

**SUPPLEMENT TO  
COMMERCIAL PAPER OFFERING MEMORANDUM DATED SEPTEMBER 8, 2017**



**DEPARTMENT OF AIRPORTS  
OF THE CITY OF LOS ANGELES, CALIFORNIA  
LOS ANGELES INTERNATIONAL AIRPORT  
Subordinate Revenue Commercial Paper Notes  
Subseries A-1, Subseries A-2 and Subseries A-3 (Governmental – Non-AMT)  
Subseries B-1, Subseries B-2 and Subseries B-3 (Private Activity – AMT)  
Subseries C-1, Subseries C-2 and Subseries C-3 (Federally Taxable)**



**Rating Change for Subseries A-3, B-3 and C-3 Notes**

*On February 21, 2018, S&P Global Ratings changed its rating on the Subseries A-3 Notes, the Subseries B-3 Notes and the Subseries C-3 Notes from “A-1+” to “A-1”.*

Date of Supplement: March 12, 2018

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COMMERCIAL PAPER OFFERING MEMORANDUM DATED SEPTEMBER 8, 2017**



**DEPARTMENT OF AIRPORTS  
OF THE CITY OF LOS ANGELES, CALIFORNIA  
LOS ANGELES INTERNATIONAL AIRPORT  
Subordinate Revenue Commercial Paper Notes  
Subseries A-1, Subseries A-2 and Subseries A-3 (Governmental – Non-AMT)  
Subseries B-1, Subseries B-2 and Subseries B-3 (Private Activity – AMT)  
Subseries C-1, Subseries C-2 and Subseries C-3 (Federally Taxable)**



**Tax Matters (Tax-Exempt Notes (Series A Notes and Series B Notes))**

*The discussion of certain federal tax matters as set forth on the cover of the Commercial Paper Offering Memorandum dated September 8, 2017 with respect to the above referenced Commercial Paper Notes (the “Offering Memorandum”) and as set forth under the section captioned “TAX MATTERS—Tax-Exempt Notes (Series A Notes and Series B Notes)—General” of the Offering Memorandum is supplemented with the following information:*

As a result of the passage of the Tax Cuts and Jobs Act, Pub. L. No. 115-97, signed into law on December 22, 2017, no federal alternative minimum tax applies to corporations for taxable years beginning after December 31, 2017.

Date of Supplement: January 8, 2018

## COMMERCIAL PAPER OFFERING MEMORANDUM

**BOOK-ENTRY ONLY**

**Ratings: See Inside Front Cover and  
“RATINGS” herein.**

On March 8, 2012, Kutak Rock LLP, Bond Counsel to the Department, delivered its opinion that, based on existing laws, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations of the Department and continuing compliance by the Department with certain covenants, interest on the Series A Notes and the Series B Notes, when issued in accordance with the Subordinate Indenture and the Tax Compliance Certificate, will be excluded from gross income for federal income tax purposes, except interest on any Series B Note for any period during which such Series B Note is held by a “substantial user” of the facilities financed or refinanced by the Series B Notes or by a “related person” within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended. Bond Counsel was further of the opinion that (a) interest on the Series A Notes, when issued in accordance with the Subordinate Indenture and the Tax Compliance Certificate, will not be a specific preference item for purposes of the federal alternative minimum tax imposed on individuals and corporations, and (b) interest on the Series B Notes, when issued in accordance with the Subordinate Indenture and the Tax Compliance Certificate, will be a specific preference item for purposes of the federal alternative minimum tax imposed on individuals and corporations. Interest on the Series C Notes is not excluded from gross income for federal income tax purposes. Bond Counsel was further of the opinion that interest on the Commercial Paper Notes, when issued in accordance with the Subordinate Indenture, will be exempt from State of California personal income taxes. See “TAX MATTERS” herein.

### DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES, CALIFORNIA LOS ANGELES INTERNATIONAL AIRPORT

#### Subordinate Revenue Commercial Paper Notes Subseries A-1, Subseries A-2 and Subseries A-3 (Governmental – Non-AMT) Subseries B-1, Subseries B-2 and Subseries B-3 (Private Activity – AMT) Subseries C-1, Subseries C-2 and Subseries C-3 (Federally Taxable)



The Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue Commercial Paper Notes, Subseries A-1, Subseries A-2 and Subseries A-3 (Governmental – Non-AMT) (collectively, the “Series A Notes”), Subseries B-1, Subseries B-2 and Subseries B-3 (Private Activity - AMT) (collectively, the “Series B Notes”) and Subseries C-1, Subseries C-2 and Subseries C-3 (Federally Taxable) (collectively, the “Series C Notes” and, collectively with the Series A Notes and the Series B Notes, the “Commercial Paper Notes”) will be issued from time to time by the Department of Airports of the City of Los Angeles, California (the “Department”) in accordance with the terms and provisions of certain resolutions adopted by the Board of Airport Commissioners (the “Board”), the Master Subordinate Trust Indenture, dated as of December 1, 2002, as amended (the “Master Subordinate Indenture”), by and between the Department and U.S. Bank National Association, as trustee (the “Trustee”), and the Seventh Supplemental Subordinate Trust Indenture, dated as of March 1, 2012, as amended (the “Seventh Supplemental Subordinate Indenture,” and together with the Master Subordinate Indenture, the “Subordinate Indenture”), by and between the Department and the Trustee.

**IN MAKING AN INVESTMENT DECISION REGARDING A POSSIBLE PURCHASE OF A SUBSERIES OF COMMERCIAL PAPER NOTES, PROSPECTIVE PURCHASERS OF SUCH SUBSERIES OF COMMERCIAL PAPER NOTES SHOULD RELY SOLELY ON THE CREDIT OF THE APPLICABLE BANK (AS DESCRIBED HEREIN) PROVIDING THE RELATED LETTER OF CREDIT SUPPORTING SUCH SUBSERIES OF COMMERCIAL PAPER NOTES AND NOT ON THE CREDIT OF THE DEPARTMENT OR LOS ANGELES INTERNATIONAL AIRPORT.**

Credit support for the timely payment of each Subseries of Commercial Paper Notes will be provided by the applicable Bank pursuant to the related irrevocable transferable direct-pay letter of credit as identified in the table “SUMMARY OF THE BANKS, THE LETTERS OF CREDIT AND THE RATINGS” set forth on the inside front cover of this Offering Memorandum, in each case subject to the terms thereof. See “SECURITY AND SOURCES OF PAYMENT FOR THE COMMERCIAL PAPER NOTES—The Letters of Credit,” “THE LETTERS OF CREDIT AND THE REIMBURSEMENT AGREEMENTS” and “APPENDIX A—CERTAIN INFORMATION REGARDING THE BANKS.”

The Commercial Paper Notes will be issued only as fully registered notes in denominations of \$100,000 and integral multiples of \$1,000 above \$100,000. When issued, the Commercial Paper Notes will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”). Purchases of beneficial interests in the Commercial Paper Notes will be made in book entry only form. Purchasers of beneficial interests in the Commercial Paper Notes will not receive physical delivery of certificates representing their interests in the Commercial Paper Notes. So long as the Commercial Paper Notes are held by DTC, the principal of and interest on the Commercial Paper Notes will be payable by wire transfer to DTC, which in turn will be required to remit such principal and interest to the DTC participants for subsequent disbursement to the beneficial owners of the Commercial Paper Notes. See “APPENDIX C—BOOK-ENTRY-ONLY SYSTEM.”

The Commercial Paper Notes are limited obligations of the Department, payable solely from and secured by (a) advances made under the applicable Letter of Credit, (b) proceeds from the sale of the Commercial Paper Notes, and (c) Subordinate Pledged Revenues and certain funds and accounts established pursuant to the Subordinate Indenture. The Commercial Paper Notes do not constitute or evidence an indebtedness of the City of Los Angeles (the “City”) or a lien or charge on any property or the general revenues of the City. Neither the faith and the credit nor the taxing power of the City, the State of California or any public agency, other than the Department, to the extent of the Subordinate Pledged Revenues, is pledged to the payment of the principal or of interest on the Commercial Paper Notes. The Department has no power of taxation. The Commercial Paper Notes shall constitute and evidence an obligation of the Department payable only in accordance with Section 609(b) of the Charter of the City and any other applicable provision thereof. None of the properties of the Airport System is subject to any mortgage or other lien for the benefit of the owners of the Commercial Paper Notes. The Department is under no obligation to pay the Commercial Paper Notes, except from the funds in the LAX Revenue Account of the Airport Revenue Fund and as further specifically provided in the Subordinate Indenture.

This cover page is not intended to be a summary of the terms of, or the security for, the Commercial Paper Notes. Investors are advised to read this Offering Memorandum in its entirety to obtain information essential to the making of an informed investment decision. Capitalized terms not defined on the cover of this Offering Memorandum will have the meanings ascribed to them in this Offering Memorandum. *This Offering Memorandum is intended to apply to prospective purchasers of the Commercial Paper Notes on and after September 13, 2017.*

**BofA Merrill Lynch  
Loop Capital Markets**

**Citigroup  
Morgan Stanley  
Wells Fargo Securities**

**J.P. Morgan  
Ramirez & Co., Inc.**

## SUMMARY OF THE BANKS, THE LETTERS OF CREDIT AND THE RATINGS

				Ratings*		
	Subseries	Letter of Credit Provider	Letter of Credit Expiration Date	Moody's	S&P	Fitch
Governmental- Non-AMT Notes	A-1 <sup>1</sup>	Sumitomo Mitsui Banking Corporation, acting through its New York Branch	September 11, 2020	P-1	A-1	F1
	A-2 <sup>2</sup>	Barclays Bank PLC	September 11, 2020	P-1	A-2	F1
	A-3 <sup>3</sup>	Wells Fargo Bank, National Association	September 11, 2020	P-1	A-1+	F1+
Private Activity - AMT Notes	B-1 <sup>1</sup>	Sumitomo Mitsui Banking Corporation, acting through its New York Branch	September 11, 2020	P-1	A-1	F1
	B-2 <sup>2</sup>	Barclays Bank PLC	September 11, 2020	P-1	A-2	F1
	B-3 <sup>3</sup>	Wells Fargo Bank, National Association	September 11, 2020	P-1	A-1+	F1+
Federally Taxable Notes	C-1 <sup>1</sup>	Sumitomo Mitsui Banking Corporation, acting through its New York Branch	September 11, 2020	P-1	A-1	F1
	C-2 <sup>2</sup>	Barclays Bank PLC	September 11, 2020	P-1	A-2	F1
	C-3 <sup>3</sup>	Wells Fargo Bank, National Association	September 11, 2020	P-1	A-1+	F1+

\* Expected ratings; to be released upon delivery of the applicable Letter of Credit. Ratings are based on the applicable Letter of Credit to be issued by the related Bank. Such ratings will expire upon the expiration of the related Letter of Credit. See "RATINGS" herein for additional information.

<sup>1</sup> The Series A-1 Notes, the Series B-1 Notes and the Series C-1 Notes may be outstanding, from time to time, in a combined amount of principal of and interest thereon not to exceed \$218,000,000 (the initial stated amount of the SMBC Letter of Credit (as defined herein)).

<sup>2</sup> The Series A-2 Notes, the Series B-2 Notes and the Series C-2 Notes may be outstanding, from time to time, in a combined amount of principal of and interest thereon not to exceed \$109,000,000 (the initial stated amount of the Barclays Letter of Credit (as defined herein)).

<sup>3</sup> The Series A-3 Notes, the Series B-3 Notes and the Series C-3 Notes may be outstanding, from time to time, in a combined amount of principal of and interest thereon not to exceed \$218,000,000 (the initial stated amount of the Wells Fargo Letter of Credit (as defined herein)).

**The information in this Offering Memorandum has been obtained from the Department, the Trustee, the Banks, DTC, and other sources believed to be reliable. The references herein to the Subordinate Indenture, the Commercial Paper Notes, the Letters of Credit and the Reimbursement Agreements do not purport to be complete or definitive, do not constitute summaries thereof and are qualified in their entirety by reference to the provisions thereof.**

**No dealer, salesperson, or other person has been authorized to give any information or to make any representation other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by the Department or any other person.**

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

**The information and expressions of opinion in this Offering Memorandum are subject to change without notice and neither the delivery of this Offering Memorandum nor any sale hereunder shall under any circumstances create the implication that there has been no change in the matters referred to in this Offering Memorandum since the date hereof.**

**This Offering Memorandum is not to be construed as a contract between the City or the Department and the purchasers of the Commercial Paper Notes. This Offering Memorandum does not constitute an offer to sell securities in any jurisdiction to any person to whom it is unlawful to make such offers. Prospective purchasers of the Commercial Paper Notes are expected to conduct their own review and analysis before making an investment decision.**

**The Commercial Paper Notes are exempt from the requirements of Rule 15c2-12 adopted by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended. The Commercial Paper Notes have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption contained therein, and have not been registered or qualified under the securities laws of any state. The Subordinate Indenture has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon an exemption contained therein. The Commercial Paper Notes have not been recommended by any federal or state securities commission or regulatory commission. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Offering Memorandum.**

**References to web site 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 web sites and the information or links contained therein have not been incorporated into, and are not part of, this Offering Memorandum and should not be relied upon in deciding whether to invest in the Commercial Paper Notes.**

**No Bank has any responsibility for the form and content of this Offering Memorandum, other than solely with respect to the information describing itself in "APPENDIX A—CERTAIN INFORMATION REGARDING THE BANKS," and has not independently verified, did not participate in the preparation of, makes no representation or warranty regarding, and does not accept any responsibility for the accuracy or completeness of this Offering Memorandum or any information or disclosure contained herein or omitted herefrom, other than solely with respect to the information describing itself in "APPENDIX A—CERTAIN INFORMATION REGARDING THE BANKS."**

## TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION .....	1
THE COMMERCIAL PAPER NOTES .....	1
Authorization and Purpose.....	1
Description of the Commercial Paper Notes.....	2
SECURITY AND SOURCES OF PAYMENT FOR THE COMMERCIAL PAPER NOTES .....	3
Security for the Commercial Paper Notes.....	3
Letters of Credit .....	3
Subordinate Pledged Revenues .....	4
Rate Covenant.....	6
THE LETTERS OF CREDIT AND THE REIMBURSEMENT AGREEMENTS .....	6
SMBC Letter of Credit and Reimbursement Agreement .....	7
Barclays Letter of Credit and Reimbursement Agreement .....	11
Wells Fargo Letter of Credit and Reimbursement Agreement .....	16
THE DEPARTMENT OF AIRPORTS.....	22
General Description .....	22
LOS ANGELES INTERNATIONAL AIRPORT .....	22
Introduction.....	22
Facilities.....	22
Passenger Traffic and Market Share .....	23
Agreements with Airlines .....	24
Indebtedness.....	25
Capital Program .....	25
Miscellaneous .....	26
INVESTMENT CONSIDERATION.....	26
TAX MATTERS.....	26
Tax-Exempt Notes (Series A Notes and Series B Notes) .....	26
Federal Tax Matters of the Series C Notes .....	28
State Tax Matters of the Series C Notes .....	30
ERISA CONSIDERATIONS .....	30
THE DEALERS.....	31
RATINGS .....	32
LEGAL MATTERS.....	32
NO CONTINUING DISCLOSURE OBLIGATION .....	32
ADDITIONAL INFORMATION.....	32
AUTHORIZATION.....	33
APPENDIX A	CERTAIN INFORMATION REGARDING THE BANKS
APPENDIX B	FORM OF BOND COUNSEL’S OPINION
APPENDIX C	BOOK-ENTRY-ONLY SYSTEM

## COMMERCIAL PAPER OFFERING MEMORANDUM

**DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES, CALIFORNIA  
LOS ANGELES INTERNATIONAL AIRPORT  
Subordinate Revenue Commercial Paper Notes  
Subseries A-1, Subseries A-2 and Subseries A-3 (Governmental – Non-AMT)  
Subseries B-1, Subseries B-2 and Subseries B-3 (Private Activity – AMT)  
Subseries C-1, Subseries C-2 and Subseries C-3 (Federally Taxable)**

### INTRODUCTION

This Commercial Paper Offering Memorandum (this “*Offering Memorandum*”), which includes the cover page and appendices, provides general information in connection with the issuance and sale, from time to time, by the Department of Airports of the City of Los Angeles, California (the “*Department*”) of its (a) Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue Commercial Paper Notes, Subseries A-1 (Governmental – Non-AMT) (the “*Subseries A-1 Notes*”), Subseries A-2 (Governmental – Non-AMT) (the “*Subseries A-2 Notes*”), and Subseries A-3 (Governmental – Non-AMT) (the “*Subseries A-3 Notes*,” and collectively with the Subseries A-1 Notes and the Subseries A-2 Notes, the “*Series A Notes*”); (b) Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue Commercial Paper Notes, Subseries B-1 (Private Activity – AMT) (the “*Subseries B-1 Notes*”), Subseries B-2 (Private Activity – AMT) (the “*Subseries B-2 Notes*”), and Subseries B-3 (Private Activity – AMT) (the “*Subseries B-3 Notes*,” and collectively with the Subseries B-1 Notes and the Subseries B-2 Notes, the “*Series B Notes*”); and (c) Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue Commercial Paper Notes, Subseries C-1 (Federally Taxable) (the “*Subseries C-1 Notes*”), Subseries C-2 (Federally Taxable) (the “*Subseries C-2 Notes*”), and Subseries C-3 (Federally Taxable) (the “*Subseries C-3 Notes*,” and collectively with the Subseries C-1 Notes and the Subseries C-2 Notes, the “*Series C Notes*”). The Series A Notes, the Series B Notes and the Series C Notes shall be collectively referred to herein as the “*Commercial Paper Notes*.” All references to documents and other materials herein are qualified in their entirety by reference to the complete provisions of those documents and other materials. The information and expressions of opinion in this Offering Memorandum are subject to change without notice after September 8, 2017, and future use of this Offering Memorandum will not otherwise create any implication that there has been no change in the matters referred to in this Offering Memorandum since September 8, 2017.

**IN MAKING AN INVESTMENT DECISION REGARDING A POSSIBLE PURCHASE OF A SUBSERIES OF COMMERCIAL PAPER NOTES, PROSPECTIVE PURCHASERS OF SUCH SUBSERIES OF COMMERCIAL PAPER NOTES SHOULD RELY SOLELY ON THE CREDIT OF THE APPLICABLE BANK (AS DESCRIBED HEREIN) PROVIDING THE RELATED LETTER OF CREDIT (AS DEFINED HEREIN) SUPPORTING SUCH SUBSERIES OF COMMERCIAL PAPER NOTES AND NOT ON THE CREDIT OF THE DEPARTMENT OR LOS ANGELES INTERNATIONAL AIRPORT.**

### THE COMMERCIAL PAPER NOTES

#### Authorization and Purpose

The Commercial Paper Notes are authorized to be issued under and pursuant to Section 609 of the Charter of the City of Los Angeles, relevant ordinances of the City of Los Angeles, California (the

“City”) and Sections 11.28.1 et seq. of the Los Angeles Administrative Code (collectively, the “Charter”); Resolution No. 21434 adopted by the Board of Airport Commissioners of the City (the “Board”) on June 6, 2001 and approved by the City Council of the City (the “City Council”) on July 17, 2001, and Resolution No. 24710 adopted by the Board on February 13, 2012 (collectively, the “Resolutions”); and the Master Subordinate Trust Indenture, dated as of December 1, 2002, as amended (the “Master Subordinate Indenture”), by and between the Department and U.S. Bank National Association, as trustee (the “Trustee”), and the Seventh Supplemental Subordinate Trust Indenture, dated as of March 1, 2012, as amended (the “Seventh Supplemental Subordinate Indenture,” and together with the Master Subordinate Indenture, the “Subordinate Indenture”), by and between the Department and Trustee. Capitalized terms used but not defined herein shall have the meanings set forth in the Subordinate Indenture and the Reimbursement Agreements (as defined herein).

Pursuant to the Resolutions and the Subordinate Indenture, the Department is authorized to issue and have outstanding, at any one time, Commercial Paper Notes in a maximum aggregate principal amount not exceeding \$500,000,000 (subject to certain conditions set forth in the Resolutions and the Subordinate Indenture). The Subseries A-1 Notes, the Subseries B-1 Notes and the Subseries C-1 Notes may be outstanding, from time to time, in a combined amount of principal of and interest thereon not to exceed \$218,000,000 (the initial stated amount of the SMBC Letter of Credit (as defined herein)). The Subseries A-2 Notes, the Subseries B-2 Notes and the Subseries C-2 Notes may be outstanding, from time to time, in a combined amount of principal of and interest thereon not to exceed \$109,000,000 (the initial stated amount of the Barclays Letter of Credit (as defined herein)). The Subseries A-3 Notes, the Subseries B-3 Notes and the Subseries C-3 Notes may be outstanding, from time to time, in a combined amount of principal of and interest thereon not to exceed \$218,000,000 (the initial stated amount of the Wells Fargo Letter of Credit (as defined herein)).

The Commercial Paper Notes may be issued, from time to time, pursuant to the Charter, the Resolutions and the Subordinate Indenture to, among other things: (a) finance and refinance capital projects at Los Angeles International Airport (“LAX”), (b) pay all or a portion of the principal of and interest on the Commercial Paper Notes when due, (c) reimburse the Banks for any authorized draws under the related Letter of Credit, and (d) finance costs of issuance of the Commercial Paper Notes.

### **Description of the Commercial Paper Notes**

The Series A Notes and the Series B Notes will be issued in denominations of \$100,000 or integral multiples of \$1,000 in excess thereof, and will be payable on such dates as the applicable Dealer determines at the time of sale of such Commercial Paper Notes. The Series A Notes and the Series B Notes will mature not more than 270 days after their respective dates of issuance, but, except as provided in the Subordinate Indenture, in no event later than one Business Day prior to the expiration date of the applicable Letter of Credit. The Series A Notes and the Series B Notes will be sold at a price of not less than 100% of the principal amount thereof and may bear interest at rates not in excess of 12% per annum, payable at maturity, calculated on the basis of a 365/366 day year and actual days elapsed.

The Series C Notes will be issued in denominations of \$100,000 or integral multiples of \$1,000 in excess thereof. The Series C Notes may be issued and sold either as interest bearing notes or at a discount, as determined by the applicable Dealer and approved by a Designated Representative at the time such Series C Notes are issued. Interest, if any, payable on Series C Notes will accrue from their respective dates, payable upon maturity, at a rate to be determined upon the issuance thereof calculated on the basis of a 360 day year and actual number of days elapsed. The Series C may bear interest at rates not in excess of 12% per annum. The Series C Notes will mature not more than 270 days after their respective dates of issuance, but, except as provided in the Subordinate Indenture, in no event later than one Business Day prior to the expiration date of the applicable Letter of Credit.



The Commercial Paper Notes will be issued as fully registered notes and registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company (“DTC”), New York, New York. Beneficial ownership interests in the Commercial Paper Notes will be available in book-entry-form only, and purchasers of the Commercial Paper Notes will not receive certificates representing their interests in the Commercial Paper Notes. While held in book-entry-only form, all payments of principal of and interest on the Commercial Paper Notes will be made by wire transfer to DTC or its nominee as the sole registered owner of the Commercial Paper Notes. Payments to the beneficial owners are the responsibility of DTC and its participants. See “APPENDIX C—BOOK-ENTRY-ONLY SYSTEM.”

## **SECURITY AND SOURCES OF PAYMENT FOR THE COMMERCIAL PAPER NOTES**

### **Security for the Commercial Paper Notes**

Each Subseries of the Commercial Paper Notes are limited obligations of the Department, payable solely from and secured by (a) advances made under the applicable Letter of Credit, (b) proceeds from the sale of such Subseries of Commercial Paper Notes, and (c) Subordinate Pledged Revenues (as defined herein) and certain funds and accounts established pursuant to the Subordinate Indenture.

The Commercial Paper Notes do not constitute or evidence an indebtedness of the City or a lien or charge on any property or the general revenues of the City. Neither the faith and the credit nor the taxing power of the City, the State of California (the “State”) or any public agency, other than the Department, to the extent of the Subordinate Pledged Revenues, is pledged to the payment of the principal of or interest on the Commercial Paper Notes. The Department has no power of taxation. The Commercial Paper Notes will constitute and evidence an obligation of the Department payable only in accordance with Section 609(b) of the Charter and any other applicable provision thereof. None of the properties of the Airport System (as defined herein) is subject to any mortgage or other lien for the benefit of the owners of the Commercial Paper Notes. The Department is under no obligation to pay the Commercial Paper Notes, except from the funds in the LAX Revenue Account of the Airport Revenue Fund and as further specifically provided in the Subordinate Indenture.

**IN MAKING AN INVESTMENT DECISION REGARDING A POSSIBLE PURCHASE OF A SUBSERIES OF COMMERCIAL PAPER NOTES, PROSPECTIVE PURCHASERS OF SUCH SUBSERIES OF COMMERCIAL PAPER NOTES SHOULD RELY SOLELY ON THE CREDIT OF THE APPLICABLE BANK PROVIDING THE RELATED LETTER OF CREDIT SUPPORTING SUCH SUBSERIES OF COMMERCIAL PAPER NOTES AND NOT ON THE CREDIT OF THE DEPARTMENT OR LAX.**

### **Letters of Credit**

On September 13, 2017, Sumitomo Mitsui Banking Corporation, acting through its New York Branch (“SMBC”) will issue an irrevocable transferable direct-pay letter of credit (the “SMBC Letter of Credit”) to provide credit support for the timely payment of the principal of and interest on the Subseries A-1 Notes, the Subseries B-1 Notes and the Subseries C-1 Notes (collectively, the “SMBC Covered Notes”). The SMBC Letter of Credit will be issued in an initial stated amount of \$218,000,000 (to support principal of \$200,000,000 and interest on the SMBC Covered Notes accruing at a maximum rate of 12% for a period of 270 days based on a 360-day year), and will expire on September 11, 2020, unless extended or terminated sooner in accordance with its terms. See “THE LETTERS OF CREDIT AND THE REIMBURSEMENT AGREEMENTS—SMBC Letter of Credit and Reimbursement Agreement” and “APPENDIX A—CERTAIN INFORMATION REGARDING THE BANKS—SUMITOMO MITSUI BANKING CORPORATION.”

On September 13, 2017, Barclays Bank PLC (“*Barclays*”) will issue an irrevocable transferable direct-pay letter of credit (the “*Barclays Letter of Credit*”) to provide credit support for the timely payment of the principal of and interest on the Subseries A-2 Notes, the Subseries B-2 Notes and the Subseries C-2 (collectively, the “*Barclays Covered Notes*”). The Barclays Letter of Credit will be issued in an initial stated amount of \$109,000,000 (to support principal of \$100,000,000 and interest on the Barclays Covered Notes accruing at a maximum rate of 12% for a period of 270 days based on a 360-day year), and will expire on September 11, 2020, unless extended or terminated sooner in accordance with its terms. See “THE LETTERS OF CREDIT AND THE REIMBURSEMENT AGREEMENTS—Barclays Letter of Credit and Reimbursement Agreement” and “APPENDIX A—CERTAIN INFORMATION REGARDING THE BANKS—BARCLAYS BANK PLC.”

On September 13, 2017, Wells Fargo Bank, National Association (“*Wells Fargo*,” and collectively with SMBC and Barclays, the “*Banks*”) will issue an irrevocable transferable direct-pay letter of credit (the “*Wells Fargo Letter of Credit*,” and collectively with the SMBC Letter of Credit and the Barclays Letter of Credit, the “*Letters of Credit*”) to provide credit support for the timely payment of the principal of and interest on the Subseries A-3 Notes, the Subseries B-3 Notes and the Subseries C-3 Notes (collectively, the “*Wells Fargo Covered Notes*”). The Wells Fargo Letter of Credit will be issued in an initial stated amount of \$218,000,000 (to support principal of \$200,000,000 and interest on the Wells Fargo Covered Notes accruing at a maximum rate of 12% for a period of 270 days based on a 360-day year), and will expire on September 11, 2020, unless extended or terminated sooner in accordance with its terms. See “THE LETTERS OF CREDIT AND THE REIMBURSEMENT AGREEMENTS—Wells Fargo Letter of Credit and Reimbursement Agreement” and “APPENDIX A—CERTAIN INFORMATION REGARDING THE BANKS—WELLS FARGO BANK, NATIONAL ASSOCIATION.”

Upon satisfaction of certain conditions, the Department may obtain one or more substitute letters of credit to replace one or more of the Letters of Credit then in effect so long as said substitute letter(s) of credit go into effect at least one Business Day prior to the termination of the Letter(s) of Credit then in effect, and the respective expiration date(s) with respect to such substitute letter(s) of credit are no earlier than one year after its effective date. The Department will deliver written notice of the proposed substitution to the Trustee, the Bank that is being replaced, the Holders of the Commercial Paper Notes supported by the Letter of Credit that is being replaced and the Dealers not less than fifteen days prior to the substitution date. All Outstanding Commercial Paper Notes supported by the Letter of Credit that is being replaced will mature on or prior to the date such substitute letter of credit is delivered to the Trustee and becomes effective pursuant to its terms.

### **Subordinate Pledged Revenues**

The Commercial Paper Notes are secured by a pledge of and first lien on Subordinate Pledged Revenues, which includes Pledged Revenues (as defined herein) less LAX Maintenance and Operation Expenses (as defined herein), less all amounts necessary to pay debt service and reserve requirements on the Senior Obligations (as defined herein). The Commercial Paper Notes are secured by a pledge of and lien on Subordinate Pledged Revenues on a parity with the payment obligations of the Department under the Reimbursement Agreements, the Existing Subordinate Bonds, and any additional bonds or other obligations issued on a parity with respect to Subordinate Pledged Revenues pursuant to the Master Subordinate Indenture. For purposes of this Offering Memorandum, the Commercial Paper Notes, the payment obligations of the Department under the Reimbursement Agreements, the Existing Subordinate Bonds, and any other bonds or obligations issued or incurred on parity with respect to Subordinate Pledged Revenues pursuant to the Subordinate Indenture are herein referred to as “*Subordinate Obligations*.” See “LOS ANGELES INTERNATIONAL AIRPORT—Indebtedness—Subordinate Obligations.”

**“Subordinate Pledged Revenues”** include for any given period, the Pledged Revenues for such period less, for such period, the LAX Maintenance and Operation Expenses, less, for such period, the debt service and reserve requirements on the Senior Obligations.

**“Pledged Revenues”** include, except to the extent specifically excluded in the Master Senior Indenture or under the terms of any indenture supplemental to the Master Senior Indenture, LAX Revenues. Pledged Revenues also include any additional revenues designated as Pledged Revenues pursuant to any indenture supplemental to the Master Senior Indenture. To date the Department has not designated any additional revenues as Pledged Revenues. The following, including any investment earnings thereon, are specifically excluded from Pledged Revenues: (i) any amounts received by the Department from the imposition of ad valorem taxes, (ii) gifts, grants and other income (including any investment earnings thereon) otherwise included in the definition of LAX Revenues which are restricted by their terms to purposes inconsistent with the payment of debt service on the Senior Obligations and the Subordinate Obligations, (iii) insurance proceeds received as a result of damage or destruction of LAX facilities or any condemnation award or amounts received by the Department from the sale of LAX facilities under the threat of condemnation, to the extent the use of such proceeds is restricted by the terms of the policy under which they are paid to a use inconsistent with the payment of Senior Obligations and Subordinate Obligations, (iv) any Transfer (as defined in the Master Senior Indenture) and (v) LAX Special Facilities Revenue (as defined in the Master Senior Indenture). In addition, the following, including any investment earnings thereon, are specifically excluded from Pledged Revenues, unless designated as Pledged Revenues under the terms of a supplemental indenture: (a) any swap termination payments received by the Department, (b) facilities construction credits, (c) Passenger Facility Charges unless otherwise so pledged under the terms of any supplemental indenture (provided that only Passenger Facility Charges in respect of LAX may be so pledged), (d) Customer Facility Charges unless otherwise so pledged under the terms of any supplemental indenture (provided that only Customer Facility Charges in respect of LAX may be so pledged), (e) unless otherwise so pledged, all revenues of the Airport System not related to LAX, and (f) Released LAX Revenues (as defined in the Master Senior Indenture). No swap termination payments, facilities construction credits, Passenger Facility Charges, Customer Facility Charges, revenues of the Airport System not related to LAX or Released LAX Revenues have been designated as Pledged Revenues by the Department.

**“LAX Revenues”** include, except to the extent specifically excluded therefrom, all income, receipts, earnings and revenues received by the Department from LAX, for any given period, as determined in accordance with generally accepted accounting principles, as modified from time to time, including, but not limited to, (1) rates, tolls, fees, rentals, charges and other payments made to or owed to the Department for the use or availability of property or facilities at LAX, (2) amounts received or owed from the sale or provision of supplies, materials, goods and services provided by or made available by the Department at LAX, including facilities construction credits, and (3) rental or business interruption insurance proceeds, received by, held by, accrued to or entitled to be received by the Department or any successor thereto from the possession, management, charge, superintendence and control of LAX (or any LAX facilities or activities and undertakings related thereto) or from any other facilities wherever located with respect to which the Department receives payments which are attributable to LAX facilities or activities or undertakings related thereto, all of which is required to be deposited in the Airport Revenue Fund pursuant to the Charter and the LAX Revenue Account pursuant to the Master Senior Indenture. LAX Revenues include all income, receipts and earnings from the investment amounts held in the LAX Revenue Account, any construction fund allowed to be pledged by the terms of a supplemental indenture, the senior reserve fund, any debt service reserve fund and allocated earnings on the LAX Maintenance and Operation Reserve Fund.

**“Airport System”** means all airports, airport sites, and all equipment, accommodations and facilities for aerial navigation, flight, instruction and commerce belonging to or pertaining to the City and

under the jurisdiction and control of the Department, including LAX, the Ontario International Airport, the Van Nuys Airport and Palmdale Regional Airport and any successor entities thereto; and including or excluding, as the case may be, such property as the Department may either acquire or which is placed under its control, or divest or have removed from its control.

“*Master Senior Indenture*” means the Master Trust Indenture, dated as of April 1, 1995, as amended, by and between the Department and The Bank of New York Mellon Trust Company, N.A., as successor trustee.

“*Senior Obligations*” include all obligations of the Department with a senior lien on Net Pledged Revenues, including debt service and reserve requirements on the Existing Senior Bonds (as defined herein) and any additional senior obligations issued under the Master Senior Indenture. See “LOS ANGELES INTERNATIONAL AIRPORT—Indebtedness—Senior Obligations.”

“*LAX Maintenance and Operation Expenses*” are, for any given period, the total operation and maintenance expenses of LAX as determined in accordance with generally accepted accounting principles as in effect from time to time, excluding depreciation expense and any operation and maintenance expenses of LAX payable from moneys other than Pledged Revenues.

“*Net Pledged Revenues*” are, for any given period, the Pledged Revenues for such period less, for such period, the LAX Maintenance and Operation Expenses.

#### **Rate Covenant**

Under the Master Subordinate Indenture, the Department has covenanted that, while any of the Commercial Paper Notes remain Outstanding, it shall establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with LAX and for services rendered in connection therewith, so that Pledged Revenues in each Fiscal Year will be at least equal to the payment of debt service and reserve requirements on the Senior Obligations and the Subordinate Obligations and the payment of LAX Maintenance and Operation Expenses for such Fiscal Year. The Department has further covenanted that it will establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with LAX and for services rendered in connection therewith, so that during each Fiscal Year Subordinate Pledged Revenues, together with any Transfer, will be equal to at least 115% of the annual debt service on the Subordinate Obligations for that Fiscal Year.

#### **THE LETTERS OF CREDIT AND THE REIMBURSEMENT AGREEMENTS**

*The following summary of the Letters of Credit and the Reimbursement Agreements does not purport to be comprehensive or definitive and is subject in all respects to all of the terms and provisions of the respective Letters of Credit and Reimbursement Agreements, to which reference is made hereby. Investors are urged to obtain and review a copy of the respective Letters of Credit and Reimbursement Agreements in order to understand all of their respective terms. Unless otherwise defined in the following summary, capitalized terms used in the following summary are defined in this Offering Memorandum or the Reimbursement Agreements and reference thereto is made for full understanding of their import. In the event of any conflict between a definition set forth under this summary and the corresponding definition set forth in the respective Letters of Credit and Reimbursement Agreements, the definition set forth in the respective Letters of Credit and Reimbursement Agreements shall control for purposes of this summary.*

## **SMBC Letter of Credit and Reimbursement Agreement**

**General.** The Department and SMBC will enter into a Reimbursement Agreement, to be dated as of September 1, 2017 (the “**SMBC Reimbursement Agreement**”), pursuant to which SMBC will issue the SMBC Letter of Credit to provide credit support for the timely payment of the principal of and interest on the SMBC Covered Notes (the Subseries A-1 Notes, the Subseries B-1 Notes and the Subseries C-1 Notes). See “APPENDIX A—CERTAIN INFORMATION REGARDING THE BANKS—SUMITOMO MITSUI BANKING CORPORATION.” *The SMBC Letter of Credit will not be pledged to and will not support the payment of the principal of or interest on the Subseries A-2 Notes, the Subseries A-3 Notes, the Subseries B-2 Notes, the Subseries B-3 Notes, the Subseries C-2 Notes or the Subseries C-3 Notes.*

In order to ensure timely payment of the principal of and interest on the SMBC Covered Notes, at the Department’s request, SMBC will issue the SMBC Letter of Credit to the Trustee as beneficiary pursuant to, and upon the terms and conditions stated in, the SMBC Reimbursement Agreement. On or before the date of maturity of any SMBC Covered Note, the Trustee will draw on the SMBC Letter of Credit an amount equal to the principal and interest due on the SMBC Covered Notes maturing on such date. Pursuant to the Seventh Supplemental Subordinate Indenture, all amounts received from any drawing on the SMBC Letter of Credit are required to be deposited in the related account of the Commercial Paper Debt Service Fund established thereunder and held in trust and set aside exclusively for the payment of the principal of and interest on the SMBC Covered Notes for which such drawing was made, and the Trustee is required to apply such amounts to the payment of the principal of and interest on such SMBC Covered Notes on the applicable maturity date.

### ***Certain Provisions of SMBC Letter of Credit and Reimbursement Agreement.***

Certain Provisions of SMBC Letter of Credit. On September 13, 2017, in accordance with the SMBC Reimbursement Agreement, SMBC will issue the SMBC Letter of Credit in an initial stated amount of \$218,000,000 (to support principal of \$200,000,000 and interest on the SMBC Covered Notes accruing at a maximum rate of 12% for a period of 270 days based on a 360-day year). The stated amount of the SMBC Letter of Credit may be reduced and reinstated from time to time pursuant to the provisions of the SMBC Letter of Credit. All payments made by SMBC under the SMBC Letter of Credit will be made with SMBC’s own funds in immediately available funds.

The SMBC Letter of Credit will expire at 5:00 p.m., New York City time, on the date which is the earliest to occur of (the “**SMBC Letter of Credit Termination Date**”): (a) September 11, 2020, as such date may be extended by SMBC upon delivery of a notice of extension of the SMBC Letter of Credit to the Trustee and the Department, (b) the date of payment of a Drawing (as defined in the SMBC Letter of Credit), not subject to reinstatement, which when added to all other Drawings honored under the SMBC Letter of Credit which were not subject to reinstatement as provided therein, in the aggregate equals the Stated Amount (as defined in the SMBC Letter of Credit) of the SMBC Letter of Credit on the date of issuance thereof, as adjusted pursuant to the terms and conditions of the SMBC Letter of Credit, (c) the date on which SMBC receives a termination certificate signed by a duly authorized officer of the Trustee to the effect that the Trustee has accepted an alternate Credit Facility (as defined in the SMBC Letter of Credit) in compliance with the Subordinate Indenture and the SMBC Reimbursement Agreement (after SMBC honors any properly presented and conforming Drawing, if any, on such date), (d) the date on which SMBC receives a termination certificate signed by a duly authorized officer of the Trustee to the effect that all of the SMBC Covered Notes have been wholly defeased or no SMBC Covered Notes remain outstanding under the Subordinate Indenture and the Department has notified the Trustee that it does not intend to issue any additional SMBC Covered Notes and that it desires to terminate the SMBC Letter of Credit in accordance with the terms of the SMBC Reimbursement Agreement, (e) the earlier of (i) the 15<sup>th</sup> calendar day (or if such date is not a Business Day (as defined in the SMBC Letter of Credit),

the immediately succeeding Business Day) after the date on which the Trustee receives notice from SMBC that a SMBC Event of Default (as defined below) has occurred and is continuing under the SMBC Reimbursement Agreement (a “**Tier One Final Drawing Notice**”), and (ii) the date on which the Drawing resulting from the delivery of the Tier One Final Drawing Notice is honored under the SMBC Letter of Credit, or (f) the earlier of (i) the 60<sup>th</sup> day after the date on which the Trustee receives a Tier Two Termination Notice (as defined in the SMBC Letter of Credit) from SMBC that SMBC has determined that it is unable to comply with one or more certain City administrative provisions set forth in the SMBC Reimbursement Agreement (the “**City Administrative Provisions**”) (or if such date is not a Business Day, the immediately succeeding Business Day) in respect of a Tier Two Termination Notice that has not been rescinded and has not been superseded by a subsequent Tier Two Termination Notice relating to a New Tier Two Termination Date (as defined below) (after SMBC honors any properly presented and conforming Drawing, if any, on such date) and (ii) the date specified by SMBC in a New Tier Two Termination Notice which the Trustee has received from SMBC stating that SMBC has been subjected to monetary and/or civil penalties as a result of SMBC’s inability to comply with one or more of the City Administrative Provisions (a “**New Tier Two Termination Notice**”) (or if such date is not a Business Day, the immediately succeeding Business Day) in respect of a New Tier Two Termination Notice that has not been rescinded or superseded (after SMBC honors any properly presented and conforming Drawing, if any, on such date).

Events of Default and Remedies Under the SMBC Reimbursement Agreement.

*Events of Default.* If any of the following events occur, each such event will be a “**SMBC Event of Default**” under the SMBC Reimbursement Agreement:

(a) the Department fails to pay, or cause to be paid, when due (i) any principal of or interest on any Drawing (as defined in the SMBC Reimbursement Agreement) or any Advance (as defined in the SMBC Reimbursement Agreement), (ii) any Letter of Credit Fee (as defined in the SMBC Reimbursement Agreement) within three calendar days of the date such Letter of Credit Fee is due or (iii) any other Obligation (as defined in the SMBC Reimbursement Agreement) (other than the Obligations described in clause (i) or (ii) of this paragraph (a)) within five calendar days of the date such Obligation is due;

(b) any representation, warranty or statement made by or on behalf of the Department in the SMBC Reimbursement Agreement or in any Program Document (as defined in the SMBC Reimbursement Agreement) to which the Department is a party or in any certificate delivered pursuant to the SMBC Reimbursement Agreement or thereto proves to be untrue in any material respect on the date as of which made or deemed made; or the documents, certificates or statements of the Department (including unaudited financial reports, budgets, projections and cash flows of the Department with respect to LAX) furnished to SMBC by or on behalf of the Department in connection with the transactions contemplated by the SMBC Reimbursement Agreement, when taken as a whole, are materially inaccurate in light of the circumstances under which they were made and as of the date on which they were made;

(c) (i) the Department fails to perform or observe any term, covenant or agreement contained in any of the certain specified sections of the SMBC Reimbursement Agreement; or (ii) the Department fails to perform or observe any other term, covenant or agreement contained in the SMBC Reimbursement Agreement (other than those referred to in paragraphs (a) and (c)(i) above) and any such failure cannot be cured or, if curable, remains uncured for 60 days after the earlier of (A) written notice thereof to the Department or (B) an Authorized Representative having actual knowledge thereof;

(d) the Department (i) defaults in any payment of any Debt (as defined in the SMBC Reimbursement Agreement), (other than the Commercial Paper Notes, the Drawings or the Advances)

secured by a charge, lien or encumbrance on the Net Pledged Revenues or the Subordinate Pledged Revenues with a lien on, pledge of, security interest in or priority of payment from Net Pledged Revenues or Subordinate Pledged Revenues that is senior to, or on a parity with, the Commercial Paper Notes, the Drawings or the Advances, including, without limitation, Senior Lien Revenue Bonds, Subordinate Obligations and Subordinated Obligations (“*Secured Debt*”), beyond the period of grace, if any, provided in the instrument or agreement under which such Secured Debt was created; or (ii) defaults in the observance or performance of any agreement or condition relating to any Secured Debt or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event occurs or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or holders of such Secured Debt (or a trustee or agent on behalf of such holder or holders) to cause (determined without regard to whether any notice is required), any such Secured Debt to become due prior to its stated maturity (whether by acceleration, redemption, tender or otherwise);

(e) (i) a court or other Governmental Authority (as defined in the SMBC Reimbursement Agreement) with jurisdiction to rule on the validity of the SMBC Reimbursement Agreement, the Master Subordinate Indenture, the Seventh Supplemental Subordinate Indenture or any other Program Document to which the Department is a party finds, announces or rules that (A) any material provision of the SMBC Reimbursement Agreement or any other Program Document to which the Department is a party; or (B) any provision of the Master Subordinate Indenture or the Seventh Supplemental Subordinate Indenture relating to the security for the Commercial Paper Notes, the Bank Note (as defined in the SMBC Reimbursement Agreement) or the Obligations, the Department’s ability to pay the Obligations or perform its obligations under the SMBC Reimbursement Agreement or under the Fee Letter (as defined in the SMBC Reimbursement Agreement) or the rights and remedies of SMBC, is not a valid and binding agreement of the Department or; (ii) the Department contests the validity or enforceability of the SMBC Reimbursement Agreement, any other Program Document to which the Department is a party or any provision of the Master Subordinate Indenture or the Seventh Supplemental Subordinate Indenture relating to the security for the Commercial Paper Notes, the Bank Note or the Obligations, the Department’s ability to pay the Obligations or perform its obligations under the SMBC Reimbursement Agreement or under the Fee Letter or the interests, security, rights or remedies of SMBC or the pledge of, lien on or security interest in the Subordinate Pledged Revenues, or seeks an adjudication that the SMBC Reimbursement Agreement, any other Program Document to which the Department is a party or any provision of the Master Subordinate Indenture or the Seventh Supplemental Subordinate Indenture relating to the security for the Commercial Paper Notes, the Bank Note or the Obligations, the Department’s ability to pay the Obligations or perform its obligations under the SMBC Reimbursement Agreement or under the Fee Letter or the interests, security, rights or remedies of SMBC, is not valid and binding on the Department or the Department repudiates its obligations under the SMBC Reimbursement Agreement or any other Program Document; or (iii) the validity, effectiveness or enforceability of the pledge of, lien on or security interest in the Subordinate Pledged Revenues granted to the Commercial Paper Notes under the Master Subordinate Indenture and the Seventh Supplemental Subordinate Indenture and the Obligations under the SMBC Reimbursement Agreement and under the Fee Letter and the Bank Note at any time for any reason ceases to be valid, effective or binding as a result of a finding or ruling by a court or Governmental Authority with competent jurisdiction, or is declared, in a final non-appealable judgment by any court of competent jurisdiction, to be null and void, invalid or unenforceable;

(f) (A) any provision of the Master Subordinate Indenture or the Seventh Supplemental Subordinate Indenture relating to the security for the Commercial Paper Notes, the Bank Note or the Obligations, the Department’s ability to pay the Obligations or perform its obligations under the SMBC Reimbursement Agreement or under the Fee Letter or the interests, security, rights or remedies of SMBC shall at any time for any reason cease to be in full force or effect, (B) any Program Document to which the Department is a party, except for any Dealer Agreement (as defined in the SMBC Reimbursement Agreement) which has been terminated due to a substitution of a Dealer, or any material provision of any

of the foregoing documents shall at any time for any reason cease to be in full force or effect, or (C) the Department or any Person (as defined in the SMBC Reimbursement Agreement) acting by or on behalf of the Department denies or disaffirms the Department's obligations under the Master Subordinate Indenture or the Seventh Supplemental Subordinate Indenture or any other Program Document to which the Department is a party;

(g) a final judgment or order for the payment of money in excess of \$25,000,000 (in excess of the amount of proceeds of applicable insurance actually paid in satisfaction of such judgment) is rendered against the Department and such judgment or order is not satisfied, stayed, vacated, discharged or bonded pending appeal within a period of 90 days from the date on which it was first so rendered;

(h) (i) a debt moratorium, debt restructuring, debt adjustment or comparable restriction is imposed on the repayment when due and payable of the principal of or interest on any Debt (including, without limitation, amounts due under any Bank Agreement (as defined in the SMBC Reimbursement Agreement)) secured by a lien, charge or encumbrance upon the Subordinate Pledged Revenues; (ii) under any existing or future law of any jurisdiction relating to bankruptcy, insolvency, reorganization or relief of debtors, the Department seeks to have an order for relief entered with respect to it or LAX or seeking to adjudicate it or LAX insolvent or bankrupt or seeking reorganization, arrangement, adjustment, winding up, liquidation, dissolution, termination, composition or other relief with respect to it or LAX or its debts or those of LAX (or the existence of the Department or LAX is dissolved or terminated by any other means); (iii) the Department seeks appointment of a receiver, trustee, custodian or other similar official for itself or LAX or for any substantial part of the Department's property, or the Department makes a general assignment for the benefit of its creditors; (iv) there is commenced against the Department or LAX any case, proceeding or other action of a nature referred to in clause (ii) above and the same remains undismissed; (v) there is commenced against the Department or LAX any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its property which results in the entry of an order for any such relief which is not vacated, discharged, or stayed or bonded pending appeal, within 60 days from the entry thereof; (vi) a financial control board, or its equivalent, is imposed upon the Department by a Governmental Authority; (vii) the Department takes action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), (iii), (iv), (v) or (vi) of this paragraph (h); or (viii) the Department or LAX generally is not, or is unable to, or admits in writing its inability to, pay its debts as they become due;

(i) any of Fitch, Moody's or S&P have downgraded its rating of any Senior Lien Revenue Bonds below "BBB-" (or its equivalent), "Baa3" (or its equivalent), or "BBB-" (or its equivalent), respectively, or suspended or withdrawn its rating of the same for any credit-related reason (and such suspension or withdrawal is initiated by the respective rating agency);

(j) any provision of the Charter relating to the Department is repealed, reenacted, amended or otherwise modified (including, without limitation, by legislative or judicial action but excluding any such action pursuant to Charter amendments approved by the voters prior to the date of the SMBC Reimbursement Agreement) or any other legislation is enacted, repealed, reenacted, amended or otherwise modified, and in the event of a repeal, reenactment, amendment, modification or enactment, such repeal, reenactment, amendment, modification or enactment, in the sole judgment of SMBC, has a material adverse effect on any right, interest, security or remedy of SMBC under the SMBC Reimbursement Agreement or the other Program Documents; or the Department's existence as a department of the City under the Charter terminates;

(k) (i) any "event of default" has occurred and is continuing under any Program Document beyond the expiration of any applicable grace period or (ii) any "event of default" under any Bank



Agreement with respect to any Secured Debt has occurred and is continuing beyond the expiration of any applicable grace period; or

(l) any funds or accounts or investments on deposit in, or otherwise to the credit of, any of the funds or accounts established pursuant to the Master Senior Indenture, the Master Subordinate Indenture, the Seventh Supplemental Subordinate Indenture or the other Program Documents, that have been pledged to or a lien granted thereon to secure the Commercial Paper Notes, the Bank Note or the Obligations, becomes subject to any writ, judgment, warrant or attachment, execution or similar process which is not vacated, discharged, or stayed or bonded pending appeal within fifteen days from the entry thereof.

*Remedies.* Upon the occurrence of any SMBC Event of Default, all Obligations will bear interest at the Default Rate (as defined in the SMBC Reimbursement Agreement) and SMBC may exercise any one or more of the following rights and remedies in addition to any other remedies set forth in the SMBC Reimbursement Agreement or by law provided:

(a) by notice to the Department, declare all Obligations to be, and such amounts will thereupon become, immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are waived by the Department under the SMBC Reimbursement Agreement; provided that upon the occurrence of an Event of Default described under (h) above such acceleration will automatically occur (unless such automatic acceleration is waived by SMBC in writing);

(b) by notice of the occurrence of any SMBC Event of Default to the Trustee (which notice constitutes a “Tier One Stop Issuance Instruction” for purposes of the Seventh Supplemental Subordinate Indenture) prohibit, until such time, if any, as SMBC withdraws (in writing) such notice, the issuance of additional Commercial Paper Notes, reduce the stated amount of the SMBC Letter of Credit to the amount of the then Outstanding Commercial Paper Notes supported by the SMBC Letter of Credit and interest payable thereon at maturity of such Commercial Paper Notes and/or terminate and/or permanently reduce such stated amount as the then Outstanding Commercial Paper Notes are paid;

(c) issue a Tier One Final Drawing Notice (the effect of which will cause the Termination Date of the SMBC Letter of Credit to occur on the 15<sup>th</sup> day after the date of receipt thereof by the Trustee);

(d) pursue any rights and remedies it may have under the Program Documents, including, without limitation, pursuant to the certain specified terms of the SMBC Reimbursement Agreement; or

(e) pursue any other action available at law or in equity.

Any Tier One Stop Issuance Instruction, Tier One Final Drawing Notice, Tier Two Termination Notice or New Tier Two Termination Notice given by SMBC will not affect the obligation of SMBC to honor drawings under the SMBC Letter of Credit, if properly presented and made in strict conformity with the terms of the SMBC Letter of Credit, with respect to SMBC Covered Notes outstanding at the time such Tier One Stop Issuance Instruction, Tier One Final Drawing Notice, Tier Two Termination Notice or New Tier Two Termination Notice is effective.

### **Barclays Letter of Credit and Reimbursement Agreement**

*General.* The Department and Barclays will enter into a Reimbursement Agreement, to be dated as of September 1, 2017 (the “*Barclays Reimbursement Agreement*”), pursuant to which Barclays will issue the Barclays Letter of Credit to provide credit support for the timely payment of the principal of and

interest on the Barclays Covered Notes (the Subseries A-2 Notes, the Subseries B-2 Notes and the Subseries C-2 Notes). See “APPENDIX A—CERTAIN INFORMATION REGARDING THE BANKS—BARCLAYS BANK PLC.” *The Barclays Letter of Credit will not be pledged to and will not support the payment of the principal of or interest on the Subseries A-1 Notes, the Subseries A-3 Notes, the Subseries B-1 Notes, the Subseries B-3 Notes, the Subseries C-1 Notes or the Subseries C-3 Notes.*

In order to ensure timely payment of the principal of and interest on the Barclays Covered Notes, at the Department’s request, Barclays will issue the Barclays Letter of Credit to the Trustee as beneficiary pursuant to, and upon the terms and conditions stated in, the Barclays Reimbursement Agreement. On or before the date of maturity of any Barclays Covered Note, the Trustee will draw on the Barclays Letter of Credit an amount equal to the principal and interest due on the Barclays Covered Notes maturing on such date. Pursuant to the Seventh Supplemental Subordinate Indenture, all amounts received from any drawing on the Barclays Letter of Credit are required to be deposited in the related account of the Commercial Paper Debt Service Fund established thereunder and held in trust and set aside exclusively for the payment of the principal of and interest on the Barclays Covered Notes for which such drawing was made, and the Trustee is required to apply such amounts to the payment of the principal of and interest on such Barclays Covered Notes on the applicable maturity date.

***Certain Provisions of Barclays Letter of Credit and Reimbursement Agreement.***

Certain Provisions of Barclays Letter of Credit. On September 13, 2017, in accordance with the Barclays Reimbursement Agreement, Barclays will issue the Barclays Letter of Credit in an initial stated amount of \$109,000,000 (to support principal of \$100,000,000 and interest on the Barclays Covered Notes accruing at a maximum rate of 12% for a period of 270 days based on a 360-day year). The stated amount of the Barclays Letter of Credit may be reduced and reinstated from time to time pursuant to the provisions of the Barclays Letter of Credit. All payments made by Barclays under the Barclays Letter of Credit will be made with Barclays’s own funds in immediately available funds.

The Barclays Letter of Credit will expire at 5:00 p.m., New York City time, on the date which is the earliest to occur of (the “***Barclays Letter of Credit Termination Date***”): (a) September 11, 2020, as such date may be extended by Barclays upon delivery of a notice of extension of the Barclays Letter of Credit to the Trustee and the Department, (b) the date of payment of a Drawing (as defined in the Barclays Letter of Credit), not subject to reinstatement, which when added to all other Drawings honored under the Barclays Letter of Credit which were not subject to reinstatement as provided therein, in the aggregate equals the Stated Amount (as defined in the Barclays Letter of Credit) of the Barclays Letter of Credit on the date of issuance thereof, as adjusted pursuant to the terms and conditions of the Barclays Letter of Credit, (c) the date on which Barclays receives a termination certificate signed by a duly authorized officer of the Trustee to the effect that the Trustee has accepted an alternate Credit Facility (as defined in the Barclays Letter of Credit) in compliance with the Subordinate Indenture and the Barclays Reimbursement Agreement (after Barclays honors any properly presented and conforming Drawing, if any, on such date), (d) the date on which Barclays receives a termination certificate signed by a duly authorized officer of the Trustee to the effect that all of the Barclays Covered Notes have been wholly defeased or no Barclays Covered Notes remain outstanding under the Subordinate Indenture and the Department has notified the Trustee that it does not intend to issue any additional Barclays Covered Notes and that it desires to terminate the Barclays Letter of Credit in accordance with the terms of the Barclays Reimbursement Agreement, (e) the earlier of (i) the 15<sup>th</sup> calendar day (or if such date is not a Business Day (as defined in the Barclays Letter of Credit), the immediately succeeding Business Day) after the date on which the Trustee receives notice from Barclays that a Barclays Event of Default (as defined below) has occurred and is continuing under the Barclays Reimbursement Agreement (a “***Tier One Final Drawing Notice***”), and (ii) the date on which the Drawing resulting from the delivery of the Tier One Final Drawing Notice is honored under the Barclays Letter of Credit, or (f) the earlier of (i) the 60<sup>th</sup> day

after the date on which the Trustee receives a Tier Two Termination Notice (as defined in the Barclays Letter of Credit) from Barclays that Barclays has determined that it is unable to comply with one or more certain City administrative provisions set forth in the Barclays Reimbursement Agreement (the “*City Administrative Provisions*”) (or if such date is not a Business Day, the immediately succeeding Business Day) in respect of a Tier Two Termination Notice that has not been rescinded and has not been superseded by a subsequent Tier Two Termination Notice relating to a New Tier Two Termination Date (as defined below) (after Barclays honors any properly presented and conforming Drawing, if any, on such date) and (ii) the date specified by Barclays in a New Tier Two Termination Notice which the Trustee has received from Barclays stating that Barclays has been subjected to monetary and/or civil penalties as a result of Barclays’s inability to comply with one or more of the City Administrative Provisions (a “*New Tier Two Termination Notice*”) (or if such date is not a Business Day, the immediately succeeding Business Day) in respect of a New Tier Two Termination Notice that has not been rescinded or superseded (after Barclays honors any properly presented and conforming Drawing, if any, on such date).

Events of Default and Remedies Under the Barclays Reimbursement Agreement.

*Events of Default.* If any of the following events occur, each such event will be a “*Barclays Event of Default*” under the Barclays Reimbursement Agreement:

(a) the Department fails to pay, or cause to be paid, when due (i) any principal of or interest on any Drawing (as defined in the Barclays Reimbursement Agreement) or any Advance (as defined in the Barclays Reimbursement Agreement), (ii) any Letter of Credit Fee (as defined in the Barclays Reimbursement Agreement) within three calendar days of the date such Letter of Credit Fee is due or (iii) any other Obligation (as defined in the Barclays Reimbursement Agreement) (other than the Obligations described in clause (i) or (ii) of this paragraph (a)) within five calendar days of the date such Obligation is due;

(b) any representation, warranty or statement made by or on behalf of the Department in the Barclays Reimbursement Agreement or in any Program Document (as defined in the Barclays Reimbursement Agreement) to which the Department is a party or in any certificate delivered pursuant to the Barclays Reimbursement Agreement or thereto proves to be untrue in any material respect on the date as of which made or deemed made; or the documents, certificates or statements of the Department (including unaudited financial reports, budgets, projections and cash flows of the Department with respect to LAX) furnished to Barclays by or on behalf of the Department in connection with the transactions contemplated by the Barclays Reimbursement Agreement, when taken as a whole, are materially inaccurate in light of the circumstances under which they were made and as of the date on which they were made;

(c) (i) the Department fails to perform or observe any term, covenant or agreement contained in any of the certain specified sections of the Barclays Reimbursement Agreement; or (ii) the Department fails to perform or observe any other term, covenant or agreement contained in the Barclays Reimbursement Agreement (other than those referred to in paragraphs (a) and (c)(i) above) and any such failure cannot be cured or, if curable, remains uncured for 60 days after the earlier of (A) written notice thereof to the Department or (B) an Authorized Representative having actual knowledge thereof;

(d) the Department (i) defaults in any payment of any Debt (as defined in the Barclays Reimbursement Agreement), (other than the Commercial Paper Notes, the Drawings or the Advances) secured by a charge, lien or encumbrance on the Net Pledged Revenues or the Subordinate Pledged Revenues with a lien on, pledge of, security interest in or priority of payment from Net Pledged Revenues or Subordinate Pledged Revenues that is senior to, or on a parity with, the Commercial Paper Notes, the

Drawings or the Advances, including, without limitation, Senior Lien Revenue Bonds, Subordinate Obligations and Subordinated Obligations (“*Secured Debt*”), beyond the period of grace, if any, provided in the instrument or agreement under which such Secured Debt was created; or (ii) defaults in the observance or performance of any agreement or condition relating to any Secured Debt or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event occurs or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or holders of such Secured Debt (or a trustee or agent on behalf of such holder or holders) to cause (determined without regard to whether any notice is required), any such Secured Debt to become due prior to its stated maturity (whether by acceleration, redemption, mandatory tender or otherwise);

(e) (i) a court or other Governmental Authority (as defined in the Barclays Reimbursement Agreement) with jurisdiction to rule on the validity of the Barclays Reimbursement Agreement, the Master Subordinate Indenture, the Seventh Supplemental Subordinate Indenture or any other Program Document to which the Department is a party finds, announces or rules that (A) any material provision of the Barclays Reimbursement Agreement or any other Program Document to which the Department is a party; or (B) any provision of the Master Subordinate Indenture or the Seventh Supplemental Subordinate Indenture relating to the security for the Commercial Paper Notes, the Bank Note (as defined in the Barclays Reimbursement Agreement) or the Obligations, the Department’s ability to pay the Obligations or perform its obligations under the Barclays Reimbursement Agreement or under the Fee Letter (as defined in the Barclays Reimbursement Agreement) or the rights and remedies of Barclays, is not a valid and binding agreement of the Department or; (ii) the Department contests the validity or enforceability of the Barclays Reimbursement Agreement, any other Program Document to which the Department is a party or any provision of the Master Subordinate Indenture or the Seventh Supplemental Subordinate Indenture relating to the security for the Commercial Paper Notes, the Bank Note or the Obligations, the Department’s ability to pay the Obligations or perform its obligations under the Barclays Reimbursement Agreement or under the Fee Letter or the interests, security, rights or remedies of Barclays or the pledge of, lien on or security interest in the Subordinate Pledged Revenues, or seeks an adjudication that the Barclays Reimbursement Agreement, any other Program Document to which the Department is a party or any provision of the Master Subordinate Indenture or the Seventh Supplemental Subordinate Indenture relating to the security for the Commercial Paper Notes, the Bank Note or the Obligations, the Department’s ability to pay the Obligations or perform its obligations under the Barclays Reimbursement Agreement or under the Fee Letter or the interests, security, rights or remedies of Barclays, is not valid and binding on the Department or the Department repudiates its obligations under the Barclays Reimbursement Agreement or any other Program Document; or (iii) the validity, effectiveness or enforceability of the pledge of, lien on or security interest in the Subordinate Pledged Revenues granted to the Commercial Paper Notes under the Master Subordinate Indenture and the Seventh Supplemental Subordinate Indenture and the Obligations under the Barclays Reimbursement Agreement and under the Fee Letter and the Bank Note at any time for any reason ceases to be valid, effective or binding as a result of a finding or ruling by a court or Governmental Authority with competent jurisdiction, or is declared, in a final non-appealable judgment by any court of competent jurisdiction, to be null and void, invalid or unenforceable;

(f) (A) any provision of the Master Subordinate Indenture or the Seventh Supplemental Subordinate Indenture relating to the security for the Commercial Paper Notes, the Bank Note or the Obligations, the Department’s ability to pay the Obligations or perform its obligations under the Barclays Reimbursement Agreement or under the Fee Letter or the interests, security, rights or remedies of Barclays shall at any time for any reason cease to be in full force or effect, (B) any Program Document to which the Department is a party, except for any Dealer Agreement (as defined in the Barclays Reimbursement Agreement) which has been terminated due to a substitution of a Dealer, or any material provision of any of the foregoing documents shall at any time for any reason cease to be in full force or effect, or (C) the Department or any Person (as defined in the Barclays Reimbursement Agreement)

acting by or on behalf of the Department denies or disaffirms the Department's obligations under the Master Subordinate Indenture or the Seventh Supplemental Subordinate Indenture or any other Program Document to which the Department is a party;

(g) a final judgment or order for the payment of money in excess of \$25,000,000 (in excess of the amount of proceeds of applicable insurance actually paid in satisfaction of such judgment) is rendered against the Department and such judgment or order is not satisfied, stayed, vacated, discharged or bonded pending appeal within a period of 90 days from the date on which it was first so rendered;

(h) (i) a debt moratorium, debt restructuring, debt adjustment or comparable restriction is imposed on the repayment when due and payable of the principal of or interest on any Debt (including, without limitation, amounts due under any Bank Agreement (as defined in the Barclays Reimbursement Agreement)) secured by a lien, charge or encumbrance upon the Subordinate Pledged Revenues; (ii) under any existing or future law of any jurisdiction relating to bankruptcy, insolvency, reorganization or relief of debtors, the Department seeks to have an order for relief entered with respect to it or LAX or seeking to adjudicate it or LAX insolvent or bankrupt or seeking reorganization, arrangement, adjustment, winding up, liquidation, dissolution, termination, composition or other relief with respect to it or LAX or its debts or those of LAX (or the existence of the Department or LAX is dissolved or terminated by any other means); (iii) the Department seeks appointment of a receiver, trustee, custodian or other similar official for itself or LAX or for any substantial part of the Department's property, or the Department makes a general assignment for the benefit of its creditors; (iv) there is commenced against the Department or LAX any case, proceeding or other action of a nature referred to in clause (ii) above and the same remains undismissed; (v) there is commenced against the Department or LAX any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its property which results in the entry of an order for any such relief which is not vacated, discharged, or stayed or bonded pending appeal, within 60 days from the entry thereof; (vi) a financial control board, or its equivalent, is imposed upon the Department by a Governmental Authority; (vii) the Department takes action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), (iii), (iv), (v) or (vi) of this paragraph (h); or (viii) the Department or LAX generally is not, or is unable to, or admits in writing its inability to, pay its debts as they become due;

(i) any of Fitch, Moody's or S&P have downgraded its rating of any Senior Lien Revenue Bonds below "BBB-" (or its equivalent), "Baa3" (or its equivalent), or "BBB-" (or its equivalent), respectively, or suspended or withdrawn its rating of the same for any credit-related reason (and such suspension or withdrawal is initiated by the respective rating agency);

(j) any provision of the Charter relating to the Department is repealed, reenacted, amended or otherwise modified (including, without limitation, by legislative or judicial action but excluding any such action pursuant to Charter amendments approved by the voters prior to the date of the Barclays Reimbursement Agreement) or any other legislation is enacted, repealed, reenacted, amended or otherwise modified, and in the event of a repeal, reenactment, amendment, modification or enactment, such repeal, reenactment, amendment, modification or enactment, in the sole judgment of Barclays, has a material adverse effect on any right, interest, security or remedy of Barclays under the Barclays Reimbursement Agreement or the other Program Documents; or the Department's existence as a department of the City under the Charter terminates;

(k) (i) any "event of default" has occurred and is continuing under any Program Document beyond the expiration of any applicable grace period or (ii) any "event of default" under any Bank Agreement with respect to any Secured Debt has occurred and is continuing beyond the expiration of any applicable grace period; or

(l) any funds or accounts or investments on deposit in, or otherwise to the credit of, any of the funds or accounts established pursuant to the Master Senior Indenture, the Master Subordinate Indenture, the Seventh Supplemental Subordinate Indenture or the other Program Documents, that have been pledged to or a lien granted thereon to secure the Commercial Paper Notes, the Bank Note or the Obligations, becomes subject to any writ, judgment, warrant or attachment, execution or similar process which is not vacated, discharged, or stayed or bonded pending appeal within fifteen days from the entry thereof.

*Remedies.* Upon the occurrence of any Barclays Event of Default, all Obligations will bear interest at the Default Rate (as defined in the Barclays Reimbursement Agreement) and Barclays may exercise any one or more of the following rights and remedies in addition to any other remedies set forth in the Barclays Reimbursement Agreement or by law provided:

(a) by notice to the Department, declare all Obligations to be, and such amounts will thereupon become, immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are waived by the Department under the Barclays Reimbursement Agreement; provided that upon the occurrence of an Event of Default described under (h) above such acceleration will automatically occur (unless such automatic acceleration is waived by Barclays in writing);

(b) by notice of the occurrence of any Barclays Event of Default to the Trustee (which notice constitutes a “Tier One Stop Issuance Instruction” for purposes of the Seventh Supplemental Subordinate Indenture) prohibit, until such time, if any, as Barclays withdraws (in writing) such notice, the issuance of additional Commercial Paper Notes, reduce the stated amount of the Barclays Letter of Credit to the amount of the then Outstanding Commercial Paper Notes supported by the Barclays Letter of Credit and interest payable thereon at maturity of such Commercial Paper Notes and/or terminate and/or permanently reduce such stated amount as the then Outstanding Commercial Paper Notes are paid;

(c) issue a Tier One Final Drawing Notice (the effect of which will cause the Termination Date of the Barclays Letter of Credit to occur on the 15<sup>th</sup> day after the date of receipt thereof by the Trustee);

(d) pursue any rights and remedies it may have under the Program Documents, including, without limitation, pursuant to the certain specified terms of the Barclays Reimbursement Agreement; or

(e) pursue any other action available at law or in equity.

Any Tier One Stop Issuance Instruction, Tier One Final Drawing Notice, Tier Two Termination Notice or New Tier Two Termination Notice given by Barclays will not affect the obligation of Barclays to honor drawings under the Barclays Letter of Credit, if properly presented and made in strict conformity with the terms of the Barclays Letter of Credit, with respect to Barclays Covered Notes outstanding at the time such Tier One Stop Issuance Instruction, Tier One Final Drawing Notice, Tier Two Termination Notice or New Tier Two Termination Notice is effective.

### **Wells Fargo Letter of Credit and Reimbursement Agreement**

*General.* The Department and Wells Fargo will enter into a Reimbursement Agreement, to be dated as of September 1, 2017 (the “*Wells Fargo Reimbursement Agreement*”), pursuant to which Wells Fargo will issue the Wells Fargo Letter of Credit to provide credit support for the timely payment of the principal of and interest on the Wells Fargo Covered Notes (the Subseries A-3 Notes, the Subseries B-3 Notes and the Subseries C-3 Notes). See “APPENDIX A—CERTAIN INFORMATION REGARDING THE BANKS—WELLS FARGO BANK, NATIONAL ASSOCIATION.” *The Wells Fargo Letter of*

*Credit will not be pledged to and will not support the payment of the principal of or interest on the Subseries A-1 Notes, the Subseries A-2 Notes, the Subseries B-1 Notes, the Subseries B-2 Notes, the Subseries C-1 Notes or the Subseries C-2 Notes.*

In order to ensure timely payment of the principal of and interest on the Wells Fargo Covered Notes, at the Department's request, Wells Fargo will issue the Wells Fargo Letter of Credit to the Trustee as beneficiary pursuant to, and upon the terms and conditions stated in, the Wells Fargo Reimbursement Agreement. On or before the date of maturity of any Wells Fargo Covered Note, the Trustee will draw on the Wells Fargo Letter of Credit an amount equal to the principal and interest due on the Wells Fargo Covered Notes maturing on such date. Pursuant to the Seventh Supplemental Subordinate Indenture, all amounts received from any drawing on the Wells Fargo Letter of Credit are required to be deposited in the related account of the Commercial Paper Debt Service Fund established thereunder and held in trust and set aside exclusively for the payment of the principal of and interest on the Wells Fargo Covered Notes for which such drawing was made, and the Trustee is required to apply such amounts to the payment of the principal of and interest on such Wells Fargo Covered Notes on the applicable maturity date.

***Certain Provisions of Wells Fargo Letter of Credit and Reimbursement Agreement.***

Certain Provisions of Wells Fargo Letter of Credit. On September 13, 2017, in accordance with the Wells Fargo Reimbursement Agreement, Wells Fargo will issue the Wells Fargo Letter of Credit in an initial stated amount of \$218,000,000 (to support principal of \$200,000,000 and interest on the Wells Fargo Covered Notes accruing at a maximum rate of 12% for a period of 270 days based on a 360-day year). The stated amount of the Wells Fargo Letter of Credit may be reduced and reinstated from time to time pursuant to the provisions of the Wells Fargo Letter of Credit. All payments made by Wells Fargo under the Wells Fargo Letter of Credit will be made with Wells Fargo's own funds in immediately available funds.

The Wells Fargo Letter of Credit will expire at 5:00 p.m., New York City time, on the date which is the earliest to occur of (the "***Wells Fargo Letter of Credit Termination Date***"): (a) September 11, 2020, as such date may be extended by Wells Fargo upon delivery of a notice of extension of the Wells Fargo Letter of Credit to the Trustee and the Department, (b) the date of payment of a Drawing (as defined in the Wells Fargo Letter of Credit), not subject to reinstatement, which when added to all other Drawings honored under the Wells Fargo Letter of Credit which were not subject to reinstatement as provided therein, in the aggregate equals the Stated Amount (as defined in the Wells Fargo Letter of Credit) of the Wells Fargo Letter of Credit on the date of issuance thereof, as adjusted pursuant to the terms and conditions of the Wells Fargo Letter of Credit, (c) the date on which Wells Fargo receives a termination certificate signed by a duly authorized officer of the Trustee to the effect that the Trustee has accepted an alternate Credit Facility (as defined in the Wells Fargo Letter of Credit) in compliance with the Subordinate Indenture and the Wells Fargo Reimbursement Agreement (after Wells Fargo honors any properly presented and conforming Drawing, if any, on such date), (d) the date on which Wells Fargo receives a termination certificate signed by a duly authorized officer of the Trustee to the effect that all of the Wells Fargo Covered Notes have been wholly defeased or no Wells Fargo Covered Notes remain outstanding under the Subordinate Indenture and the Department has notified the Trustee that it does not intend to issue any additional Wells Fargo Covered Notes and that it desires to terminate the Wells Fargo Letter of Credit in accordance with the terms of the Wells Fargo Reimbursement Agreement, (e) the earlier of (i) the 15<sup>th</sup> calendar day (or if such date is not a Business Day (as defined in the Wells Fargo Letter of Credit), the immediately succeeding Business Day) after the date on which the Trustee receives notice from Wells Fargo that a Wells Fargo Event of Default (as defined below) has occurred and is continuing under the Wells Fargo Reimbursement Agreement (a "***Tier One Final Drawing Notice***"), and (ii) the date on which the Drawing resulting from the delivery of the Tier One Final Drawing Notice is

honored under the Wells Fargo Letter of Credit, or (f) the earlier of (i) the 60<sup>th</sup> day after the date on which the Trustee receives a Tier Two Termination Notice (as defined in the Wells Fargo Letter of Credit) from Wells Fargo that Wells Fargo has determined that it is unable to comply with one or more certain City administrative provisions set forth in the Wells Fargo Reimbursement Agreement (the “*City Administrative Provisions*”) (or if such date is not a Business Day, the immediately succeeding Business Day) in respect of a Tier Two Termination Notice (as defined in the Wells Fargo Letter of Credit) that has not been rescinded and has not been superseded by a subsequent Tier Two Termination Notice relating to a New Tier Two Termination Date (as defined below) (after Wells Fargo honors any properly presented and conforming Drawing, if any, on such date) and (ii) the date specified by Wells Fargo in a New Tier Two Termination Notice which the Trustee has received from Wells Fargo stating that Wells Fargo has been subjected to monetary and/or civil penalties as a result of Wells Fargo’s inability to comply with one or more of the City Administrative Provisions (a “*New Tier Two Termination Notice*”) (or if such date is not a Business Day, the immediately succeeding Business Day) in respect of a New Tier Two Termination Notice that has not been rescinded or superseded (after Wells Fargo honors any properly presented and conforming Drawing, if any, on such date).

Events of Default and Remedies Under the Wells Fargo Reimbursement Agreement.

*Events of Default.* If any of the following events occur, each such event will be a “*Wells Fargo Event of Default*” under the Wells Fargo Reimbursement Agreement:

(a) the Department fails to pay, or cause to be paid, when due (i) any principal of or interest on any Drawing (as defined in the Wells Fargo Reimbursement Agreement) or any Advance (as defined in the Wells Fargo Reimbursement Agreement), (ii) any Letter of Credit Fee (as defined in the Wells Fargo Reimbursement Agreement) within three calendar days of the date such Letter of Credit Fee is due or (iii) any other Obligation (as defined in the Wells Fargo Reimbursement Agreement) (other than the Obligations described in clause (i) or (ii) of this paragraph (a)) within five calendar days of the date such Obligation is due;

(b) any representation, warranty or statement made by or on behalf of the Department in the Wells Fargo Reimbursement Agreement or in any Program Document (as defined in the Wells Fargo Reimbursement Agreement) to which the Department is a party or in any certificate delivered pursuant to the Wells Fargo Reimbursement Agreement or thereto proves to be untrue in any material respect on the date as of which made or deemed made; or the documents, certificates or statements of the Department (including unaudited financial reports, budgets, projections and cash flows of the Department with respect to LAX) furnished to Wells Fargo by or on behalf of the Department in connection with the transactions contemplated by the Wells Fargo Reimbursement Agreement, when taken as a whole, are materially inaccurate in light of the circumstances under which they were made and as of the date on which they were made;

(c) (i) the Department fails to perform or observe any term, covenant or agreement contained in any of the certain specified sections of the Wells Fargo Reimbursement Agreement; or (ii) the Department fails to perform or observe any other term, covenant or agreement contained in the Wells Fargo Reimbursement Agreement (other than those referred to in paragraphs (a) and (c)(i) above) and any such failure cannot be cured or, if curable, remains uncured for 60 days after the earlier of (A) written notice thereof to the Department or (B) an Authorized Representative having actual knowledge thereof;

(d) the Department (i) defaults in any payment of any Debt (as defined in the Wells Fargo Reimbursement Agreement), (other than the Commercial Paper Notes, the Drawings or the Advances) secured by a charge, lien or encumbrance on the Net Pledged Revenues or the Subordinate Pledged Revenues with a lien on, pledge of, security interest in or priority of payment from Net Pledged Revenues



or Subordinate Pledged Revenues that is senior to, or on a parity with, the Commercial Paper Notes, the Drawings or the Advances, including, without limitation, Senior Lien Revenue Bonds, Subordinate Obligations and Subordinated Obligations (“*Secured Debt*”), beyond the period of grace, if any, provided in the instrument or agreement under which such Secured Debt was created; or (ii) defaults in the observance or performance of any agreement or condition relating to any Secured Debt or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event occurs or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or holders of such Secured Debt (or a trustee or agent on behalf of such holder or holders) to cause (determined without regard to whether any notice is required), any such Secured Debt to become due prior to its stated maturity (whether by acceleration, redemption, tender or otherwise);

(e) (i) a court or other Governmental Authority (as defined in the Wells Fargo Reimbursement Agreement) with jurisdiction to rule on the validity of the Wells Fargo Reimbursement Agreement, the Master Subordinate Indenture, the Seventh Supplemental Subordinate Indenture or any other Program Document to which the Department is a party finds, announces or rules that (A) any material provision of the Wells Fargo Reimbursement Agreement or any other Program Document to which the Department is a party; or (B) any provision of the Master Subordinate Indenture or the Seventh Supplemental Subordinate Indenture relating to the security for the Commercial Paper Notes, the Bank Note (as defined in the Wells Fargo Reimbursement Agreement) or the Obligations, the Department’s ability to pay the Obligations or perform its obligations under the Wells Fargo Reimbursement Agreement or under the Fee Letter (as defined in the Wells Fargo Reimbursement Agreement) or the rights and remedies of Wells Fargo, is not a valid and binding agreement of the Department or; (ii) the Department contests the validity or enforceability of the Wells Fargo Reimbursement Agreement, any other Program Document to which the Department is a party or any provision of the Master Subordinate Indenture or the Seventh Supplemental Subordinate Indenture relating to the security for the Commercial Paper Notes, the Bank Note or the Obligations, the Department’s ability to pay the Obligations or perform its obligations under the Wells Fargo Reimbursement Agreement or under the Fee Letter or the interests, security, rights or remedies of Wells Fargo or the pledge of, lien on or security interest in the Subordinate Pledged Revenues, or seeks an adjudication that the Wells Fargo Reimbursement Agreement, any other Program Document to which the Department is a party or any provision of the Master Subordinate Indenture or the Seventh Supplemental Subordinate Indenture relating to the security for the Commercial Paper Notes, the Bank Note or the Obligations, the Department’s ability to pay the Obligations or perform its obligations under the Wells Fargo Reimbursement Agreement or under the Fee Letter or the interests, security, rights or remedies of Wells Fargo, is not valid and binding on the Department or the Department repudiates its obligations under the Wells Fargo Reimbursement Agreement or any other Program Document; or (iii) the validity, effectiveness or enforceability of the pledge of, lien on or security interest in the Subordinate Pledged Revenues granted to the Commercial Paper Notes under the Master Subordinate Indenture and the Seventh Supplemental Subordinate Indenture and the Obligations under the Wells Fargo Reimbursement Agreement and under the Fee Letter and the Bank Note at any time for any reason ceases to be valid, effective or binding as a result of a finding or ruling by a court or Governmental Authority with competent jurisdiction, or is declared, in a final non-appealable judgment by any court of competent jurisdiction, to be null and void, invalid or unenforceable;

(f) (A) any provision of the Master Subordinate Indenture or the Seventh Supplemental Subordinate Indenture relating to the security for the Commercial Paper Notes, the Bank Note or the Obligations, the Department’s ability to pay the Obligations or perform its obligations under the Wells Fargo Reimbursement Agreement or under the Fee Letter or the interests, security, rights or remedies of Wells Fargo shall at any time for any reason cease to be in full force or effect, (B) any Program Document to which the Department is a party, except for any Dealer Agreement (as defined in the Wells Fargo Reimbursement Agreement) which has been terminated due to a substitution of a Dealer, or any material provision of any of the foregoing documents shall at any time for any reason cease to be in full

force or effect, or (C) the Department or any Person (as defined in the Wells Fargo Reimbursement Agreement) acting by or on behalf of the Department denies or disaffirms the Department's obligations under the Master Subordinate Indenture or the Seventh Supplemental Subordinate Indenture or any other Program Document to which the Department is a party;

(g) a final judgment or order for the payment of money in excess of \$25,000,000 (in excess of the amount of proceeds of applicable insurance actually paid in satisfaction of such judgment) is rendered against the Department and such judgment or order is not satisfied, stayed, vacated, discharged or bonded pending appeal within a period of 90 days from the date on which it was first so rendered;

(h) (i) a debt moratorium, debt restructuring, debt adjustment or comparable restriction is imposed on the repayment when due and payable of the principal of or interest on any Debt (including, without limitation, amounts due under any Bank Agreement (as defined in the Wells Fargo Reimbursement Agreement)) secured by a lien, charge or encumbrance upon the Subordinate Pledged Revenues; (ii) under any existing or future law of any jurisdiction relating to bankruptcy, insolvency, reorganization or relief of debtors, the Department seeks to have an order for relief entered with respect to it or LAX or seeking to adjudicate it or LAX insolvent or bankrupt or seeking reorganization, arrangement, adjustment, winding up, liquidation, dissolution, termination, composition or other relief with respect to it or LAX or its debts or those of LAX (or the existence of the Department or LAX is dissolved or terminated by any other means); (iii) the Department seeks appointment of a receiver, trustee, custodian or other similar official for itself or LAX or for any substantial part of the Department's property, or the Department makes a general assignment for the benefit of its creditors; (iv) there is commenced against the Department or LAX any case, proceeding or other action of a nature referred to in clause (ii) above and the same remains undismissed; (v) there is commenced against the Department or LAX any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its property which results in the entry of an order for any such relief which is not vacated, discharged, or stayed or bonded pending appeal, within 60 days from the entry thereof; (vi) a financial control board, or its equivalent, is imposed upon the Department by a Governmental Authority; (vii) the Department takes action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), (iii), (iv), (v) or (vi) of this paragraph (h); or (viii) the Department or LAX generally is not, or is unable to, or admits in writing its inability to, pay its debts as they become due;

(i) any of Fitch, Moody's or S&P have downgraded its rating of any Senior Lien Revenue Bonds below "BBB-" (or its equivalent), "Baa3" (or its equivalent), or "BBB-" (or its equivalent), respectively, or suspended or withdrawn its rating of the same for any credit-related reason (and such suspension or withdrawal is initiated by the respective rating agency);

(j) any provision of the Charter relating to the Department is repealed, reenacted, amended or otherwise modified (including, without limitation, by legislative or judicial action but excluding any such action pursuant to Charter amendments approved by the voters prior to the date of the Wells Fargo Reimbursement Agreement) or any other legislation is enacted, repealed, reenacted, amended or otherwise modified, and in the event of a repeal, reenactment, amendment, modification or enactment, such repeal, reenactment, amendment, modification or enactment, in the sole judgment of Wells Fargo, has a material adverse effect on any right, interest, security or remedy of Wells Fargo under the Wells Fargo Reimbursement Agreement or the other Program Documents; or the Department's existence as a department of the City under the Charter terminates;

(k) (i) any "event of default" has occurred and is continuing under any Program Document beyond the expiration of any applicable grace period or (ii) any "event of default" under any Bank

Agreement with respect to any Secured Debt has occurred and is continuing beyond the expiration of any applicable grace period; or

(l) any funds or accounts or investments on deposit in, or otherwise to the credit of, any of the funds or accounts established pursuant to the Master Senior Indenture, the Master Subordinate Indenture, the Seventh Supplemental Subordinate Indenture or the other Program Documents, that have been pledged to or a lien granted thereon to secure the Commercial Paper Notes, the Bank Note or the Obligations, becomes subject to any writ, judgment, warrant or attachment, execution or similar process which is not vacated, discharged, or stayed or bonded pending appeal within fifteen days from the entry thereof.

*Remedies.* Upon the occurrence of any Wells Fargo Event of Default, all Obligations will bear interest at the Default Rate (as defined in the Wells Fargo Reimbursement Agreement) and Wells Fargo may exercise any one or more of the following rights and remedies in addition to any other remedies set forth in the Wells Fargo Reimbursement Agreement or by law provided:

(a) by notice to the Department, declare all Obligations to be, and such amounts will thereupon become, immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are waived by the Department under the Wells Fargo Reimbursement Agreement; provided that upon the occurrence of an Event of Default described under (h) above such acceleration will automatically occur (unless such automatic acceleration is waived by Wells Fargo in writing);

(b) by notice of the occurrence of any Wells Fargo Event of Default to the Trustee (which notice constitutes a “Tier One Stop Issuance Instruction” for purposes of the Seventh Supplemental Subordinate Indenture) prohibit, until such time, if any, as Wells Fargo withdraws (in writing) such notice, the issuance of additional Commercial Paper Notes, reduce the stated amount of the Wells Fargo Letter of Credit to the amount of the then Outstanding Commercial Paper Notes supported by the Wells Fargo Letter of Credit and interest payable thereon at maturity of such Commercial Paper Notes and/or terminate and/or permanently reduce such stated amount as the then Outstanding Commercial Paper Notes are paid;

(c) issue a Tier One Final Drawing Notice (the effect of which will cause the Termination Date of the Wells Fargo Letter of Credit to occur on the 15<sup>th</sup> day after the date of receipt thereof by the Trustee);

(d) pursue any rights and remedies it may have under the Program Documents, including, without limitation, pursuant to the certain specified terms of the Wells Fargo Reimbursement Agreement; or

(e) pursue any other action available at law or in equity.

Any Tier One Stop Issuance Instruction, Tier One Final Drawing Notice, Tier Two Termination Notice or New Tier Two Termination Notice given by Wells Fargo will not affect the obligation of Wells Fargo to honor drawings under the Wells Fargo Letter of Credit, if properly presented and made in strict conformity with the terms of the Wells Fargo Letter of Credit, with respect to Wells Fargo Covered Notes outstanding at the time such Tier One Stop Issuance Instruction, Tier One Final Drawing Notice, Tier Two Termination Notice or New Tier Two Termination Notice is effective.

## THE DEPARTMENT OF AIRPORTS

### General Description

The City, acting through the Department, currently operates two airports in the Los Angeles area, including LAX and Van Nuys Airport. In addition, the Department maintains LA/Palmdale Regional Airport, although LA/Palmdale Regional Airport is not currently certificated by the Federal Aviation Administration (“FAA”). LAX, Van Nuys Airport and LA/Palmdale Regional Airport are operated as a financially self-sufficient enterprise, without support from the general fund of the City. The Department is governed by the seven-member Board, which is in possession, management and control of the Airport System.

### LOS ANGELES INTERNATIONAL AIRPORT

#### Introduction

LAX is located approximately 15 miles from downtown Los Angeles on the western boundary of the City. LAX occupies approximately 3,425 acres in an area generally bounded on the north by Manchester Avenue, on the east by Aviation Boulevard, on the south by the Imperial Highway and on the west by the Pacific Ocean. LAX offers commercial air service to every major city in the United States and to virtually every major international destination and is classified by the FAA as a large hub airport. According to data from the Airports Council International (“ACI”), LAX ranked as the fourth busiest airport in the world and the second busiest airport in North America (in terms of total enplaned passengers) for calendar year 2016. In calendar year 2016, LAX had approximately 80.9 million arriving and departing passengers, the majority of which were originating and destination passengers (that is, passengers beginning or ending their trips at LAX).

#### Facilities

The primary facilities of LAX include nine passenger terminal buildings located in the central terminal complex, public parking facilities, airfield facilities, aviation support areas, remote gates and cargo facilities. The central terminal complex features a decentralized design concept with nine individual terminals constructed on two levels lining a U-shaped two-level roadway (the “*Central Terminal Area*”). The total terminal area is approximately 5.8 million square feet. Although many of the terminals are physically connected, they function largely as independent terminals with separate ticketing, baggage, security checkpoints and passenger processing systems.

Passenger terminal facilities include ticketing and baggage check-in on the upper departure level and baggage claim on the ground level, fronting on the lower-level roadway. Passenger terminal facilities provide access to and from aircraft arrival/departure areas. LAX currently has a total of 113 contact gates in the Central Terminal Area, along with a number of remote gate positions, for a total of 141 gates. Several of the jet gates accommodate propeller driven aircraft.

The existing airfield consists of four parallel east-west runways configured in two pairs. The north airfield complex includes Runway 6L-24R (8,926 feet) and Runway 6R-24L (10,285 feet). The south airfield complex includes Runway 7R-25L (11,095 feet) and Runway 7L-25R (12,091 feet). All runways are 150 feet wide, except for Runway 7R-25L, which is 200 feet wide. For approaches during Instrument Flight Rules conditions, instrument landing systems are installed on all eight runway ends. The current runway system at LAX can accommodate arrivals and departures of all commercial aircraft currently in service, including the Airbus A380.

Approximately 16,700 public parking spaces are available at LAX in parking lots owned by the Department, including approximately (i) 8,600 parking spaces in eight parking garages in the Central Terminal Area, (ii) 5,300 public parking spaces in parking Lot C, (iii) 2,700 public parking spaces in the Park One surface parking lot located adjacent to Terminal 1 and (iv) 22 public parking spaces in a cell phone waiting lot.

Cargo facilities at LAX provide approximately 2.2 million square feet of building space in 26 buildings on 166 acres of land devoted exclusively to cargo. Rental car company facilities, major commercial airline maintenance hangars and office buildings, a 12-story administration building, a control tower, a central utility plant, two flight kitchens, a fuel farm, and FAA, Transportation Security Administration (“*TSA*”) and U.S. Coast Guard facilities are also located at LAX.

See “—Capital Program” below.

### **Passenger Traffic and Market Share**

For the Fiscal Year ended June 30, 2017 (“*Fiscal Year 2017*”), total domestic passengers (enplaned and deplaned) were 58,934,038 and total international passengers (enplaned and deplaned) were 23,989,829 for a total of 82,923,867 passengers (enplaned and deplaned). In the Fiscal Year ended June 30, 2016 (“*Fiscal Year 2016*”), total domestic passengers (enplaned and deplaned) were 56,139,431 and total international passengers (enplaned and deplaned) were 21,669,709 for a total of 77,809,140 passengers (enplaned and deplaned). Passenger traffic increased approximately 7% from Fiscal Year 2015 to Fiscal Year 2017.

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LAX is served by a diverse group of airlines. The market shares of the top ten airlines, based upon the number of enplaned commercial passengers, at LAX for Fiscal Year 2017 are set forth in the following table.

**DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES  
LOS ANGELES INTERNATIONAL AIRPORT  
AIRLINE MARKET SHARE  
FISCAL YEAR ENDED JUNE 30, 2017**

<u>Airline</u>	<u>Market Share</u>
American <sup>1</sup>	19.2%
Delta <sup>2</sup>	16.4
United <sup>3</sup>	14.6
Southwest	11.7
Alaska <sup>4</sup>	4.3
Virgin America <sup>4</sup>	4.1
Spirit Airlines	3.0
JetBlue Airways	1.9
Air Canada	1.7
Qantas Airways	<u>1.2</u>
Total	<u>78.1%</u>

<sup>1</sup> Includes enplanement data for Sky West and Compass Airlines as American Eagle/Envoy Air.

<sup>2</sup> Includes Skywest and Compass Airlines as Delta.

<sup>3</sup> Includes Skywest Airlines as United.

<sup>4</sup> On April 1, 2016, Alaska Air Group and Virgin America entered into a merger agreement. The merger was completed on December 14, 2016. Virgin America and Alaska Air Group will continue to operate as separate airlines until a single operating certificate is issued by the FAA and operation integration is complete..

Source: Department of Airports of the City of Los Angeles.

**Agreements with Airlines**

The Department permits airlines to use facilities at LAX pursuant to a variety of arrangements, including, operating permits (landing facilities and landing fees), terminal tariff and rate agreements, terminal leases, and miscellaneous leases regarding the leasing of cargo and hangar facilities.

The Department has entered into separate operating permits covering the use of landing and apron facilities with air carriers serving LAX. These operating permits grant operating rights to each airline typically for the same ten-year term. The Department is currently authorized to issue operating permits that expire on June 30, 2022, with an option to extend each operating permit for another 10-year term. The operating permits generally require each airline to pay a landing and apron fee to the Department for each aircraft that uses the landing and apron facilities at LAX. The landing and apron fee rates to be charged during each Fiscal Year are based upon the Department’s then-current budget and are adjusted at the end of each Fiscal Year to reflect the actual expenses incurred. All adjustments for deficiencies are billed when determined and overages are credited to the affected airlines

Airlines (except American) use terminal space at LAX under the terms of the LAX Passenger Terminal Tariff (the “*Tariff*”). Terminal rates under the Tariff are designed to recover all costs, including

administrative and access costs, allocable to terminal space used by the airlines. The Tariff has no term or expiration date but is subject to change from time to time by the Board. The Department has entered into a lease for the use of terminal space in Terminal 4 with American that expires in December 2024. Under this lease, rental rates are not charged pursuant to the Tariff, rather rental rates on terminal premises and on ground areas are adjusted periodically, typically every five years, by mutual agreement or, if the parties are not able to agree, then by a process directed at establishing a rent based on the then-current fair rental value. American is required to pay operation and maintenance charges based on the methodology of the Tariff.

## **Indebtedness**

**Senior Obligations.** Pursuant to the Master Senior Indenture and several supplemental indentures, the Department has previously issued and, as of September 1, 2017, had outstanding \$3,510,415,000 aggregate principal amount of its Senior Revenue Bonds, 2008 Series A, 2009 Series A, 2010 Series A, 2010 Series D, 2012 Series A, 2012 Series B, 2012 Series C, 2013 Series A, 2015 Series A, 2015 Series B, 2015 Series D, 2015 Series E and 2016 Series C (collectively, the “**Existing Senior Bonds**”). Other than the Existing Senior Bonds, the Department has no additional Senior Obligations outstanding. The Senior Obligations (including the Existing Senior Bonds) are secured by a senior pledge and lien on Net Pledged Revenues. The Department’s obligation to repay the Senior Obligations has priority over its obligation to repay the Commercial Paper Notes. Pursuant to the terms and conditions of the Master Senior Indenture, the Department may issue additional Senior Obligations payable from a senior pledge and lien on Net Pledged Revenues.

**Subordinate Obligations.** Pursuant to the Master Subordinate Indenture and several supplemental subordinate indentures, the Department has previously issued and as of September 1, 2017, had outstanding \$1,845,020,000 aggregate principal amount of its Subordinate Revenue Bonds, 2008 Series C, 2009 Series C, 2009 Series E, 2010 Series B, 2010 Series C, 2013 Series B, 2015 Series C, 2016 Series A, 2016 Series B, 2017 Series A and 2017 Series B (collectively, the “**Existing Subordinate Bonds**”). In addition to the Existing Subordinate Bonds, as of the date of this Offering Memorandum, the Department has Series A Notes and Series C Notes outstanding with a maturity value of \$48,821,000.

The Commercial Paper Notes and the Existing Subordinate Bonds are secured by a pledge of and lien on Subordinate Pledged Revenues. The Department also has granted to the Banks a lien on Subordinate Pledged Revenues on parity with the Commercial Paper Notes and the Existing Subordinate Bonds with respect to certain obligations owed by the Department to the Banks under the respective Reimbursement Agreements.

Pursuant to the terms and conditions of the Master Subordinate Indenture, the Department may issue additional Subordinate Obligations payable from a pledge and lien on Subordinate Pledged Revenues.

## **Capital Program**

The Department is undertaking a multi-billion dollar development program at LAX. Projects in the Department’s current capital program are forecasted to cost approximately \$7.7 billion and are expected to be financed with a combination of grants, passenger facility charges, Department and other funds and additional Senior Obligations and/or additional Subordinate Obligations (including Commercial Paper Notes). Projects in the capital program include, among other projects, construction of general infrastructure and utility improvements, improvements at various LAX terminals; construction of various concessions in the LAX terminals; noise mitigation and residential land acquisition programs;

replacement of elevators and escalators within the Central Terminal Area; design and construction of a new midfield satellite concourse; and a number of other airfield, apron, roadway and parking projects.

### **Miscellaneous**

The Department maintains a website at [www.lawa.org](http://www.lawa.org). Information on such website is not part of this Offering Memorandum nor has such information been incorporated by reference herein, and such website should not be relied upon in deciding whether to invest in the Commercial Paper Notes.

## **INVESTMENT CONSIDERATION**

**IN MAKING AN INVESTMENT DECISION REGARDING A POSSIBLE PURCHASE OF A SUBSERIES OF COMMERCIAL PAPER NOTES, PROSPECTIVE PURCHASERS OF SUCH SUBSERIES OF COMMERCIAL PAPER NOTES SHOULD RELY SOLELY ON THE CREDIT OF THE APPLICABLE BANK PROVIDING THE RELATED LETTER OF CREDIT SUPPORTING SUCH SUBSERIES OF COMMERCIAL PAPER NOTES AND NOT ON THE CREDIT OF THE DEPARTMENT OR LAX.**

**THE PURCHASE AND OWNERSHIP OF THE COMMERCIAL PAPER NOTES INVOLVE INVESTMENT RISK. PROSPECTIVE PURCHASERS OF THE COMMERCIAL PAPER NOTES ARE URGED TO READ THIS OFFERING MEMORANDUM IN ITS ENTIRETY.**

## **TAX MATTERS**

### **Tax-Exempt Notes (Series A Notes and Series B Notes)**

*General.* On March 8, 2012, Kutak Rock LLP, Bond Counsel to the Department (“*Bond Counsel*”), delivered its opinion that, based on existing laws, regulations, rulings and judicial decisions, interest on the Series A Notes, when issued in accordance with the Subordinate Indenture and the Tax Compliance Certificate, dated March 8, 2012, as amended from time to time (the “*Tax Compliance Certificate*”) by the Department, will be excluded from gross income for federal income tax purposes and will not be a specific preference item for purposes of the federal alternative minimum tax imposed on individuals and corporations. The opinion described in the preceding sentence assumed the accuracy of certain representations of the Department and compliance by the Department with covenants designed to satisfy the requirements of the Internal Revenue Code of 1986, as amended (the “*Code*”) that must be met subsequent to the issuance of the Series A Notes. Failure to comply with such requirements could cause interest on the Series A Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series A Notes. The Department has covenanted to comply with such requirements. Bond Counsel expressed no opinion regarding other federal tax consequences arising with respect to the Series A Notes.

Notwithstanding Bond Counsel’s opinion that interest on the Series A Notes will not be a specific preference item for purposes of the federal alternative minimum tax, such interest will be included in adjusted current earnings of certain corporations, and such corporations will be required to include in the calculation of federal alternative minimum taxable income 75% of the excess of such corporations’ adjusted current earnings over their federal alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses).

On March 8, 2012, Bond Counsel delivered its opinion that, based on existing laws, regulations, rulings and judicial decisions, interest on the Series B Notes, when issued in accordance with the



Subordinate Indenture and the Tax Compliance Certificate, will be excluded from gross income for federal income tax purposes, except for interest on any Series B Note for any period during which such Series B Note is held by a “substantial user” of the facilities financed or refinanced by the Series B Notes or by a “related person” within the meaning of Section 147(a) of the Code. Bond Counsel was further of the opinion that interest on the Series B Notes will be a specific preference item for purposes of the federal alternative minimum tax imposed on individuals and corporations. The opinions described in the preceding sentences assumed the accuracy of certain representations of the Department and compliance by the Department with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Series B Notes. Failure to comply with such requirements could cause interest on the Series B Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series B Notes. The Department has covenanted to comply with such requirements. Bond Counsel expressed no opinion regarding other federal tax consequences arising with respect to the Series B Notes.

On March 8, 2012, Bond Counsel delivered its opinion that under then existing laws, regulations, rulings and judicial decisions, interest on the Series A Notes and the Series B Notes (the “*Tax-Exempt Notes*”), when issued in accordance with the Subordinate Indenture, will be exempt from State of California personal income taxes.

The accrual or receipt of interest on the Tax-Exempt Notes may otherwise affect the federal income tax liability of the owners of the Tax-Exempt Notes. The extent of these other tax consequences will depend upon such owner’s particular tax status and other items of income or deduction. Bond Counsel expressed no opinion regarding any such consequences. Purchasers of the Tax-Exempt Notes, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers otherwise entitled to claim the earned income credit, or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Tax-Exempt Notes.

***Backup Withholding.*** As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Tax-Exempt Notes is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments made after March 31, 2007 to any bondholder who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The new reporting requirement does not in and of itself affect or alter the excludability of interest on the Tax-Exempt Notes from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

***Changes to Federal and State Tax Laws.*** From time to time, there are legislative proposals in the Congress and in the various state legislatures that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the Tax-Exempt Notes. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Tax-Exempt Notes. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Tax-Exempt Notes or the market value thereof would be impacted thereby. Purchasers of the Tax-Exempt Notes should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond

Counsel were based upon then existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of Bond Counsel's final opinion with respect to the Tax-Exempt Notes (a form of which is attached to this Offering Memorandum as Appendix B) and Bond Counsel has expressed no opinion as of any date subsequent to the date of its final opinion with respect to the Tax-Exempt Notes or with respect to any pending legislation, regulatory initiatives or litigation.

### **Federal Tax Matters of the Series C Notes**

*Holders of the Series C Notes should be aware that: (a) the discussion in this Offering Memorandum with respect to U.S. federal income tax consequences of owning the Series C Notes is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer; (b) such discussion was written in connection with the promotion or marketing (within the meaning of IRS Circular 230) of the transactions or matters addressed by such discussion; and (c) each taxpayer should seek advice based on its particular circumstances from an independent tax advisor.*

**General.** The following is a general discussion of certain federal income tax consequences of the purchase, ownership and disposition of the Series C Notes. This discussion is based on the Code, as well as final, temporary and proposed Treasury Regulations (the "**Regulations**") and administrative and judicial decisions as of the date of this Offering Memorandum, all of which are subject to change or possible differing interpretation. This summary does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances including certain types of investors subject to special treatment under the federal income tax laws. Moreover, except as expressly indicated, this summary addresses initial purchasers of the Series C Notes that (a) purchase at a price equal to the first price to the public at which a substantial amount of the Series C Notes is sold; and (b) hold their Series C Notes as capital assets within the meaning of Section 1221 of the Code. This summary does not address owners that may be subject to special tax rules, such as banks, insurance companies, dealers in securities or currencies, purchasers that hold Series C Notes (or foreign currency) as a hedge against currency risks or as part of a straddle with other investments or as part of a "synthetic security" or other integrated investment (including a "conversion transaction") comprised of a Series C Note and one or more other investments, or purchasers that have a "functional currency" other than the U.S. dollar. Except to the extent discussed below under "—Non-United States Holders," this summary is not applicable to non-United States persons not subject to federal income tax on their worldwide income. Investors should consult their own tax advisors to determine the federal, state, local and other tax consequences of the purchase, ownership and disposition of the Series C Notes. Prospective investors should note that no rulings have been or will be sought from the Internal Revenue Service (the "**Service**") with respect to any of the federal income tax consequences discussed below, and no assurance can be given that the Service will not take contrary positions. The following discussion assumes that the Series C Notes are characterized as short-term obligation under Section 1283(a) of the Code.

Persons considering the purchase of Series C Notes should consult their own tax advisors concerning the Federal income tax consequences to them in light of their particular situations as well as any consequences to them under the laws of any other taxing jurisdiction.

#### ***United States Holders.***

(a) **Payments of Interest.** In general, interest on a Series C Note (including any acquisition discount properly allocable to certain of the Series C Notes) will be taxable to an owner who or which is (i) a citizen or resident of the United States, (ii) a corporation created or organized under the laws of the United States or any state (including the District of Columbia) or (iii) a person otherwise subject to federal income taxation on its worldwide income (a "**United States holder**") as ordinary income at the

time it is received or accrued, depending on the holder's method of accounting for tax purposes. For cash basis owners, such payments will be included in income when received (or when made available for receipt, if earlier). For accrual basis owners, such payments will be included in income when all events necessary to establish the right to receive such payments have occurred.

(b) Series C Notes Purchased with Acquisition Discount. A Series C Note will be subject to the "acquisition discount" rules. In general, acquisition discount is the excess of the stated redemption price at maturity of a Series C Note less the holder's basis in a Series C Note. Thus, acquisition discount generally will occur where a holder acquires a Series C Note for an amount that is less than the Series C Note's principal amount.

If acquisition discount exists, then, in general, the owner of a Series C Note using the accrual method of accounting, and certain owners of partnerships, S corporations, trusts and other pass-through entities, will be required to include such discount in gross income as it accrues in advance of the receipt of the cash attributable to such discount income. Acquisition discount accrues on a straight line basis based on the number of days to maturity unless the United States holder elects to accrue such discount on a constant interest accrual method using daily compounding. That election is applicable only to the acquisition discount obligation with respect to which it is made and is irrevocable. A United States holder of an acquisition discount note that is not required to include acquisition discount in income currently generally may be required to defer deductions for interest on borrowings allocable to the note in an amount not exceeding the accrued acquisition discount on such note until the maturity or disposition of the note.

(c) Purchase, Sale, Exchange and Retirement of the Series C Notes. A United States holder's tax basis in a Series C Note generally will equal its cost, increased by any acquisition discount included in the United States holder's income with respect to the Series C Note. A United States holder generally will recognize gain or loss on the sale, exchange or retirement of a Series C Note equal to the difference between the amount realized on the sale or retirement, except to the extent attributable to accrued but unpaid stated interest, and the United States holder's tax basis in the Series C Note. Except to the extent that a United States holder of an acquisition discount note is not required to include acquisition discount in income currently, see above under "Series C Notes Purchased with Acquisition Discount," gain or loss recognized on the sale, exchange or retirement of a Series C Note will be short-term capital gain or loss, respectively. To the extent that a United States holder of an acquisition discount note is not required to include acquisition discount in current income, gain recognized on the sale, exchange or retirement of a Series C Note will be treated as ordinary income to the extent that such gain does not exceed the amount that would have accrued as acquisition discount on such note had the accrual rules applied.

***Non-United States Holders.*** The following is a general discussion of certain United States federal income tax consequences resulting from the beneficial ownership of Series C Notes by a person other than a United States holder (a "***non-United States holder***").

An owner of a Series C Note that is a non-United States holder and is not subject to federal income tax as a result of any direct or indirect connection to the United States of America in addition to its ownership of a Series C Note will generally not be subject to United States income or withholding tax in respect of a payment on a Series C Note, provided such income is treated as portfolio interest. Interest will be treated as portfolio interest if (a) the owner complies to the extent necessary with certain identification requirements (including delivery of a statement, signed by the owner under penalties of perjury, certifying that such owner is not a United States person and providing the name and address of such owner); (b) such interest is treated as not effectively connected with the owner's United States trade or business; (c) interest payments are not made to a person within a foreign country which the Service has

included on a list of countries having provisions inadequate to prevent United States tax evasion; (d) interest payable with respect to the Series C Notes is not deemed contingent interest within the meaning of the portfolio debt provision; and (e) the owner claiming the portfolio interest exemption is not deemed to be a foreign bank that acquired the Series C Notes pursuant to an extension of credit entered into in the ordinary course of its banking business.

Except as explained in the preceding paragraph and subject to the provisions of any applicable tax treaty, a United States withholding tax, at the applicable rate determined by statute, will apply to interest paid and acquisition discount accruing with respect to Series C Notes owned by non-United States holders. In those instances in which payments of interest with respect to the Series C Notes continue to be subject to withholding, special rules apply with respect to the withholding of tax on payments of interest with respect to, or the sale or exchange of Series C Notes having acquisition discount and held by non-United States holders.

Purchasers of Series C Notes that are non-United States holders should consult their own tax advisors with respect to the possible applicability of United States withholding and other taxes upon income realized in respect of the Series C Notes.

**Backup Withholding.** Payments of interest (including acquisition discount) with respect to the Series C Notes may be subject to the “backup withholding tax” under Section 3406 of the Code, at the applicable rate determined by statute, if a recipient of such payments: (a) fails to furnish to the payer its taxpayer identification number; (b) furnishes an incorrect taxpayer identification number; (c) fails to report properly interest, dividends or other “reportable payments” as defined in the Code; or (d) under certain circumstances, fails to provide a certified statement, signed under penalty of perjury, that the taxpayer identification number provided is its correct number and that the holder is not subject to backup withholding. Backup withholding will not apply, however, with respect to certain payments made to Series C Note owners, including payments to certain exempt recipients (such as certain exempt organizations) and to non-United States holders, provided they establish their entitlement to this exemption. Any amounts deducted and withheld from a payment to a recipient would be allowed as a credit against the federal income tax of such recipient. Owners of the Series C Notes should consult their tax advisors regarding their qualification for such exemption from withholding and the procedure for obtaining such an exemption.

### **State Tax Matters of the Series C Notes**

On March 8, 2012, Bond Counsel delivered its opinion that under then existing laws, regulations, rulings and judicial decisions, interest on the Series C Notes, when issued in accordance with the Subordinate Indenture, will be exempt from State of California personal income taxes.

Bond Counsel has expressed no opinion regarding any other state tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Series C Notes.

### **ERISA CONSIDERATIONS**

The Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”), imposes certain requirements on “employee benefit plans” (as defined in Section 3(3) of ERISA) subject to Title I of ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, “**ERISA Plans**”) and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA’s general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that an ERISA Plan’s investments be made in accordance with the documents governing the

ERISA Plan. The prudence of any investment by an ERISA Plan in the Series C Notes must be determined by the responsible fiduciary of the ERISA Plan by taking into account the ERISA Plan's particular circumstances and all of the facts and circumstances of the investment. Government and non-electing church plans are generally not subject to Title I of ERISA. However, such plans may be subject to similar or other restrictions under state or local law.

In addition, ERISA and Section 4975 of the Code generally prohibit certain transactions between an ERISA Plan or "plan" as defined in and subject to Section 4975 of the Code and persons who, with respect to that plan, are fiduciaries or other "parties in interest" within the meaning of ERISA or "disqualified persons" within the meaning of Section 4975 of the Code. In the absence of an applicable statutory, class or administrative exemption, transactions between an ERISA Plan and a party in interest with respect to an ERISA Plan, including the acquisition by one from the other of a Series C Note could be viewed as violating those prohibitions. In addition, Section 4975 of the Code prohibits transactions between certain tax-favored vehicles such as individual retirement accounts and disqualified persons. Section 503 of the Code includes similar restrictions with respect to governmental and church plans. In this regard, the Department or any broker dealer of the Series C Notes might be considered or might become a "party in interest" within the meaning of ERISA or a "disqualified person" within the meaning of Section 4975 of the Code, with respect to an ERISA Plan or a plan or arrangement subject to Section 4975 of the Code or Section 503 of the Code. Prohibited transactions within the meaning of ERISA and Section 4975 of the Code or Section 503 of the Code may arise if the Series C Notes are acquired by such plans or arrangements with respect to which the Department or any broker dealer is a party in interest or disqualified person.

In all events, fiduciaries of ERISA Plans and plans or arrangements subject to the above Code sections, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in the Series C Notes. The sale of the Series C Notes to a plan is in no respect a representation by the Department or the dealers of the Series C Notes that such an investment meets the relevant legal requirements with respect to benefit plans generally or any particular plan. Any plan proposing to invest in the Series C Notes should consult with its counsel to confirm that such investment is permitted under the plan documents and will not result in a non-exempt prohibited transaction and will satisfy the other requirements of ERISA, the Code and other applicable law.

By its acceptance of a Series C Note, each purchaser will be deemed to have represented and warranted that either (i) no "plan assets" of any plan have been used to purchase such Series C Note, or (ii) the dealers are not a party in interest with respect to the "plan assets" of any plan used to purchase such Series C Notes, or (iii) the purchase and holding of such Series C Notes is exempt from the prohibited transaction restrictions of ERISA and Section 4975 of the Code pursuant to a statutory exemption or an administrative class exemption.

## **THE DEALERS**

The Board has appointed Citigroup Global Markets Inc., J.P. Morgan Securities LLC, Loop Capital Markets LLC, BofAML Securities, Inc., Morgan Stanley & Co. LLC, Samuel A Ramirez & Company, Inc., and Wells Fargo Bank, National Association, as dealers with respect to the offering and sale of the Commercial Paper Notes (the "*Dealers*"). Under the respective dealer agreements, by and between the Department and each of the respective Dealers, the Dealers have no commitment to purchase any of the Commercial Paper Notes, but are obligated only to use their best efforts as agent of the Department to solicit and arrange sales of the Commercial Paper Notes on behalf of the Department.

In addition, certain of the Dealers have entered into distribution agreements with other broker-dealers that are not Dealers for the distribution of Commercial Paper Notes at the initial public offering

prices. Such agreements generally provide that the relevant Dealer will share a portion of its selling concession with the relevant broker-dealer.

## **RATINGS**

*See “SUMMARY OF THE BANKS, THE LETTERS OF CREDIT AND THE RATINGS” on the inside front cover of this Offering Memorandum for the ratings on the Commercial Paper Notes.* The ratings on the Commercial Paper Notes provided by the respective rating agencies are based, in part, on information provided by the Department and the Banks. Such ratings reflect only the respective views of such rating agencies, and an explanation of the significance of such ratings may be obtained from the rating agency furnishing the same. There is no assurance that a rating will continue for any given period of time or that a rating will not be revised or withdrawn entirely by the rating agency which issued that rating, if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of a rating could have an adverse effect on the market prices of the Commercial Paper Notes. Additional information can be obtained directly from the rating agencies at:

Moody’s Investors Service  
7 World Trade Center  
250 Greenwich Street  
New York, NY 10007  
Telephone: (212) 553-0300

Standard & Poor’s  
55 Water Street  
New York, NY 10041  
Telephone: (212) 438-2124

Fitch Ratings  
One State Street Plaza  
New York, NY 10004  
Telephone: (212) 908-0500

## **LEGAL MATTERS**

The opinion delivered by Bond Counsel on March 8, 2012, with respect to the validity of the Commercial Paper Notes, and certain other legal matters, is set forth in Appendix B hereto.

## **NO CONTINUING DISCLOSURE OBLIGATION**

The Commercial Paper Notes are exempt from the continuing disclosure requirements of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended.

## **ADDITIONAL INFORMATION**

The purpose of this Offering Memorandum is to provide information to purchasers of the Commercial Paper Notes. The information contained herein has been obtained from the Department, the Trustee, the Banks, DTC, and other sources believed to be reliable. No attempt is made herein to summarize the Subordinate Indenture, the Reimbursement Agreements, the terms and provisions of the Commercial Paper Notes or other matters which may be material to a decision to purchase the Commercial Paper Notes. Purchasers of Commercial Paper Notes are expected to conduct their own due diligence and analysis prior to making an investment decision.

The references herein to the Subordinate Indenture, the Commercial Paper Notes, the Letters of Credit and the Reimbursement Agreements do not purport to be complete or definitive, do not constitute summaries thereof and are qualified in their entirety by reference to the provisions thereof. Copies of the Subordinate Indenture, the Letters of Credit and the Reimbursement Agreements are on file with the Trustee.

Requests for any of the foregoing should be directed to:

U.S. Bank National Association  
100 Wall Street, Suite 1600  
New York, NY 10005  
Telephone: (212) 361-2892  
Facsimile: (212) 514-6841  
Attention: Corporate Trust Services

This Offering Memorandum is submitted in connection with the issuance and sale of the Commercial Paper Notes and may not be reproduced or used, in whole or in part, for any other purpose. The information contained herein and in the Appendices hereto is subject to change without notice and neither the delivery hereof nor any sale made hereunder will create any implication that there has been no change in the affairs of the Department, LAX or the Banks since the date hereof.

Any statements in this Offering Memorandum involving matters of opinion, projections or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized. Neither any advertisement of the Commercial Paper Notes nor this Offering Memorandum is to be construed as constituting a contract or agreement between the Department and the purchasers or owners of the Commercial Paper Notes.

#### **AUTHORIZATION**

The Board has authorized the distribution of this Offering Memorandum. This Offering Memorandum has been duly executed and delivered by the Deputy Executive Director, Chief Financial Officer on behalf of the Department.

DEPARTMENT OF AIRPORTS OF THE CITY OF  
LOS ANGELES, CALIFORNIA

By       /s/ Ryan P. Yakubik        
Deputy Executive Director, Chief Financial Officer

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## APPENDIX A

### CERTAIN INFORMATION REGARDING THE BANKS

**IN MAKING AN INVESTMENT DECISION REGARDING A POSSIBLE PURCHASE OF A SUBSERIES OF COMMERCIAL PAPER NOTES, PROSPECTIVE PURCHASERS OF SUCH SUBSERIES OF COMMERCIAL PAPER NOTES SHOULD RELY SOLELY ON THE CREDIT OF THE APPLICABLE BANK PROVIDING THE RELATED LETTER OF CREDIT SUPPORTING SUCH SUBSERIES OF COMMERCIAL PAPER NOTES AND NOT ON THE CREDIT OF THE DEPARTMENT OR LAX.**

*The following information relates to and has been furnished by the respective Bank for inclusion herein. No other party has independently verified or assumes any responsibility for such information, and each of the Department and the Dealers cannot and do not make any representation as to the accuracy or completeness of such information or the absence of material adverse changes in such information subsequent to the date hereof. The delivery of this Offering Memorandum shall not create any implication that there has been no change in the affairs of any of the Banks since the date hereof or that the information contained or referred to in this section is correct as of any time subsequent to the date hereof.*

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## SUMITOMO MITSUI BANKING CORPORATION

Sumitomo Mitsui Banking Corporation (*Kabushiki Kaisha Mitsui Sumitomo Ginko*) (“**SMBC**”) is a joint stock corporation with limited liability (*Kabushiki Kaisha*) under the laws of Japan. The registered head office of SMBC is located at 1-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-0005, Japan.

SMBC was established in April 2001 through the merger of two leading banks, The Sakura Bank, Limited and The Sumitomo Bank, Limited. In December 2002, Sumitomo Mitsui Financial Group, Inc. (“**SMFG**”) was established through a stock transfer as a holding company under which SMBC became a wholly-owned subsidiary. SMFG reported ¥201,864.7 billion (US\$1.83 trillion) in consolidated total assets as of June 30, 2017.

SMBC is one of the world’s leading commercial banks and provides an extensive range of banking services to its customers in Japan and overseas. In Japan, SMBC accepts deposits, makes loans and extends guarantees to corporations, individuals, governments and governmental entities. It also offers financing solutions such as syndicated lending, structured finance and project finance. SMBC also underwrites and deals in bonds issued by or under the guarantee of the Japanese government and local government authorities, and acts in various administrative and advisory capacities for certain types of corporate and government bonds. Internationally, SMBC operates through a network of branches, representative offices, subsidiaries and affiliates to provide many financing products, including syndicated lending and project finance.

The New York Branch of SMBC is licensed by the New York State Department of Financial Services to conduct branch banking business at 277 Park Avenue, New York, New York, and is subject to examination by the New York State Department of Financial Services and the Federal Reserve Bank of New York.

### **Financial and Other Information**

Audited consolidated financial statements for SMFG and its consolidated subsidiaries for the fiscal year 2016 ended March 31, 2017, as well as other corporate data, financial information and analyses, are available in English on SMFG’s website at [www.smfg.co.jp/english](http://www.smfg.co.jp/english).

The information herein has been obtained from SMBC, which is solely responsible for its content. The delivery of this Offering Memorandum shall not create any implication that there has been no change in the affairs of SMBC since the date hereof, or that the information contained or referred to herein is correct as of any time subsequent to its date.

## BARCLAYS BANK PLC

Barclays Bank PLC is a public limited company registered in England and Wales under number 1026167. The liability of the members of Barclays Bank PLC is limited. It has its registered head office at 1 Churchill Place, London, E14 5HP, United Kingdom (telephone number +44 (0)20 7116 1000). Barclays Bank PLC was incorporated on 7 August 1925 under the Colonial Bank Act 1925 and on 4 October 1971 was registered as a company limited by shares under the Companies Acts 1948 to 1967. Pursuant to The Barclays Bank Act 1984, on 1 January 1985, Barclays Bank was re-registered as a public limited company and its name was changed from 'Barclays Bank International Limited' to 'Barclays Bank PLC'.

Barclays Bank PLC (together with its subsidiary undertakings (the "**Bank Group**")) is a transatlantic consumer, corporate and investment bank offering products and services across personal, corporate and investment banking, credit cards and wealth management, with a strong presence in the Group's two home markets of the UK and the US. The Bank Group is focused on two core divisions – Barclays UK and Barclays International. Barclays UK comprises the UK retail banking operations, UK consumer credit card business, UK wealth management business and corporate banking for smaller businesses. Barclays International comprises the corporate banking franchise, the investment bank, the US and international cards business and international wealth management. The whole of the issued ordinary share capital of Barclays Bank PLC is beneficially owned by Barclays PLC. Barclays PLC is the ultimate holding company of the Group.

The short term unsecured obligations of Barclays Bank PLC are rated A-2 by Standard & Poor's Credit Market Services Europe Limited, P-1 by Moody's Investors Service Ltd. and F1 by Fitch Ratings Limited and the long-term unsecured unsubordinated obligations of Barclays Bank PLC are rated A- by Standard & Poor's Credit Market Services Europe Limited, A1 by Moody's Investors Service Ltd. and A by Fitch Ratings Limited.

Based on the Bank Group's audited financial information for the year ended 31 December 2016, the Bank Group had total assets of £1,213,955m (2015: £1,120,727m), total net loans and advances<sup>1</sup> of £436,417m (2015: £441,046m), total deposits<sup>2</sup> of £472,917m (2015: £465,387m), and total equity of £70,955m (2015: £66,019m) (including non-controlling interests of £3,522m (2015: £1,914m)). The profit before tax of the Bank Group for the year ended 31 December 2016 was £4,383m (2015: £1,914m) after credit impairment charges and other provisions of £2,373m (2015: £1,762m). The financial information in this paragraph is extracted from the audited consolidated financial statements of the Issuer for the year ended 31 December 2016.

Based on the Bank Group's unaudited financial information for the six months ended 30 June 2017, the Bank Group had total assets of £1,136,867m (30 June 2016: £1,351,958m), total net loans and advances<sup>3</sup> of £427,980m (30 June 2016: £473,962m), total deposits<sup>4</sup> of £488,162m (30 June 2016: £500,919m), and total shareholders' equity of £66,167m (30 June 2016: £69,599m) (including non-controlling interests of £84m (30 June 2016: £2,976m)). The profit before tax from continuing operations of the Bank Group for the six months ended 30 June 2017 was £2,195m (30 June 2016: £3,017m) after credit impairment charges and other provisions of £1,054m (30 June 2016: £931m). The financial information in this paragraph is extracted from the unaudited consolidated financial statements of the Bank for the six months ended 30 June 2017.

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<sup>1</sup> Total net loans and advances include balances relating to both bank and customer accounts.

<sup>2</sup> Total deposits include deposits from bank and customer accounts.

<sup>3</sup> Total net loans and advances include balances relating to both bank and customer accounts.

<sup>4</sup> Total deposits include deposits from bank and customer accounts.

## **WELLS FARGO BANK, NATIONAL ASSOCIATION**

Wells Fargo Bank, National Association (“Wells Fargo”) is a national banking association organized under the laws of the United States of America with its main office at 101 North Phillips Avenue, Sioux Falls, South Dakota 57104, and engages in retail, commercial and corporate banking, real estate lending and trust and investment services. Wells Fargo is an indirect, wholly-owned subsidiary of Wells Fargo & Company, a diversified financial services company, a financial holding company and a bank holding company registered under the Bank Holding Company Act of 1956, as amended, with its principal executive offices located in San Francisco, California.

Wells Fargo prepares and files Call Reports on a quarterly basis. Each Call Report consists of a balance sheet as of the report date, an income statement for the year-to-date period to which the report relates and supporting schedules. The Call Reports are prepared in accordance with regulatory instructions issued by the Federal Financial Institutions Examination Council. While the Call Reports are supervisory and regulatory documents, not primarily accounting documents, and do not provide a complete range of financial disclosure about Wells Fargo, the reports nevertheless provide important information concerning Wells Fargo’s financial condition and results of operations. Wells Fargo’s Call Reports are on file with, and are publicly available upon written request to the FDIC, 550 17th Street, N.W., Washington, D.C. 20429, Attention: Division of Insurance and Research. The FDIC also maintains an internet website that contains the Call Reports. The address of the FDIC’s website is <http://www.fdic.gov>. Wells Fargo’s Call Reports are also available upon written request to the Wells Fargo Corporate Secretary’s Office, Wells Fargo Center, MAC N9305-173, 90 South 7th Street, Minneapolis, MN 55479.

The Wells Fargo Letter of Credit will be solely an obligation of Wells Fargo and will not be an obligation of, or otherwise guaranteed by, Wells Fargo & Company, and no assets of Wells Fargo & Company or any affiliate of Wells Fargo or Wells Fargo & Company will be pledged to the payment thereof. Payment of the Wells Fargo Letter of Credit will not be insured by the FDIC.

The information contained under this caption “WELLS FARGO BANK, NATIONAL ASSOCIATION,” including financial information, relates to and has been obtained from Wells Fargo, and is furnished solely to provide limited introductory information regarding Wells Fargo and does not purport to be comprehensive. Any financial information provided in this section is qualified in its entirety by the detailed information appearing in the Call Reports referenced above. The delivery hereof shall not create any implication that there has been no change in the affairs of the Wells Fargo since the date hereof.

## APPENDIX B

### FORM OF BOND COUNSEL'S OPINION

March 8, 2012

Department of Airports of the City of Los Angeles  
Los Angeles, California

**Department of Airports of the City of Los Angeles, California**  
**Los Angeles International Airport**  
**Subordinate Revenue Commercial Paper Notes**  
**Series A (Governmental – Non-AMT)**  
**Series B (Private Activity – AMT)**  
**Series C (Federally Taxable)**  
**Series D (Private Activity – Non-AMT)**

Ladies and Gentlemen:

We have acted as Bond Counsel to the Department of Airports of the City of Los Angeles, California (the "Department"), acting through the Board of Airport Commissioners of the City of Los Angeles, California (the "Board"), in connection with the Department's issuance and sale, from time to time, of its (a) Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue Commercial Paper Notes, Subseries A-1 through Subseries A-4 (Governmental – Non-AMT) (collectively, the "Series A Notes"), (b) Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue Commercial Paper Notes, Subseries B-1 through Subseries B-4 (Private Activity – AMT) (collectively, the "Series B Notes"), (c) Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue Commercial Paper Notes, Subseries C-1 through Subseries C-4 (Federally Taxable) (collectively, the "Series C Notes"), and (d) Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue Commercial Paper Notes, Subseries D-1 through Subseries D-4 (Private Activity – Non-AMT) (collectively, the "Series D Notes"). The Series A Notes, the Series B Notes, the Series C Notes and the Series D Notes are collectively referred to herein as the "Commercial Paper Notes." The Commercial Paper Notes will be issued, from time to time, under the terms of the Charter of the City of Los Angeles, relevant ordinances of the City of Los Angeles, and the Los Angeles Administrative Code (collectively, the "Charter"), the Master Subordinate Trust Indenture, dated as of December 1, 2002, as amended (the "Master Subordinate Indenture"), by and between the Department and U.S. Bank National Association (also known as U.S. Bank, N.A.), as trustee (the "Trustee"), and the Seventh Supplemental Subordinate Trust Indenture, dated as of March 1, 2012 (the "Seventh Supplemental Subordinate Indenture," and together with the Master Subordinate Indenture, the "Subordinate Indenture"), by and between the Department and the Trustee. Issuance of the Commercial Paper Notes has been authorized by Resolution No. 21434, adopted by the Board on June 6, 2001, and approved by the City Council of the City of Los Angeles on July 17, 2001, and Resolution No. 24710, adopted by the Board on February 13, 2012 (collectively, the "Resolutions"). Capitalized terms not otherwise defined herein shall have the meanings set forth in the Subordinate Indenture.

In connection therewith, we have examined the following:

- (a) a copy of the Charter;
- (b) certified copies of the Resolutions;
- (c) an executed counterpart of the Master Subordinate Indenture;
- (d) an executed counterpart of the Seventh Supplemental Subordinate Indenture;
- (e) an executed counterpart of the Master Trust Indenture, dated as of April 1, 1995, as amended and supplemented, by and between the Department, acting through the Board, and The Bank of New York Mellon Trust Company, N.A., formerly known as The Bank of New York Trust Company, N.A., as successor in interest to BNY Western Trust Company, as successor in interest to U.S. Trust Company of California, as trustee;
- (f) certifications of the Department and others;
- (g) an executed copy of the Tax Compliance Certificate dated this date relating to the Series A Notes, the Series B Notes and the Series D Notes (the “Tax Certificate”);
- (h) an opinion of the City Attorney; and
- (i) such other documents, opinions and matters as we deemed relevant and necessary in rendering this opinion.

From such examination, we are of the opinion that:

1. The Department validly exists as a department of the City of Los Angeles (the “City”), duly organized and operating pursuant to the Charter, and has the power to issue, from time to time, the Commercial Paper Notes.
2. The Master Subordinate Indenture and the Seventh Supplemental Subordinate Indenture have been duly authorized, executed and delivered by the Department and, assuming due authorization, execution and delivery by the Trustee, represent valid and binding agreements of the Department enforceable in accordance with their terms.
3. When issued, from time to time, in accordance with the provisions of the Subordinate Indenture, the Commercial Paper Notes will represent valid and binding limited obligations of the Department. The principal of and interest on the Commercial Paper Notes shall be payable solely from and will be secured by a pledge and assignment by the Department to the Trustee of (a) Subordinate Pledged Revenues and certain funds and accounts created under the Master Subordinate Indenture and the Seventh Supplemental Subordinate Indenture, (b) proceeds from the sale of Commercial Paper Notes issued pursuant to the Subordinate Indenture, and (c) proceeds of any advances made under a Credit Facility or Credit Facilities, and not out of any other fund or moneys of the Department or the City. Neither the faith and credit nor the taxing power of the City, the State of California or any public agency, other than the Department, to the extent of the Subordinate Pledged Revenues, is pledged to the payment of the principal of or interest on the Commercial Paper Notes.
4. Under existing laws, regulations, rulings and judicial decisions, interest on the Series A Notes, when issued in accordance with the Subordinate Indenture and the Tax Certificate, will be excluded from gross income for federal income tax purposes. Interest on the Series A Notes, when issued in accordance with the Subordinate Indenture and the Tax Certificate, will not be a specific preference

item for purposes of the federal alternative minimum tax imposed on individuals and corporations, however, such interest will be included in adjusted current earnings of certain corporations, and such corporations will be required to include in the calculation of federal alternative minimum taxable income 75% of the excess of such corporations' adjusted current earnings over their federal alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses).

5. Under existing laws, regulations, rulings and judicial decisions, interest on the Series B Notes, when issued in accordance with the Subordinate Indenture and the Tax Certificate, will be excluded from gross income for federal income tax purposes; except that such exclusion will not apply with respect to interest on any Series B Note for any period during which such Series B Note is held by a person who is a "substantial user" of the facilities financed or refinanced by the Series B Notes or a person "related" to such substantial user within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Series B Notes will be a specific preference item for purposes of the federal alternative minimum tax imposed on individuals and corporations.

6. Under existing laws, regulations, rulings and judicial decisions, interest on the Series D Notes, when issued in accordance with the Subordinate Indenture and the Tax Certificate, will be excluded from gross income for federal income tax purposes; except that such exclusion will not apply with respect to interest on any Series D Note for any period during which such Series D Note is held by a person who is a "substantial user" of the facilities financed or refinanced by the Series D Notes or a person "related" to such substantial user within the meaning of Section 147(a) of the Code. Interest on the Series D Notes, when issued in accordance with the Subordinate Indenture and the Tax Certificate, will not be a specific preference item for purposes of the federal alternative minimum tax imposed on individuals and corporations. We express no opinion as to whether interest on the Series D Notes will be excluded from adjusted current earnings when calculating the federal alternative minimum taxable income for corporations.

7. Under existing laws, regulations, rulings and judicial decisions, interest on the Commercial Paper Notes, when issued in accordance with the Subordinate Indenture, will be exempt from present State of California personal income tax.

The opinions set forth in paragraph 4, 5 and 6 regarding the exclusion of interest on the Series A Notes, the Series B Notes and the Series D Notes from gross income of the recipient is subject to continuing compliance by the Department with covenants regarding federal tax law contained in the Master Subordinate Indenture, the Seventh Supplemental Subordinate Indenture and the Tax Certificate. Failure to comply with such covenants could cause interest on the Series A Notes, the Series B Notes or the Series D Notes, as applicable, to be included in gross income retroactive to the date of issue of the Series A Notes, the Series B Notes or the Series D Notes, as applicable. Although we are of the opinion that interest on the Series A Notes, the Series B Notes and the Series D Notes, when issued in accordance with the Subordinate Indenture and the Tax Certificate, will be excluded from gross income for federal tax purposes, the accrual or receipt of interest on the Series A Notes, the Series B Notes or the Series D Notes, as applicable, may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences.

Interest on the Series C Notes will not be excludable from gross income for federal income tax purposes. Other than as expressly described in paragraph 7 above, we express no opinion regarding the tax consequences relating to the ownership of, receipt of interest on or disposition of the Series C Notes. The tax discussion regarding the Series C Notes was not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer. The

discussion was written in connection with the promotion or marketing of the Series C Notes (within the meaning of United States Treasury Circular 230). Taxpayers should seek advice based on their particular circumstances from an independent tax advisor.

The obligations of the Department and the security provided therefor, as contained in the Commercial Paper Notes, the Master Subordinate Indenture and the Seventh Supplemental Subordinate Indenture, may be subject to general principles of equity which permit the exercise of judicial discretion, and are subject to the provisions of applicable bankruptcy, insolvency, reorganization, arrangement, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect, and to the limitations on legal remedies against cities in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the Commercial Paper Notes, the Master Subordinate Indenture or the Seventh Supplemental Subordinate Indenture. We have not undertaken any responsibility for the accuracy, completeness or fairness of the Commercial Paper Offering Memorandum dated March 5, 2012, or any other offering material relating to the Commercial Paper Notes and express no opinion relating thereto. Our engagement with respect to the Commercial Paper Notes concludes upon the delivery of this letter to the Department, and we disclaim any obligation to update this letter.

Very truly yours,



## APPENDIX C

### BOOK-ENTRY-ONLY SYSTEM

#### Introduction

Unless otherwise noted, the information contained under the caption “—General” below has been provided by The Depository Trust Company (“DTC”). The Department, the Trustee and the Dealers make no representation as to the accuracy or the completeness of such information. The Beneficial Owners (as defined below) of the Commercial Paper Notes should confirm the following information with DTC, the Direct Participants (as defined below) or the Indirect Participants (as defined below).

NEITHER THE DEPARTMENT NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (B) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF NOTES UNDER THE SUBORDINATE INDENTURE, (C) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR INTEREST DUE WITH RESPECT TO THE OWNERS OF THE COMMERCIAL PAPER NOTES; (D) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNERS OF NOTES; OR (E) ANY OTHER MATTER REGARDING DTC.

#### General

DTC will act as securities depository for the Commercial Paper Notes. The Commercial Paper Notes 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 Master Note Certificate will be issued for each Subseries of the Commercial Paper Notes, each such Master Note Certificates being in the aggregate principal amount of \$500,000,000, and is on deposit with DTC.

DTC 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, as amended. 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”). DTC has Standard & Poor’s rating of

“AA+.” The DTC Rules applicable to Direct Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org). The Department has not undertaken any responsibility for and make no representations as to the accuracy or the completeness of the content of such material contained on the websites described in the preceding sentence including, but not limited to, updates of such information or links to other Internet sites accessed through the aforementioned websites.

Purchases of the Commercial Paper Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Commercial Paper Notes on DTC’s records. The ownership interest of each actual purchaser of each Note (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect 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 Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Commercial Paper Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Commercial Paper Notes, except in the event that use of the book-entry system for the Commercial Paper Notes is discontinued.

To facilitate subsequent transfers, all Notes 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 Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Commercial Paper Notes; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect 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 the Commercial Paper Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Commercial Paper Notes, such as defaults and proposed amendments to the Commercial Paper Note documents. For example, Beneficial Owners of the Commercial Paper Notes may wish to ascertain that the nominee holding the Commercial Paper Notes 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 registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Commercial Paper Notes unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Department or the Trustee 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 the Commercial Paper Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Commercial Paper Notes 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 Department or the Trustee, on the payment 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, the Department or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time-to-time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Department or the Trustee, 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 Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Commercial Paper Notes at any time by giving reasonable notice to the Department or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, certificates representing the Commercial Paper Notes are required to be printed and delivered.

The Department may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates representing the Commercial Paper Notes will be printed and delivered to DTC.

The information in this section concerning DTC and DTC’s book-entry system has been obtained from sources that the Department believes to be reliable, but the Department takes no responsibility for the accuracy thereof.

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