of (i) 10% of gross sales, or (ii) the specified license fee.
- Accrued amounts will be required to be remitted in six equal monthly installments beginning July 1, 2020, with no late fees or interest charges on amounts paid in full within this six month payment period.
- The Concessionaires and Services Temporary Relief Program is available to counterparties that:
 - Comply with all applicable City Ordinances.
 - Commit to re-employ laid off staff in direct proportion to increases in sales during the recovery period, using December 2019 payroll levels and sales as the basis of full employment/sales.
 - Pass along to all sub-concessionaires the same benefits received by the prime counterparty on a ratable basis.
 - Have all accounts receivable status current.
 - Have fully funded Faithful Performance Guarantees (“FPG”) and agree that LAWA can draw down on the FPG if a counterparty misses any payments.
 - Demonstrate that the counterparty is not entitled to any business interruption insurance benefits that are redundant to the Concessionaires and Services Temporary Relief Program.
 - For in-terminal concessionaires only, (a) maintain health insurance coverage for two months at the same rate and level as prior to the layoffs or reduction in hours for all employees who qualified for insurance coverage during February 2020 and who were laid off, furloughed, or experience reduced hours since March 1, 2020 or may be laid off or furloughed as a result of COVID 19, and (b) adhere to all federal requirements with respect to use of funds received under the Coronavirus Aid, Relief, and Economic Security Act or any future federal relief program.

Additionally, on April 16, 2020, the Board approved an amendment to LAWA’s lease with Authorized Taxicab Supervision, Inc. (the “ATS Lease”) relating to premises occupied as a taxicab waiting and staging area, pursuant to which the monthly rent for the period March 1-June 30, 2020 would be changed from a flat rent of \$58,875 to a performance-based rent of \$1.00 per taxicab trip.

The foregoing is a summary of certain provisions of the Concessionaires and Services Temporary Relief Program and the amendment of the ATS Lease. Such summary is only a brief description of limited provisions of such document and is qualified in its entirety by reference to the full text of the Concessionaires and Services Temporary Relief Program and the ATS Lease.

FISCAL IMPACTS OF TEMPORARY RELIEF PROGRAMS

The fiscal impact of the Concessionaires and Services Temporary Relief Program actions will be the estimated loss of revenue of approximately \$24-31 million and is expected to reduce LAWA’s fiscal year ending June 30, 2020 unrestricted cash by \$43-51 million, depending on the levels of passenger traffic for the period April 1, 2020 to June 30, 2020. This fiscal impact will be in addition to the passenger airline temporary relief that was approved by the Board on April 9, 2020, which is expected to create a delay in cash receipts from the current fiscal year ending June 30, 2020 to the next fiscal year, with a 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. Assuming a worst case scenario of no activity and no performance-based rent for April, May and June, the projected revenue loss from the amendment of the ATS Lease would be up to \$193,500 and of the off-airport Rental Car Services Non-Exclusive License Agreements (“NELA”) would be up to \$187,000.

LAWA expects that the implementation of the Concessionaires and Services Temporary Relief Program and the amendment of the ATS Lease and the off-airport Rental Car Services NELA 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.